

Morgan Stanley Institutional Fund

International Opportunity Portfolio

GLOBAL OPPORTUNITY

Performance Review

In the quarter period ending September 30, 2024, the Portfolio's I shares returned 12.98% (net of fees)¹, while the benchmark returned 8.06%.

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 All Country ("AC") World ex USA Index this quarter due to favorable stock selection and sector allocation.

Market Review

International equities advanced during the quarter, led higher by real estate, communication services and utilities. Energy and information technology were the only sectors to decline, while the health care sector also underperformed the benchmark.

Portfolio Review

Stock selection and an overweight position in consumer discretionary, as well as stock selection in industrials, contributed positively during the quarter. Top contributors included Danish transportation and logistics firm DSV A/S, Latin American ecommerce platform MercadoLibre, Chinese consumer super-app Meituan, Japanese merchandise and entertainment company Sanrio Co. and Chinese online travel agency Trip.com.

Stock selection in financials and an underweight allocation and stock selection in utilities were the greatest overall detractors from the relative performance of the portfolio. Top detractors included Dutch supplier of lithography equipment ASML Holding NV, live casino solutions provider Evolution AB, Indian private sector bank Axis Bank Ltd., a French hotel group and premium outerwear company Canada Goose Holdings.

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 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 more sophisticated high NA EUV, which is critical in enabling the shrink to 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	March 31, 2010
Minimum Initial Investment (\$)*	A Shares - 1,000
	I Shares - 1,000,000
Benchmark	MSCI All Country World ex USA Index
Class I expense ratio	Gross 0.94 %
	Net 0.94 %
Class A expense ratio	Gross 1.26 %
	Net 1.26 %

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	6.36	12.98	22.69	36.08	-6.24	6.60	9.43
Class A Shares at NAV	6.30	12.86	22.36	35.52	-6.56	6.27	9.07
Class A Shares (With Max 5.25% Sales Charge)	0.71	6.94	15.95	28.40	-8.23	5.13	8.49
MSCI All Country World ex USA Index	2.69	8.06	14.21	25.35	4.14	7.59	5.22

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.

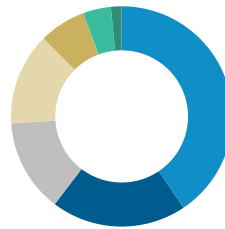
Returns are net of fees and assume the reinvestment of all dividends and income. They are compared to an unmanaged market index. Returns for less than one year are cumulative (not annualized). Performance for one year or more is based on average annual total returns. The returns are reported for Class 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	7.17	0.13
MercadoLibre Inc	6.39	--
Hermès International S.A.	5.11	0.28
Meituan	5.01	0.39
Schneider Electric SE	4.91	0.52
Moncler S.p.A.	4.61	0.05
Coupang Inc	4.49	--
Trip.com Group Ltd	4.48	0.13
Taiwan Semiconductor Mfg Co. Ltd	4.36	2.66
HDFC Bank Ltd	4.25	0.31
Total	50.78	--

Sector Allocation (% of Total Net Assets)^



	FUND	INDEX
Consumer Discretionary	44.67	11.30
Financials	21.81	22.52
Industrials	15.04	13.81
Information Technology	14.87	12.79
Communication Services	7.54	5.58
Consumer Staples	4.49	7.38
Utilities	1.73	3.22
Energy	--	5.02
Health Care	--	9.40
Materials	--	7.10
Real Estate	--	1.88
Cash	-5.38	--

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

INDEX INFORMATION

The **MSCI All Country World Ex-U.S. Index** is a free float-adjusted market capitalization weighted index designed to measure the equity market performance of developed and emerging markets, excluding the U.S. 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 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. To the extent that the Fund invests in a limited number of issuers (**focused investing**), 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**). **China Risk.** Investments in China involve risk of a total loss due to government action or inaction. Additionally, the Chinese economy is export-driven and highly reliant on trade. Adverse changes to the economic conditions of its primary trading partners, such as the United States, Japan and South Korea, would adversely impact the Chinese economy and the Fund's investments. Moreover, a slowdown in other significant economies of the world, such as the United States, the European Union and certain Asian countries, may adversely affect economic growth in China. An economic downturn in China would adversely impact the Portfolio's investments. **Risks of Investing through Stock Connect.** Any investments in A-shares listed and traded through Stock Connect, or on such other stock exchanges in China which participate in Stock Connect is subject to a number of restrictions that may affect the Portfolio's investments and returns. Moreover, Stock Connect A shares generally may not be sold, purchased or otherwise transferred other than through Stock Connect in accordance with applicable rules. The Stock Connect program may be subject to further interpretation and

guidance. There can be no assurance as to the program's continued existence or whether future developments regarding the program may restrict or adversely affect the Portfolio's investments or returns. 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. To the extent the Portfolio invests a substantial portion of its assets in the **consumer discretionary sector**, the Portfolio may be particularly susceptible to the risks associated with companies operating in such sector.

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.

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.

Certain information herein 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.

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.

The whole or any part of this material may not be directly or indirectly reproduced, copied, modified, used to create a derivative work, performed, displayed, published, posted, licensed, framed, distributed or transmitted or any of its contents disclosed to third parties without MSIM's express written consent. This material may not be linked to unless such hyperlink is for personal and non-commercial use. All information contained herein is proprietary and is protected under copyright and other applicable law.

Morgan Stanley Investment Management is the asset management division of Morgan Stanley.