

Morgan Stanley Institutional Fund

US Core Portfolio

APPLIED EQUITY ADVISORS TEAM

Performance Review

In the quarter period ending September 30, 2024, the Portfolio's I shares returned 2.41% (net of fees)¹, while the benchmark returned 5.89%.

As a core portfolio, US Core attempts to tilt toward the style of stock exposure (growth, value, defensive) that offers the best opportunity within the context of a typically 30- to 35-stock portfolio. With a limited number of stocks, diversification² among positions is a critical component of risk control.

Following are the most significant performance drivers relative to the S&P 500 Index benchmark for the third quarter of 2024:

1. Stock Selection:
 - a. Progressive (4.8% of the portfolio)³ was up +22% in the quarter, adding +0.7%.
 - b. United Rentals (3.0% of the portfolio)³ was up +26% in the quarter, adding +0.5%.
 - c. Alphabet (6.4% of the portfolio)³ was down -9% in the quarter, detracting -1.1%.
 - d. Microsoft (8.0% of the portfolio)³ was down -4% in the quarter, detracting -0.9%.
 - e. LPL Financial (1.1% of the portfolio)³ was down -16% in the quarter, detracting -0.7%.
 - f. NVIDIA (8.9% of the portfolio)³ was down -2% in the quarter, detracting -0.7%.
 - g. Applied Materials (2.4% of the portfolio)³ was down -14% in the quarter, detracting -0.7%.
2. Style Exposures:
 - a. An underweight to high dividend-yielding stocks cost -0.6%.
 - b. An overweight to high quality stocks cost -0.5%.
3. Sector Exposures:
 - a. An overweight to financials added 0.5%.

Past performance is no guarantee of future results. The attribution is presented gross of fees. Had these fees and expenses been deducted, returns would be lower. See the next page for performance.

Strategy and Outlook

1. We remain of the belief that the S&P 500 Index is likely to end the year closer to 6,000.
2. We would expect the rally to continue into 2025 given the cash on the sidelines.
3. The sunset of the tax code could cause more gain realizations in the second half of 2025.
4. While "a broadening rally" has been predicted for the last few years, it's finally happening. We expect this to be good for stocks beyond mega-caps.

How our portfolios are positioned:

1. We continue to like a balance between growth and value stocks.
2. We remain underweight in the defensive sectors.

Past performance is no guarantee of future results. The market returns referred to in the commentary are those of representative indices and are not meant to depict the performance of a specific investment.

¹ Source: Morgan Stanley Investment Management. Data as of September 30, 2024. Performance for other share classes will vary.

² Diversification neither assures a profit nor guarantees against loss in a declining market.

³ Holdings data as of September 30, 2024.

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

Fund Facts

| | |
|----------------------------------|--|
| Inception Date | May 27, 2016 |
| Minimum Initial Investment (\$)* | A Shares - 1,000 I Shares - 1,000,000 |
| Benchmark | S&P 500 Total Return Index |
| Class I expense ratio | Gross 0.91 % Net 0.80 % |
| Class A expense ratio | Gross 1.16 % Net 1.15 % |

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 | 0.80 | 2.41 | 25.56 | 41.87 | 9.70 | 16.82 | -- | 14.27 |
| Class A Shares at NAV | 0.74 | 2.33 | 25.28 | 41.49 | 9.39 | 16.47 | -- | 13.90 |
| Class A Shares (With Max 5.25% Sales Charge) | -4.54 | -3.05 | 18.73 | 34.07 | 7.44 | 15.22 | -- | 13.17 |
| S&P 500 Total Return Index | 2.14 | 5.89 | 22.08 | 36.35 | 11.91 | 15.98 | -- | 14.88 |

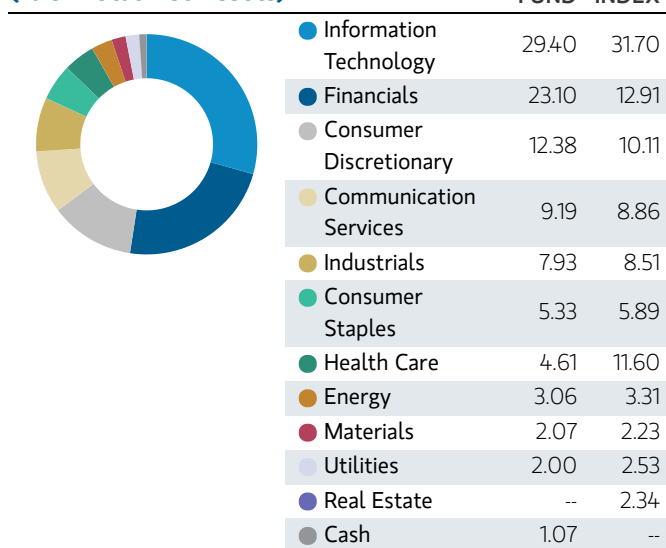
Performance data quoted represents past performance, which is no guarantee of future results, and current performance may be lower or higher than the figures shown. For the most recent month end performance figures, please visit morganstanley.com/im. Investment returns and principal value will fluctuate 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.

Top Holdings (% of Total Net Assets)

| | FUND | INDEX |
|--------------------------|--------------|-----------|
| NVIDIA Corp | 8.94 | 6.13 |
| Microsoft Corp | 7.98 | 6.57 |
| Apple Inc | 7.09 | 7.27 |
| Alphabet Inc | 6.38 | 3.64 |
| Amazon.com Inc | 5.14 | 3.57 |
| JP Morgan Chase & Co | 4.93 | 1.23 |
| Progressive Corp | 4.76 | 0.31 |
| Costco Wholesale Corp | 4.57 | 0.81 |
| Ameriprise Financial Inc | 4.56 | 0.09 |
| Brown & Brown Inc | 4.16 | 0.05 |
| Total | 58.51 | -- |

Sector Allocation (% of Total Net Assets)^



^ May not sum to 100% due to rounding.

* Share class availability may vary by platform. For more information, please visit the specified fund page on the website.

INDEX INFORMATION

The **S&P 500 Total Return Index** is an index that consists of 500 stocks chosen for market size, liquidity and industry group representation. The S&P Index is a market value weighted index with each stock's weight proportionate to its market value. The S&P Index is one of the most widely used benchmarks of U.S. equity performance. The performance of the S&P Index does not account for any management fees, incentive compensation, commissions or other expenses that would be incurred pursuing such strategy. Total return provides investors with a price-plus-gross cash dividend return. Gross cash dividends are applied on the ex-date of the dividend.

The index is unmanaged and does 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. Stocks of **small-and medium-capitalization** companies entail special risks, such as limited product lines, markets and financial resources, and greater market volatility than securities of larger, more established companies. **Illiquid securities** may be more difficult to sell and value than publicly traded securities (liquidity risk). **Non-diversified portfolios** often invest in a more limited number of issuers. As such, changes in the financial condition or market value of a single issuer may cause greater volatility. **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.

IMPORTANT INFORMATION

The views and opinions and/or analysis expressed are those of the investment team as of the date of preparation of this

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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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