

Morgan Stanley Institutional Fund

Vitality Portfolio



Performance Review

For the six-month period, the Vitality Portfolio returned -6.90% (net of fees), while the Russell 3000 Health Care Index returned 7.18%.

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 3000 Health Index this period due to unfavorable stock selection.

Market Review

Health Care equities, as measured by the Russell 3000 Health Care Index, advanced over the period. Pharmaceuticals, Biotechnology, and Health Care Equipment were the largest contributors to index returns. Managed Health Care, Health Care Supplies, and Health Care Technology were the largest detractors to index returns. Against this backdrop, Counterpoint Global continued to focus on stock selection and the long-term outlook for companies owned in the portfolio.

Concerns around inflation and the related timing and pace of potential interest rate cuts led to broader market volatility and weaker sentiment for high growth equities. 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

Unfavorable stock selection in Life Sciences Tools & Services and Biotechnology sub-industries, as well as an average sub-industry overweight position in Health Care Technology detracted most from relative performance during the period.

Top detractors for the 6-month period include:

- Life sciences and technology platform, 10X Genomics
- Developer of colorectal cancer screening tests, EXACT Sciences
- Microfluidics services and technology company, Standard BioTools
- Developer of sleep apnea medical devices, Inspire Medical Systems
- Developer of obesity and liver disease treatments, Altimmune

Top detractor 10X Genomics is a life science tools company focused on single cell sequencing and spatial biology. We believe the company benefits from intellectual property related competitive advantages, and is well positioned as one of the leading technology platforms in the high growth areas of single cell and spatial biology, and a prime benefactor for increasing global research flowing to these emerging fields. We attribute its underperformance to mixed results and due to fears of heightened competition, as well as broader investor concerns over a weaker economic environment impacting academic and pharmaceutical industries.

Detractor Inspire Medical Systems is a commercial-stage medical devices company with an implantable device for patients with obstructive sleep apnea (OSA). We believe the company benefits from intellectual property related competitive advantages and is poised to capitalize through its novel closed-loop neural stimulation technology that makes it the only FDA-approved implant for patients suffering from obstructive sleep apnea. The company reported overall solid results characterized by healthy revenue growth, particularly in Europe, as well as a better than expected near term financial outlook. However, its shares underperformed as investors focused on slightly weaker than expected sales in the US driven by more pronounced – but typical – seasonality dynamics. Additionally, continued fears around the growing use of GLP-1 drugs to manage diabetes and weight loss could adversely impact demand for sleep apnea treatments remains an overhang for the company.

Conversely, stock selection in Pharmaceuticals, as well as sub-industry positioning in Managed Health Care and Biotechnology contributed most to relative performance during the period.

Top contributors for the 6-month period include:

- Developer of gene silencing technologies, Alnylam Pharmaceuticals
- Developer of surgical robotics, Intuitive Surgical
- Autoimmune disease biopharmaceutical company, argenx
- Developer of small molecule drugs, Vertex Pharmaceuticals
- Developer of mental health illness therapies, GH Research

Top contributor Alnylam Pharmaceuticals is a commercial-stage biotechnology company that is one of the leaders in gene silencing technologies with a focus on rare and chronic diseases. We believe the company benefits from intellectual property related competitive advantages. Its shares advanced as the company reported strong late-stage clinical trial results for vultrisan, a drug used to treat rare cardiovascular disease, which had remained an overhang for the stock for most of the year. Results demonstrated a significant reduction in all-cause mortality, as well as recurring cardiovascular events. These data position vutrisian as the new standard of care in this disease. Focus will switch to commercial readiness and launch.

Contributor Intuitive Surgical is a leader in designing, developing and manufacturing surgical robotics. The company was able to deliver strong results characterized by robust growth driven by both increased procedure utilization and new cite placements, as well as the announced FDA clearance of their fifth generation Da Vinci surgical robotic system.

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 June 30, 2024.

	MTD	QTD	6 MONTHS	YTD	1 YR	3 YR	5 YR	SINCE INCEPTION*
MSIF Vitality Portfolio	0.68	-8.76	-6.90	-6.90	-9.86	--	--	-17.87
Russell 3000 Health Care Index	1.98	-1.13	7.18	7.18	9.94	--	--	1.04

*The inception date of the MSIF Vitality portfolio is December 31, 2021.

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 13.74% for Class I shares and the net expense ratio is 0.95%. Where the net expense ratio is lower than the gross expense ratio, certain fees have been waived and/or 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. 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 3000® Health Care Net Index** is a capitalization weighted index of companies involved in medical services or health care. The index does not include any expenses, fees or sales charges, which would lower performance. 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.

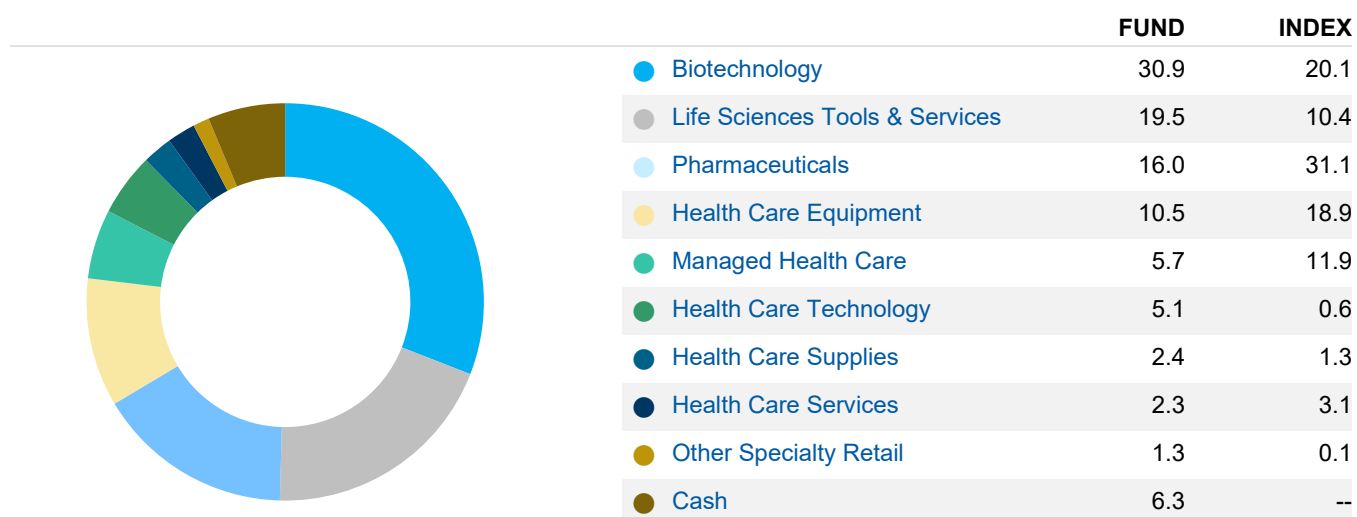
Top Ten Holdings

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

Eli Lilly & Co.	10.1
argenx	5.7
Intuitive Surgical	5.7
UnitedHealth Group	5.7
Vertex Pharmaceuticals	5.6
Alnylam Pharmaceuticals	4.9
Thermo Fisher Scientific	4.8
Exact Sciences	4.5
10x Genomics	3.4
Zoetis	2.8
TOTAL	53.2

Sub-Industry Allocation

% of Total Net Assets, as of June 30, 2024. Subject to Change



Source: FactSet Research Systems, Inc. / Morgan Stanley Investment Management.
Cash is frictional and accounted for 6.30% 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. In general, **equities securities'** values also fluctuate in response to activities specific to a company. The **healthcare industry** can be affected by various political, economic, regulatory, and supply-and-demand factors. Furthermore, it can be subject to government approval of products and services, which could have an effect on price and availability, and can be affected by rapid obsolescence and patent expirations. 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**). **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). 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. **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.

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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 document), download one at morganstanley.com/im or call 1.800.548.7786. Please read the prospectus carefully before investing.

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