

Morgan Stanley Institutional Fund

Permanence Portfolio



Performance Review

For the quarter, the Permanence Portfolio returned 5.97% (net of fees), and the S&P 500 Index returned 5.89%.

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 outperformed the S&P 500 index this quarter due to favorable sector allocation.

Market Review

U.S. large cap equities, as measured by S&P 500 Index, advanced quarter to date. Utilities, Real Estate and Industrials led benchmark gains, while Energy, Information Technology and Communication Services underperformed the benchmark.

In the first half of the year market results were dominated by a few mega cap companies. 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, strong balance sheets, 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 outperformance has been driven by favorable stock selection in Health Care and Energy, as well as an average sector underweight in Information Technology.

Top contributors QTD include:

- Hard surface flooring retailer, Floor & Decor
- Securities exchanges operator, Intercontinental Exchange
- Digital communications infrastructure provider, American Tower
- Analytical testing and laboratory services provider, Eurofins Scientific
- Texas landowner, Texas Pacific Land

Top contributor Floor & Décor Holdings is a multi-channel specialty retailer of hard surface flooring products. We believe the company benefits from efficient scale and brand related competitive advantages, and is well positioned as consumers increasingly seek a broad assortment of flooring products and accessories at everyday low prices. Despite reporting mixed quarterly results, its shares gained momentum as investor sentiment improved following the Federal Reserve

initiating interest rate cuts and the potential improvement in existing home sales, as well as demand for home renovation projects.

Contributor Intercontinental Exchange operates securities exchanges, aggregates financial data created on its exchanges and from third parties, and sells that data to institutional customers in the form of subscriptions, custom indices, and as the building blocks for ETFs. We believe it primarily benefits from network effect and intellectual property related competitive advantages. The company is uniquely positioned as it continues to capitalize on its leading position in interest rate, energy, and agricultural commodities futures exchanges, as well as entering new growth vectors, such as the mortgage industry. Its shares advanced as the company reported healthy fundamental results characterized by continued traction across its securities exchange and data subscription businesses. As the owner of the largest futures exchanges for oil and natural gas, the company's revenue growth has proven resilient in 2024 driven by the increased complexity of energy supply chains combined with geopolitical uncertainty, both of which support market share gains for the company.

Conversely, stock selection in Industrials, Consumer Staples and Information Technology detracted from relative performance.

Top detractors QTD include:

- Discount retailer, Dollar General
- Pest control services company, Rentokil Initial
- Construction management software, Procore Technologies
- Contemporary carpets and floor coverings company, Victoria
- Web performance and security company, Cloudflare

Top detractor Dollar General, a discount retailer, provides various merchandise products across the United States. We believe the company benefits from cost and brand related competitive advantages, and is uniquely positioned to operate efficiently in smaller markets due to its supply chain and smaller store format approach. The company reported mixed results as it continues to face multiple headwinds including softer demand, lower than expected margins, higher shrinkage, and increased competition. We continue to monitor returning CEO and management's efforts in restoring the business to prior levels.

Detractor Procore Technologies is a leading provider of cloud-based construction management software. The company's software helps enhance the efficiency of key stakeholders in the construction industry by connecting them on one cloud-based platform that enables collaboration and data sharing seamlessly. We believe Procore benefits from efficient scale and high switching costs related competitive advantages, and is well positioned as the construction industry increasingly embraces digital transformation to enhance productivity, reduce costs, and mitigate risk. Despite reporting solid results, its shares underperformed due to weaker than expected near-term financial outlook. Guidance was impacted by a sales reorganization, which could potentially affect results over the next few quarters. We're monitoring the situation; however, we believe the company can continue to capitalize on its strong competitive positioning in the construction industry, which remains largely underpenetrated.

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	Since Inception
MSIF Permanence Portfolio	0.64	5.97	11.29	24.84	5.96	--	17.05
S&P 500 Index	2.14	5.89	22.08	36.35	11.91	--	21.39

* 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 7.44% 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.

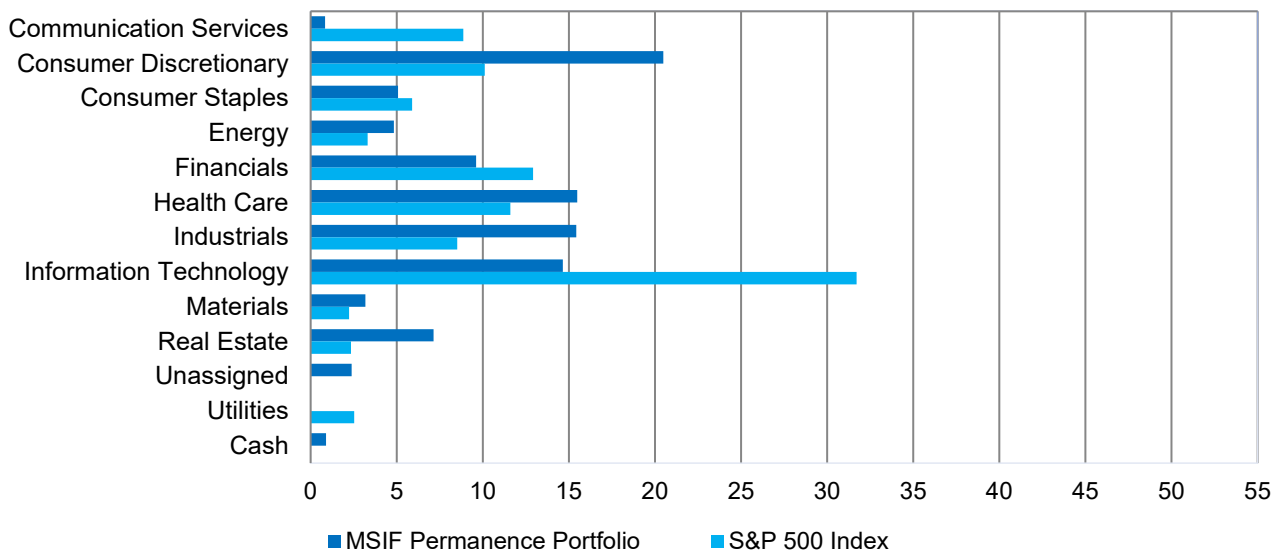
Top Ten Holdings

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

Cloudflare	9.0
Intercontinental Exchange	6.5
Floor & Décor Holdings	6.2
American Tower Corp.	5.7
Danaher	5.1
Royalty Pharma	5.0
Union Pacific Corp.	4.9
Eurofins Scientific	4.0
Texas Pacific Land Corp.	3.9
Amazon.com	3.8
TOTAL	54.1

Sector Allocation

As of September 30, 2024.



Source: FactSet Research Systems, Inc. / Morgan Stanley Investment Management.
Cash is frictional and accounted for 0.90% 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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