

Morgan Stanley Institutional Fund

International Opportunity Portfolio

GLOBAL OPPORTUNITY

Performance Review

In the quarter period ending September 30, 2025, the Portfolio's I shares returned -0.48% (net of fees)¹, while the benchmark returned 6.89%.

Year-to-date (YTD), the Portfolio returned 16.35% (I shares net of fees) and the benchmark returned 26.02%.

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 underperformed the MSCI All Country (AC) World ex USA Index this quarter due to unfavorable stock selection, despite favorable sector allocation.

Market Review

International equities rallied during the quarter, led higher by materials, consumer discretionary and information technology, while the consumer staples, utilities and health care sectors underperformed the benchmark.

Portfolio Review

Stock selection in consumer discretionary, financials and industrials were the greatest overall detractors from the relative performance of the portfolio. Top detractors included Danish freight forwarder DSV A/S, Latin American ecommerce platform MercadoLibre, Korean digital bank KakaoBank, Swedish audio streaming platform Spotify Technology SA and Chinese consumer super-app Meituan.

An overweight allocation to consumer discretionary, stock selection in information technology, and an underweight allocation to health care contributed positively during the quarter. Top contributors included Canadian ecommerce solution Shopify, Inc., Chinese online travel agency Trip.com Group Ltd., foundry service provider Taiwan Semiconductor Manufacturing Co., Latin American digital bank Nu Holdings Ltd. and Dutch lithography equipment supplier ASML Holding NV.

Shares of top detractor DSV declined on fears of global trade volumes slowing as a result of geopolitical uncertainty including from the implementation of tariffs as well as risk of weaker pricing as additional capacity enters the market. DSV A/S is a leading global asset light freight forwarder with a unique blend of people, processes and information technology services. DSV enjoys leading positions in air and sea logistics globally as a result of strategic acquisitions that have diversified the firm out of the core road forwarding business and enabled it to grow in scale, network and sophistication in digital capabilities, on top of industry consolidation trends. We believe the company's information technology platform, people and processes allow it to operate efficiently in the value-added activities in forwarding that have been more immune from digital disruptions and volatile market pricing. The company also maintains a shareholder-friendly capital allocation policy that combines share buybacks with stable dividends in the absence of value-accretive merger and acquisition (M&A) activity.

Shares of detractor 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 top contributor Shopify rallied after reporting second quarter earnings results and issuing forward guidance that exceeded expectations. Management also commented that merchants "remained resilient" and noted that negative tariff impacts "did not

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

² Source: Company data as of June 30, 2025.

³ Source: United Nations Population Division, December 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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materialize.” We believe that Shopify is unique due to its scale and network effects. Shopify is a one-stop omni-channel commerce software provider for millions of brands and merchants that provides website, checkout, payment and shipping services. The company has a creative business model nurtured through partnerships with customers and application developers. Shopify integrates with social networking platforms and marketplaces which enables scale that can help increase its take-rate as a percentage of gross merchandise volume and increase margins over time. The company’s “Shop Pay” product increases speed at checkout and enables higher checkout conversion rates for merchants while “Shopify Plus” serves large enterprise customers including well-known global brands. In 2023, the Canadian retail software platform shifted strategy by exiting its asset-heavy logistics services and reducing its workforce. Current investments in research and development to incorporate generative artificial intelligence (AI) features into its ecommerce software tools, such as “Shopify Magic” that automatically generates listings and images. We believe that Shopify can benefit from growth of both online and offline commerce given its product diversity and quality and low penetration of global retail sales.

Shares of contributor 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 AI tools (TripGenie/Trip.Planner) are boosting engagement, funneling users to bookable itineraries and automating service, supporting stickier direct demand and efficiency into the platform. Trip.com is the largest online travel agency in China, enjoying strong network effect with the broadest hotel coverage and largest affluent travel customer base, especially within the high-end hotel segment. We believe the company may continue to benefit from the consumption upgrade that is driving increased domestic travel spending and can monetize its uniqueness through growth in gross merchandise value in the domestic market, expansion in the overseas market and tapping into high-margin advertising.

Outlook

Equity markets in the third quarter were driven by continued enthusiasm around artificial intelligence and expectations of more accommodative monetary policy. These factors fueled strong performance in the information technology and communication services sectors. The resulting “risk-on” environment supported growth-oriented stocks, particularly those of more speculative and unprofitable companies. In contrast, quality and value segments lagged as more defensive sectors, such as consumer staples and real estate, underperformed. In the quarter, the MSCI AC World ex USA Index outperformed the MSCI AC World ex USA Quality Index by nearly 3%; and on a YTD basis, by over 10%. Historically, our portfolio has tended to underperform during rotational market environments dominated by macroeconomic or industry-driven shifts, where top-down factors outweigh bottom-up fundamental analysis.

While the third quarter's underperformance is disappointing, our conviction in the portfolio's holdings remains strong. The fundamentals of our companies are robust, with revenues expected to grow at a 14% compound annual rate over the next three years.⁴ Moreover, 100% of our holdings are projected to generate positive free cash flow, with an attractive 5% free cash flow yield based on 2027 consensus estimates.⁴

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 1.06 %
	Net 1.00 %
Class A expense ratio	Gross 1.34 %
	Net 1.34 %

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.

⁴ Source: FactSet 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
Class I Shares at NAV	2.09	-0.48	16.35	13.15	23.39	1.00	10.57
Class A Shares at NAV	2.04	-0.56	16.08	12.80	22.97	0.68	10.22
Class A Shares (With Max 5.25% Sales Charge)	-3.33	-5.77	9.97	6.89	20.78	-0.40	9.63
MSCI All Country World ex USA Index	3.60	6.89	26.02	16.45	20.67	10.26	8.23

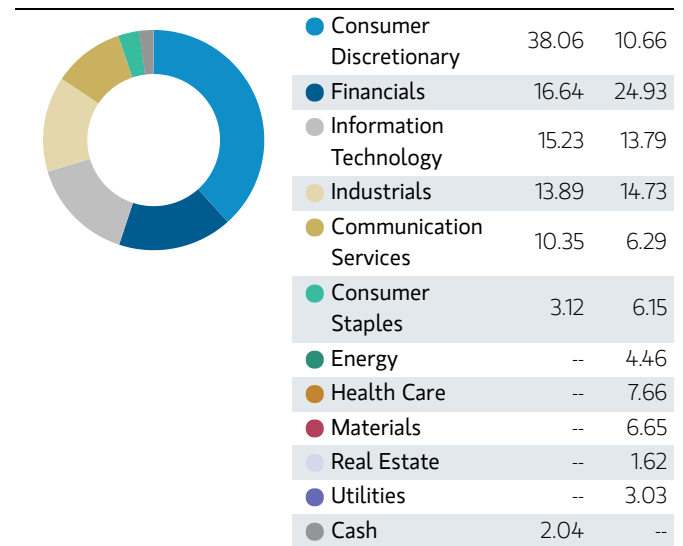
Performance data quoted represents past performance, which is no guarantee of future results, and current performance may be lower or higher than the figures shown. For the most recent month end performance figures, please visit morganstanley.com/im. Investment returns and principal value will fluctuate 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
MercadoLibre Inc	6.26	--
Spotify Technology S.A.	6.07	0.33
DSV A/S	4.92	0.13
Coupang Inc	4.91	--
Taiwan Semiconductor Mfg Co. Ltd	4.88	3.31
NU Holdings Ltd	4.57	0.17
Schneider Electric SE	4.50	0.48
Sanrio Co. Ltd	3.92	0.03
Shopify Inc	3.70	0.57
Trip.com Group Ltd	3.63	0.15
Total	47.36	--

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 USA 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 performance of 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.

The **MSCI All Country World ex USA Quality Index** measures the performance of quality growth stocks within the MSCI All

Country World ex USA Index by identifying stocks with high quality scores based on three main fundamental variables: high return on equity, stable year-over-year earnings growth and low financial leverage

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 (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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