

Morgan Stanley Institutional Fund

International Opportunity Portfolio

GLOBAL OPPORTUNITY

Performance Review

In the quarter period ending March 31, 2024, the Portfolio's I shares returned 7.88% (net of fees)¹, while the benchmark returned 4.69%.

The Global Opportunity team creates a high conviction, concentrated portfolio of undervalued, high quality businesses. The long-term investment horizon and high active share approach can result in periods of performance deviation from the benchmark. The Fund outperformed the MSCI All Country ("AC") World ex USA Index this period due to favorable stock selection and sector allocation.

Market Review

International equities advanced during the first quarter of 2024, led higher by information technology, consumer discretionary and industrials. The consumer staples, utilities and materials sectors declined, underperforming the benchmark.

Portfolio Review

Stock selection and an overweight position in consumer discretionary, as well as stock selection in communication services, contributed positively during the quarter. Top contributors included Swedish audio streaming platform Spotify Technology SA, Latin American digital bank Nu Holdings Ltd., Swiss premium performance sports brand On Holding AG, luxury brand Moncler SpA and Dutch supplier of lithography equipment ASML Holding NV.

Stock selection in industrials and information technology, as well as the portfolio's overweight allocation to communication services, were the greatest overall detractors from the relative performance of the portfolio. Top detractors included Indian private sector bank HDFC Bank Ltd., Korean search leader Naver Corp., Danish transportation and logistics company DSV A/S, Argentinian business services firm Globant SA and Korean digital bank KakaoBank Corp.

Headquartered in Sweden, top contributor Spotify is an innovative audio streaming platform that exhibits differentiation leadership by leveraging the unique data of 602 million monthly active users, including 226 million paying premium subscribers,² and is in a strong position to expand its user base given its extensive playlists. We believe Spotify's strong growth can be supported by entering new geographies, investing in its advertising business and expanding its non-music content as well as user experience.

Shares of detractor HDFC Bank Ltd. declined after India's largest private sector bank reported lower-than-expected net interest margins for the quarter ending in December. Our long-term investment remains intact, and we continue to view HDFC Bank as one of the highest quality banks, which is poised to benefit from the growth trajectory of consumption and infrastructure in India. HDFC Bank is India's largest private bank by assets as of December 31, 2023. HDFC Bank has an outstanding liability and deposit franchise, driven by its long operating history, strong brand, extensive branch network and focus on customer service. HDFC Bank also has the largest personal loan and credit card franchise in India, with strong risk management processes. We believe that HDFC Bank's cost leadership advantage, coupled with industry-leading digital capabilities, can enable it to continue taking loan and deposit market share amid public sector bank weakness.

Outlook

As a team, we continue to focus on bottom-up stock selection and the long-term outlook for companies owned in the portfolio. We assess company prospects over a five- to ten-year time horizon and own a portfolio of what we believe are undervalued, high quality companies with diverse business drivers not tied to any particular market environment.

We recently explored the evolution of the Indian economy and broadening opportunity set for bottom-up stock picking in "The India Opportunity." We believe India's young demographic, along with its efforts to build digital, regulatory, financial and physical

¹ Source: Morgan Stanley Investment Management. Data as of March 31, 2024. Performance for other share classes will vary.

² Source: Company data as of January 29, 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.

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infrastructure over the last decade, will pave the way for growth acceleration over the next decade. This will have significant implications for India's share of the global economy and equity markets. India is home to a disproportionate number of high quality companies, yet remains underrepresented by equity indices and thus represents vast opportunity for bottom-up stock picking. Read the full article here: https://www.morganstanley.com/im/publication/insights/articles/article_theindiaopportunity_ltr.pdf

We also recently published our annual ESG update which discusses our approach at a global level incorporating our HELP & ACT framework within the investment process, the carbon intensity of the portfolios, company engagement examples, participation in collaborative initiatives and Morgan Stanley Investment Management policies. Please see our ESG update here: https://www.morganstanley.com/im/publication/insights/articles/article_esgupdate.pdf

Fund Facts

Inception Date	March 31, 2010
Minimum Initial Investment (\$)*	A Shares - 1,000
	I Shares - 1,000,000
Benchmark	MSCI All Country World ex USA Index
Class I expense ratio	Gross 1.11 %
	Net 1.00 %
Class A expense ratio	Gross 1.35 %
	Net 1.35 %

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.

Performance (%)

As of March 31, 2024	MTD	QTD	YTD	1 YR	3 YR	5 YR	10 YR
Class I Shares at NAV	1.65	7.88	7.88	11.85	-11.39	3.65	8.32
Class A Shares at NAV	1.63	7.77	7.77	11.42	-11.69	3.32	7.97
Class A Shares (With Max 5.25% Sales Charge)	-3.70	2.13	2.13	5.58	-13.26	2.21	7.39
MSCI All Country World ex USA Index	3.13	4.69	4.69	13.26	1.94	5.97	4.25

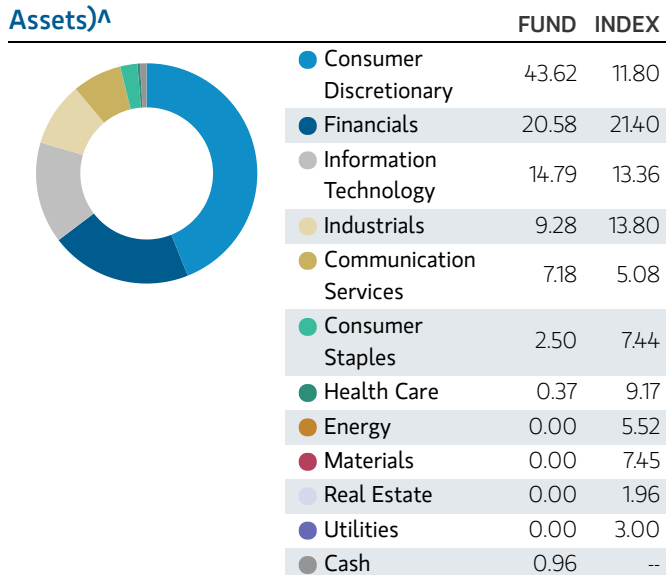
Performance data quoted represents past performance, which is no guarantee of future results, and current performance may be lower or higher than the figures shown. For the most recent month end performance figures, please visit [morganstanley.com/im](https://www.morganstanley.com/im). Investment returns 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.

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

Top Holdings (% of Total Net Assets)

	FUND	INDEX
MercadoLibre Inc	6.73	--
DSV A/S	5.64	0.11
Moncler SPA	5.22	0.06
Hermès International S.A.	5.12	0.31
Coupang Inc	4.62	--
Shopify Inc	4.33	0.36
Meituan	4.27	0.24
Spotify Technology S.A.	4.27	--
ICICI Bank Ltd	4.07	0.26
Trip.com Group Ltd	4.04	0.09
Total	48.31	--

Sector Allocation (% of Total Net Assets)[^]

[^] May not sum to 100% due to the exclusion of other assets and liabilities.

INDEX INFORMATION

The **MSCI All Country World Ex-U.S. Index** is a free float-adjusted market capitalization weighted index designed to measure the equity market performance of developed and emerging markets, excluding the U.S. 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 performance of the Index is listed in U.S. dollars and assumes reinvestment of net dividends.

The Indexes are unmanaged and do 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 Portfolio 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. 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. 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. **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**). **China Risk.** Investments in China involve risk of a total loss due to government action or inaction. Additionally, the Chinese economy is export-driven and highly reliant on trade. Adverse changes to the economic conditions of its primary trading partners, such as the United States, Japan and South Korea, would adversely impact the Chinese economy and the Fund's investments. Moreover, a slowdown in other significant economies of the world, such as the United States, the European Union and certain Asian countries, may adversely affect economic growth in China. An economic downturn in China would adversely impact the Portfolio's investments. **Risks of Investing through Stock Connect.** Any investments in A-shares listed and traded through Stock Connect, or on such other stock exchanges in China which participate in Stock Connect is subject to a number of restrictions that may affect the Portfolio's investments and returns. Moreover, Stock Connect A shares generally may not be sold, purchased or otherwise transferred other than through Stock Connect in accordance with applicable rules. The Stock Connect program may be subject to further interpretation and

guidance. There can be no assurance as to the program's continued existence or whether future developments regarding the program may restrict or adversely affect the Portfolio's investments or returns. There is no assurance strategies that incorporate **ESG factors** will result in more favorable investment performance. **Active Management Risk.** The Adviser has considerable leeway in deciding which investments to buy, hold or sell, and which trading strategies to use. Such decisions will affect performance. To the extent the Portfolio invests a substantial portion of its assets in the **consumer discretionary sector**, the Portfolio may be particularly susceptible to the risks associated with companies operating in such sector.

IMPORTANT INFORMATION

The views and opinions and/or analysis expressed are those of the investment team as of the date of preparation of this material and are subject to change at any time without notice due to market or economic conditions and may not necessarily come to pass. Furthermore, the views will not be updated or otherwise revised to reflect information that subsequently becomes available or circumstances existing, or changes occurring, after the date of publication. The views expressed do not reflect the opinions of all investment personnel at Morgan Stanley Investment Management (MSIM) and its subsidiaries and affiliates (collectively "the Firm"), and may not be reflected in all the strategies and products that the Firm offers.

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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, download one at morganstanley.com/im or call 1-800-548-7786. Please read the prospectus carefully before investing.

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