Morgan Stanley

INVESTMENT MANAGEMENT

COUNTERPOINT GLOBAL

MORGAN STANLEY INSTITUTIONAL FUND

Advantage Portfolio

COUNTERPOINT GLOBAL | COMMENTARY | March 31, 2023

Performance Review

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. For the quarter, the Advantage Portfolio returned 19.26% while the Russell 1000 Growth Index returned 14.37% and the Lipper Large Cap Growth Index returned 13.91%.

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 Russell 1000 Growth Index this quarter primarily due to favorable stock selection; sector allocations also contributed to a lesser extent.

Large cap growth equities, as measured by the Russell 1000 Growth Index, advanced over the quarter. Information Technology, Communication Services and Consumer Discretionary posted the highest return in the Russell 1000 Growth Index. Most sectors advanced over the period, however, Energy, Utilities, and Health Care posted negative returns and were the relative underperformers in the index.

Fear and uncertainty due to concerns about inflation, rising interest rates, geopolitical tensions, and the failure of several U.S. regional banks weighed on market sentiment, contributing to continued volatility. 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 high-quality companies with attractive end-game potential, strong balance sheets, and multiple competitive advantages. We believe today’s market offers an attractive opportunity to buy unique companies with strong fundamentals that 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.

Communication Services was the top contributing sector across the portfolio due to favorable stock selection and the positive impact of an average overweight position in the sector. Roblox, a video game platform primarily focused on children, was the top contributor in the sector and across the portfolio. Its shares advanced as the company reported solid quarterly results driven by strong user and engagement growth; the company’s fundamentals have recovered substantially post-pandemic in part due to management’s decision to accelerate investments in platform infrastructure and various other strategic initiatives. Within the sector, the strength in Roblox and a diverse set of other holdings was partly offset by weakness in ZoomInfo Technologies. ZoomInfo Technologies, which operates a database of employment and contact information to augment sales prospecting for third parties, was the second largest detractor across the portfolio. Similar to last quarter, concerns about slower business growth, longer sales cycles, and deal delays weighed on investor sentiment.

Industrials and Consumer Discretionary were the second and third largest contributors, respectively, across the portfolio due to favorable stock selection. Uber, a leading global ridesharing services platform, was the top contributor within Industrials and the third greatest across the portfolio. The company reported strong quarterly results characterized by improved profitability. The company's core mobility and delivery businesses remain resilient, while its other verticals, such as advertising, continue to trend positively.

A lack of exposure to Consumer Staples, Energy, and Real Estate also contributed to relative performance, as did favorable stock selection in Health Care and Financials. Strong overall stock selection in Health Care was partly offset by weakness in Royalty Pharma, which was the third greatest detractor across the portfolio. Royalty Pharma is one of the largest buyers of biopharmaceutical royalties and a leading funder of innovation across academic institutions, non-profits, biotechnology, and pharmaceutical companies. The company reported solid results, however its shares languished due to investor concerns around clinical trial results for a few of its partners' new therapies.

Conversely, Information Technology was the largest detractor across the portfolio, due to mixed stock selection and the adverse impact of an average underweight position in the sector. A variety of holdings impeded relative performance, including Nvidia and Datadog, which were among the greatest detractors across the portfolio. Nvidia, a leading provider of Graphics Processing Units (GPUs), was the top detractor across the portfolio due an average underweight position. Its shares advanced amid renewed investor enthusiasm for its full stack of software and hardware solutions that support data center, artificial intelligence, and machine learning related technologies. Datadog, a software as a service platform that allows customers to monitor their entire IT stack in real-time from a single user interface, was the fourth largest detractor across the portfolio. Although the company reported overall healthy results characterized by product suite expansion and strong customer retention, its shares traded down as investors were disappointed by management's conservative outlook. The weak performance of these and a diverse set of other holdings was partly offset by strength in Shopify, ASML and Cloudflare. Shopify, which operates a cloud-based software and services platform that enables merchants to build an ecommerce presence, was the second greatest contributor across the portfolio. Its outperformance was driven by continued strong business execution in a tougher economic environment and ongoing traction with new product offerings. ASML, the leading supplier of lithography equipment used in the production of semiconductors, was the fourth greatest contributor across the portfolio. Its shares outperformed as customer demand for its products remains strong and the company reported better than expected quarterly results. Cloudflare, which offers a global cloud platform that provides security, performance, and reliability services to the applications of its customers, was the third greatest contributor in the sector and fifth greatest across the portfolio. Despite a tougher demand environment and longer sales cycles, the company experienced solid customer uptake across its product suite.

Stock selection and the adverse impact of an average overweight position in Materials also weighed on relative performance, albeit to a lesser extent. Sherwin-Williams, a leading global producer and distributor of paints and coatings, was among the greatest detractors across the portfolio. Its shares languished as the company reported mixed quarterly results and a disappointing financial outlook, owing to higher interest rates and consequently slower growth in the US housing market.

Lastly, Utilities– a sector the portfolio has no exposure to – had an overall negligible impact on relative performance.

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.

Performance (%) as of March 31, 2023

Class I Share at NAV

	MTD	QTD	YTD	1 YEAR	3 YEAR	5 YEAR	10 YEAR
MSIF Advantage Portfolio	5.87	19.26	19.26	-27.72	0.07	2.58	9.58
Russell 1000 Growth Index	6.84	14.37	14.37	-10.90	18.58	13.66	14.59
Lipper Large Cap Growth Index	6.79	13.91	13.91	-12.66	14.91	11.13	12.93

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 0.88% 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 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.

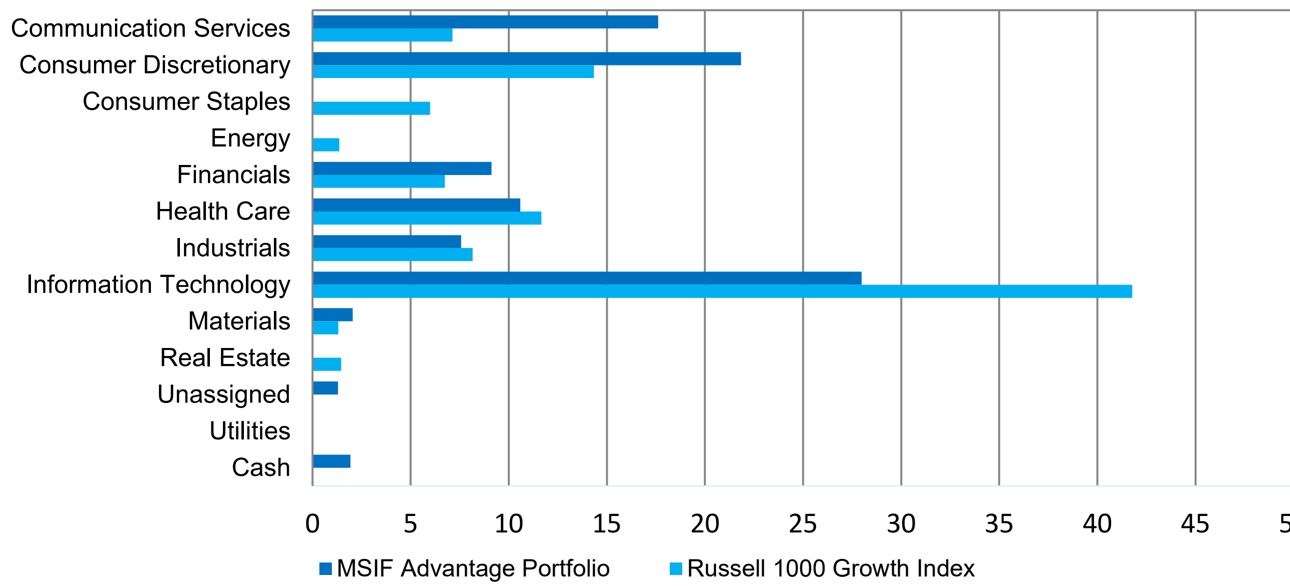
Please keep in mind that high double-digit returns are highly unusual and cannot be sustained. Investors should also be aware that these returns were primarily achieved during favorable market conditions.

The **Russell 1000® Growth Index** measures the performance of those Russell 1000 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 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 March 31, 2023. Subject to change.*

Uber Technologies	7.6
Snowflake	6.5
Cloudflare	6.2
Trade Desk	6.2
Shopify	6.1
Roblox	5.7
DoorDash	5.4
Royalty Pharma	5.2
Amazon.com	5.2
ASML Holding	4.8
Total	**58.9**

Sector Allocation *As of March 31, 2023.*



Source: FactSet Research Systems, Inc./Morgan Stanley Investment Management.
Cash is frictional and accounted for 1.93% of the portfolio.
The Fund has no direct exposure to banks domiciled in advanced economies of the U.S. and Europe. As part of our investment process, we seek companies that demonstrate financial strength, generally with high margins, strong cash generation potential, low capital intensity, and low financial leverage. As of March 31, 2023, the Fund held a capital markets exchange as well as payment platforms recently reclassified [1] as Financials.

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. 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. 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. **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. 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.

[1] Revisions to the Global Industry Classification Standard (GICS®) structure effective March 2023
https://www.msci.com/documents/1296102/29559863/GICS_Structure_Change_Doc_31_March_2022.pdf/

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

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