MORGAN STANLEY INSTITUTIONAL FUND

Global Endurance Portfolio

COUNTERPOINT GLOBAL | DECEMBER 31, 2020

Dear Clients:

Total returns for Global Endurance were +110.03% compared to +16.25% by the All Country World Index for the year.

Global Endurance seeks to invest in a select group of companies located throughout the world with durable competitive advantages, sustainable growth opportunities, valuable business models and strong management teams.

One such company was Stitch Fix, which I invested in the first quarter of 2019. Stitch Fix is an online apparel retailer that provides over 3.7 million clients a personalized styling service (Stitchfix.com, December 2020). Backed by over 8,000 employees- which include 4,700 personal stylists, 1,900 fulfillment center employees, 290 client experience employees, 240 engineers and 145 data scientists- the company provides a curated inventory that facilitates the convenience of shopping online along with a personalized client experience that is powered by sophisticated algorithms built on data collected from clients and personal stylists.

This strong client-focused consumer offering will allow the company to continue to change the way in which consumers shop for apparel, shoes and accessories. Under the exceptional leadership of founder Katrina Lake, I believe we own a company which will continue to take share in a large market – estimated to be over \$400 billion – while it maintains and builds upon its core competitive advantages of scale and network effects.

Our Stitch Fix stake appreciated 134.32% in 2020. While Stitch Fix was among our top performers, Fastly, Wayfair, Carvana, Appian and Zoom were also important positive contributors to our results. Conversely, Melrose Industries, Ryman Healthcare, Colliers International Group, Victoria and Discovery Limited were the biggest detractors to our performance this year.

I would also like to follow up on my comments in the half-year letter regarding our stake in Victoria. I am pleased to report that our steadfastness and patience during that challenging period has been duly rewarded. Victoria's share price has rebounded by 142.59% since the end of June. I attribute this performance to the strong underlying fundamentals of the business. Despite the initial state-mandated lockdown, Victoria was able to hit the ground running once they were legally allowed to do so. Their manufacturing as well as logistics capability was on full display as the company was able to satisfy the high pent-up consumer demand and deliver strong business results during the first half of 2020 (Victoria, October 2020). Under the exceptional leadership of Geoff Wilding, I believe we own a company that has the potential to continue to execute and create wealth for us owners.

It is worth noting that our companies' share prices can vary significantly in any short time period; but it is my belief that over time, they reflect the intrinsic value of their underlying businesses. And given that we own a select group of companies -37 to be exact -a number which is a fraction of the over 3,000 companies held in the index we compete against, the fund's performance may vary in any given year.

I remain optimistic that a company-specific approach to investing will allow us to find exceptional companies around the globe truly worthy of our capital in the years ahead. Furthermore, the companies we own today are perennially competing for space in the portfolio with ones we do not. I am committed to searching for exceptional companies, while also deepening my understanding of the fundamentals of our existing businesses.

At year-end, our top 10 companies accounted for 53.09% of the portfolio and top 20 companies accounted for 83.09% of the portfolio. From a geographic domicile weighting standpoint, our portfolio was 64.52% in United States, 8.07% in United Kingdom, 6.25% in Canada, 4.35% in Poland, 4.06% in Sweden, 3.23% in New Zealand, 3.03% in Japan, 1.34% in Germany and 0.98% in Finland.

I am grateful for your trust in Global Endurance.

With best wishes,

Manas Gautam

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. For the most recent quarter-end commentary, please refer to the Fund's product detail page on morganstanley.com/im.

Performance (%) as of December 31, 2020

Class I Share at NAV							
	MTD	QTD	YTD	1 YEAR	3 YEAR	5 YEAR	Since Inception*
MSIF Global Endurance Portfolio	9.21	34.94	110.03	110.03			65.43
MSCI All Country World Index	4.64	14.68	16.25	16.25			21.32

*The inception date of the MSIF Global Endurance portfolio is 12/31/2018.

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 14.17% for Class I shares and the net expense ratio is 1.00%. 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. The minimum initial investment is \$5,000,000.

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.

Short-term returns may not be indicative of the fund's long-term performance potential. A fund's performance, especially for very short time periods, should not be the sole factor in making your investment decision.

Top Ten Holdings % of Total Net Assets, as of December 31, 2020. Subject to change.				
Appian	7.8			
Cardlytics	6.1			
Skillz	5.7			
Victoria	5.4			
Carvana	5.4			
Party City	4.8			
Floor & Décor Holdings	4.6			
Fastly	4.5			
Royalty Pharma	4.4			
Dino Polska	4.4			
Total	53.1			

Sector Break Down As of December 31, 2020. Numbers may not add to 100% due to rounding. Subject to change.				
	MSIF Global Endurance Portfolio Weight (%)	MSCI AC World Index Weight (%)	Under/Overweight vs. MSCI AC World (%)	
Overweight				
Consumer Discretionary	34	13	21	
Information Technology	26	22	4	
Health Care	14	12	2	
Real Estate	4	3	1	
Market weight				
Communication Services	9	9	0	
Underweight				
Consumer Staples	5	7	-2	
Utilities	0	3	-3	
Energy	0	3	-3	
Materials	0	5	-5	
Industrials	0	10	-10	
Financials	0	13	-13	
Cash*	0			

*Cash is frictional. Cash accounted for 0.16% 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.

Certain information herein is based on data obtained from third party sources believed to be reliable. However, we have not verified this information, and we make no representations whatsoever as to its accuracy or completeness.

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. 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. Investments in **small- and medium- capitalization companies** tend to be more volatile and less liquid than those of larger, more established, companies. **Illiquid securities** may be more difficult to sell and value than public traded securities (liquidity risk).

The **MSCI AII Country (MSCI AC) World Index** is a free float-adjusted market-capitalization-weighted index designed to measure the equity market performance of developed and emerging markets. 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 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.

Please consider the investment objectives, risks, charges and expenses of the fund carefully before investing. The prospectus contains this and other information about the fund. To obtain a prospectus, contact your financial professional or download one at morganstanley.com/im. Please read the prospectus carefully before investing.

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

NOT FDIC INSURED OFFER NO BANK GUARANTEE MAY LOSE VALUE NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY NOT A	NOT FDIC INSURED	JRED OFFER NO BANK GUARANTEE	MAY LOSE VALUE	NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY	NOT A DEPOSIT
--	------------------	------------------------------	----------------	--	---------------