

Morgan Stanley Institutional Fund

Developing Opportunity Portfolio

GLOBAL OPPORTUNITY

Performance Review

In the quarter period ending September 30, 2025, the Portfolio's I shares returned 4.76% (net of fees)¹, while the benchmark returned 10.64%.

Global Opportunity 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 underperformed the MSCI Emerging Markets Index this quarter due to unfavorable stock selection despite favorable sector allocation.

Market Review

Emerging markets equities advanced in the quarter, driven by the materials, communication services, consumer discretionary and information technology sectors. The energy, financials, consumer staples and real estate sectors underperformed the benchmark. On a country basis, Egypt, Peru, China, South Africa and Colombia outperformed, while the Philippines, India and Indonesia declined, underperforming the benchmark.

Portfolio Activity

Stock selection in consumer discretionary and financials and the portfolio's underweight positions in the information technology, real estate and materials sectors were the greatest overall detractors from relative performance. Top individual detractors included Latin American ecommerce company MercadoLibre, Korean digital bank KakaoBank, Chinese consumer service super-app Meituan, Chinese online lending platform Qifu Technology and Indian private sector bank ICICI Bank.

Conversely, a sector overweight position in consumer discretionary, an underweight position in energy, and stock selection in communication services, information technology and materials were the greatest overall contributors to the relative performance of the portfolio during the period. Top individual contributors included Chinese social commerce platform Tencent, Chinese travel agency Trip.com, Taiwan Semiconductor Manufacturing Co., Indian quick commerce company Eternal, and a Latin American digital bank.

Shares of MercadoLibre underperformed after reporting second quarter earnings below expectations driven by a contraction in operating margins as the company increases investments in marketing and lowers free shipping thresholds in Brazil. We believe that MercadoLibre is investing in the future of its ecommerce and fintech ecosystem to sustain long-term growth. MercadoLibre is the largest ecommerce platform in Latin America, with a presence in 18 countries including Brazil, Argentina and Mexico; 90 million active buyers on its online marketplaces; and 68 million fintech active users of its Mercado Pago digital payments platform.² We believe MercadoLibre can increasingly benefit by monetizing the uniqueness of its platform in Latin America, which has a population of more than 668 million and one of the fastest-growing internet penetration rates in the world.³

Shares of KakaoBank declined due to tighter government regulations on household lending, which has led to concerns on near-term loan growth. KakaoBank is a digital bank with full banking license in Korea, servicing over 80% of the economically active population.⁴ We believe KakaoBank is unique due to its strong technological infrastructure, customer interface, differentiated products and Kakao brand name. KakaoBank is fully digital with no branches, which reduces the cost of operating the business and we believe can sustain long-term profitability. The Korean banking system is large with weak incumbents and smartphone penetration in the country is high, creating what we believe is an ideal backdrop for KakaoBank to grow through market share gains.

Shares of Trip.com outperformed after a strong second quarter earnings print and upbeat commentary, which eased concerns about reinvestment-driven margin pressure. Management highlighted robust summer travel along with momentum in overseas expansion and advertising, with a new share buyback announcement underpinning positive sentiment. New artificial intelligence (AI) tools

¹ Source: Morgan Stanley Investment Management. Data as of September 30, 2025. Performance for other share classes will vary.

² Source: MercadoLibre company data as of June 30, 2025.

³ Source: United Nations Population Division, December 2024.

⁴ Source: KakaoBank company data as of June 30, 2025.

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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(TripGenie/Trip.Planner) are boosting engagement, funneling users to bookable itineraries and automating service, supporting stickier direct demand and efficiency into the platform.

Shares of Eternal rallied after reporting strong first quarter results with 70% year-over-year revenue growth,⁵ led by Blinkit's rapid expansion, along with a positive outlook on margin. Eternal is a leading India-based food delivery and quick commerce platform, with strong network effects of almost 21 million monthly transacting customers, almost 300,000 restaurant partners and over 450,000 delivery partners.⁶ The Indian online food delivery market is very attractive due to its significant underpenetration relative to other countries, a fragmented restaurant industry with chain restaurants accounting for 6%-7% of industry sales⁷ and a favorable duopoly market structure. E-commerce in India, especially online grocery, is significantly underpenetrated relative to other countries. We believe Eternal will likely benefit from Indian food consumption growth, transition from home cooked food to restaurant food, and higher adoption of food delivery and online commerce services.

Strategy and Outlook

Against an uncertain market backdrop, we remain focused on a portfolio of high-quality, growing businesses that are generally less sensitive to macroeconomic conditions and policy uncertainty.

In the third quarter, developing equity markets were driven by continued enthusiasm for artificial intelligence, particularly among semiconductor and hardware companies in Korea and Taiwan. We do not hold these names, as we have less conviction in their long-term growth drivers. Instead, we see some of the most compelling opportunities arising from the second- and third-order effects of such technological developments. Our portfolio includes distinctive companies that, even in a pre-AI world, are well positioned to embrace these innovations by enhancing their competitive advantages and potentially unlocking significant value through deeper customer engagement.

While recent underperformance is disappointing, our conviction in the portfolio's holdings remains strong. The fundamentals of our companies are strong, with revenues expected to grow at 12.5%, compared with 8.7% for the benchmark.⁸ (Furthermore, 99% of the portfolio is projected to be free cash flow positive by 2027, offering an attractive 5.6% consensus estimated free cash flow yield based on 2027 estimates.)⁸

Fund Facts

Inception Date	February 14, 2020
Minimum Initial Investment (\$)*	A Shares - 1,000
	I Shares - 1,000,000
Benchmark	MSCI Emerging Markets Net Index
Class I expense ratio	Gross 2.00 %
	Net 1.15 %
Class A expense ratio	Gross 2.32 %
	Net 1.50 %

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.

⁵ Source: Eternal company data as of July 21, 2025.

⁶ Source: Eternal company data as of June 30, 2025.

⁷ Source: Eternal company data as of May 2024.

⁸ Source: FactSet. Data as of September 30, 2025.

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

Performance (%)

As of September 30, 2025

	MTD	QTD	YTD	1 YR	3 YR	5 YR	10 YR	SINCE INCEPTION
Class I Shares at NAV	5.31	4.76	18.54	12.66	15.86	-0.90	--	3.26
Class A Shares at NAV	5.30	4.64	18.26	12.20	15.49	-1.21	--	2.94
Class A Shares (With Max 5.25% Sales Charge)	-0.26	-0.85	12.05	6.32	13.45	-2.27	--	1.96
MSCI Emerging Markets Net Index	7.15	10.64	27.53	17.32	18.21	7.02	--	6.13

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.

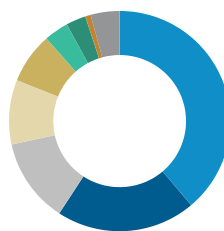
Returns are net of fees and assume the reinvestment of all dividends and income. They are compared to an unmanaged market index. Returns for less than one year are cumulative (not annualized). Performance for one year or more is based on average annual total returns. The returns are reported for Class I and A shares. Performance for other share classes will vary.

Top Holdings (% of Total Net Assets)

	FUND	INDEX
Taiwan Semiconductor Mfg Co. Ltd	7.91	10.87
MercadoLibre Inc	7.22	--
Coupang Inc	7.02	--
Trip.com Group Ltd	5.19	0.49
Tencent Holdings Ltd	4.76	5.63
NU Holdings Ltd	4.76	0.56
ICICI Bank Ltd	4.74	0.83
Eternal Ltd	4.59	0.09
Meituan	4.19	0.69
HDFC Bank Ltd	4.16	1.25
Total	54.54	--

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

	FUND	INDEX
Consumer Discretionary	38.34	13.59
Financials	20.15	22.22
Communication Services	12.25	10.53
Information Technology	9.33	25.46
Industrials	7.34	6.64
Real Estate	3.55	1.44
Consumer Staples	2.87	4.03
Health Care	0.79	3.45
Energy	--	3.85
Materials	--	6.45
Utilities	--	2.33
Cash	4.17	--



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

INDEX INFORMATION

The **MSCI Emerging Markets Net Index** is a free float-adjusted market capitalization weighted index that is designed to measure equity market performance of 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 currently consists of 24 emerging markets countries. The index is listed in U.S. dollars and assumes reinvestment of net dividends.

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 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. The risks of investing in **frontier emerging markets** are greater than risks associated with investments in other foreign or U.S. issuers and they are often considered highly speculative in nature.

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. **Focused Investing.** To the extent that the Portfolio invests in a limited number of issuers, the Portfolio will be more susceptible to negative events affecting those issuers and a decline in the value of a particular instrument may cause the Portfolio's overall value to decline to a greater degree than if the Portfolio were invested more widely. **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. **Liquidity risk.** The portfolio may invest in restricted and illiquid securities, which may be difficult for the portfolio to sell at a reasonable price. **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). There is no assurance strategies that incorporate **ESG factors** will result in more favorable investment performance. **India Risk.** To the extent the Portfolio invests a substantial portion of its assets in Indian issuers, the Portfolio may be adversely affected by factors that impact Indian businesses and the Indian economy (among other factors) and such factors may have a disproportionate impact on 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 **financials sector**, factors that have an adverse impact on this sector may have a

disproportionate impact on 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 (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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