

Morgan Stanley Institutional Fund

Inception Portfolio



Performance Review

For the quarter, the Portfolio returned 8.35% (net of fees) while the Russell 2000 Growth Index returned 8.41% and the Lipper Small Cap Growth Index returned 8.48%.

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 sector allocation.

Market Review

Small cap growth equities, as measured by Russell 2000 Growth Index, advanced quarter to date. Real Estate, Financials and Materials led benchmark gains, while Energy, Information Technology and Communication Services underperformed the benchmark.

As a more dovish Federal Reserve started its pivot with a more aggressive rate cut, expectations for further easing grew and a broader range of companies saw stronger results with sentiment toward higher growth equities improving. 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 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 Health Care and Communication Services, as well as a sector underweight position in Information Technology.

Top detractors QTD include:

- Healthcare services provider, Agilon Health
- Go-to-market intelligence platform, ZoomInfo Technologies
- Financial services advertising platform, Cardlytics
- Contemporary carpets and floor coverings company, Victoria
- Dialysis treatment Outset Medical

Top detractor Agilon Health is a health care services provider, offering its Total Care platform to a network of community-based physicians looking to transition from a traditional fee-for-service reimbursement model and towards a value-based care model for their Medicare Advantage patients. We believe Agilon benefits primarily from an efficient

scale competitive advantage and is positioned well as a leading player in a fast-growing and underpenetrated market. Its shares have been under pressure over the last year due to a prolonged increase in cost trends, driven by higher patient service and procedure utilization across the industry, and this had led the company to lower its financial outlook for a few quarters.

Detractor ZoomInfo Technologies operates a database of employment and contact information to augment sales prospecting for third parties. We believe the company benefits from high switching costs and intellectual property related competitive advantages, and is well positioned as companies and salespeople search for ways to increase the productivity of their sales efforts and hit their sales targets. The company reported weaker than expected results and lowered its financial outlook. Its shares remain pressured due to concerns about slower business growth, longer sales cycles, and deal delays, particularly across their small and medium sized clients. The recent departure of its Chief Financial Officer also weighed on investor sentiment.

Detractor Victoria Plc is a leading manufacturer and retailer of carpets and floor coverings in the UK, Europe and Australia, with a collection of strong brands. We believe the company benefits from efficient scale related competitive advantages, and can benefit from new construction and home renovation activity, as well as residential and commercial replacement demand for flooring products. Its shares remained pressured due to lower-than-expected results, particularly in the United Kingdom and Europe. The company is experiencing softer demand due to inflation adversely impacting consumer discretionary spending on home improvement projects, including flooring and interior decoration.

Conversely, stock selection in Information Technology and Financials, as well as a lack of exposure to Energy contributed most to relative performance.

Top contributors QTD include:

- Payments technology services platform, Affirm Holdings
- Autonomous driving company, Aurora Innovation
- Connected fitness platform, Peloton Interactive
- Glucose monitoring device maker, Doximity
- E-commerce marketing software provider, Klaviyo

Top contributor Affirm operates a technology platform specializing in consumer buy-now-pay-later (BNPL) point of sale financing and payment processing. We believe Affirm benefits from network effects related competitive advantages and is well positioned to benefit as buy-now-pay-later adoption accelerates globally due to the secular growth of ecommerce and electronic payments. Its shares advanced due to better-than-expected results and an upbeat outlook, driven by continued business traction, healthy trends across new business initiatives, and improved investor sentiment following the Federal Reserve initiating interest rate cuts.

Contributor Aurora Innovation is a self-driving platform that brings software, hardware, and data services together to autonomously operate passenger vehicles, light commercial vehicles, and heavy-duty trucks. We believe the company benefits from intellectual property related competitive advantages and is well positioned due to growing consumer and commercial demand for autonomous vehicles. Its shares outperformed as the company announced it is on track to launch commercially next year. The company also raised capital through a secondary offering, which alleviated investor concerns about the company's ability to fund operations over the next few years.

Contributor Peloton Interactive is a connected fitness platform that makes interactive hardware which pairs with streaming and live content. We believe the company benefits from brand and intellectual property related competitive advantages,

and is well positioned to benefit from secular growth in global fitness and wellness spend by expanding its product suite and growing its subscription business. The company reported mixed results, however, we attribute its outperformance to its refinancing round combined with management’s focus on reducing its cost base.

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, 2024.

	MTD	QTD	YTD	1 YR	3 YR	5 YR	10 YR
MSIF Inception Portfolio	5.08	8.35	-1.13	14.77	-19.58	10.49	9.24
Russell 2000 Growth Index	1.33	8.41	13.22	27.66	-0.35	8.82	8.95
Lipper Small Cap Growth Index	1.75	8.48	12.92	26.89	0.09	10.27	10.48

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 1.11%. 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.

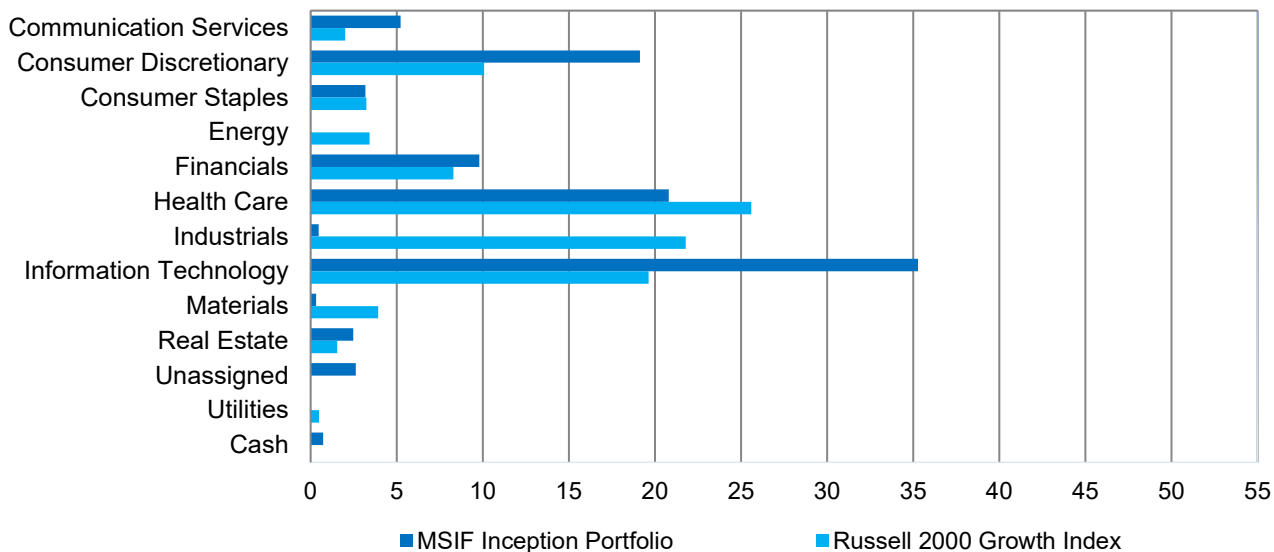
Top Ten Holdings

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

Cloudflare	8.6
Global-e Online	7.5
Affirm Holdings	7.4
Peloton Interactive	5.5
MicroStrategy	5.3
Appian	5.1
BILL Holdings	5.1
ZoomInfo Technologies	4.8
Aurora Innovation	3.9
Doximity	3.8
TOTAL	57.0

Sector Allocation

As of September 30, 2024.



Source: FactSet Research Systems, Inc. / Morgan Stanley Investment Management.
Cash is frictional and accounted for 0.73% 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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