

## Morgan Stanley Institutional Fund

## Global Core Portfolio

## APPLIED EQUITY ADVISORS TEAM

## Performance Review

In the quarter period ending June 30, 2025, the Portfolio's I shares returned 10.71% (net of fees)<sup>1</sup>, while the benchmark returned 11.47%.

As a core portfolio, Global Core attempts to tilt toward the style of stock exposure (growth, value, defensive) that offers the best opportunity within the context of a typically 40- to 60-stock portfolio. With a limited number of stocks, diversification<sup>2</sup> among positions is a critical component of risk control.

Following are the most significant performance drivers relative to the MSCI World Index benchmark for the second quarter of 2025:

1. Stock Selection:
  - 1.1. NVIDIA (6.5% of the portfolio)<sup>3</sup> returned +46% in the quarter, adding +1.7%.
  - 1.2. Netflix (4.1% of the portfolio)<sup>3</sup> returned +44% in the quarter, adding +1.1%.
  - 1.3. Taiwan Semiconductor Manufacturing (4.9% of the portfolio)<sup>3</sup> returned +37% in the quarter, adding +1.0%.
  - 1.4. Microsoft (4.4% of the portfolio)<sup>3</sup> returned +33% in the quarter, adding +0.8%.
  - 1.5. Apple (4.4% of the portfolio)<sup>3</sup> returned -7% for the quarter, detracting -1.0%.
  - 1.6. Brown & Brown (2.5% of the portfolio)<sup>3</sup> returned -11% for the quarter, detracting -0.7%.
  - 1.7. Progressive (3.4% of the portfolio)<sup>3</sup> returned -5% for the quarter, detracting -0.7%.
2. Geographic Exposures:
  - 2.1. There were no meaningful geographic contributors or detractors for the quarter.
3. Style Exposures:
  - 3.1. An underweight to low-beta stocks in the U.S. added +0.9%.
  - 3.2. An underweight to high dividend-oriented stocks in the U.S. added +0.8%.
  - 3.3. An overweight to long-term momentum stocks in the U.S. added +0.7%.
  - 3.4. An overweight to long-term momentum stocks in Europe added +0.7%.
4. Sector exposures:
  - 4.1. An underweight to health care in the U.S. added +1.5%.
  - 4.2. An overweight to technology stocks in Asia ex-Japan added +0.8%.
  - 4.3. An underweight to technology stocks in the U.S. hurt by -0.7%.

**Past performance is no guarantee of future results. The attribution is presented gross of fees. Had these fees and expenses been deducted, returns would be lower. See the next page for performance.**

## Strategy and Outlook

1. We came into 2025 expecting that most of 2025 would be part of the third year of this bull market, historically producing more muted returns than the first two years. That is exactly what has occurred.
2. The other consistency with past equity bull market cycles is more volatility in the third year. Yet volatility can be your friend, assuming that this third year is a pause year and not anything more sinister.
3. However, this is not how investors behaved. Investors reacted and reduced U.S. exposure in early April, missing out on a powerful recovery. Negativism towards U.S. equities likely stems from strong political views.
4. Sentiment remains far less ebullient than what is historically typical after a greater than 25% rally since early April. The "pain trade" is for the market to continue higher.
5. We expect a positive second quarter earnings season exceeding analyst expectations, followed by late summer volatility, with liquidity coming out of the markets then.
6. We are very bullish on the fourth bull market year, which could begin a period similar to the late 1990s, with artificial intelligence (AI) driving an acceleration of profitability and stock prices even higher.

<sup>1</sup> Source: Morgan Stanley Investment Management. Data as of June 30, 2025. Performance for other share classes will vary.

<sup>2</sup> Diversification neither assures a profit nor guarantees against loss in a declining market.

<sup>3</sup> Holdings 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.

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

How our portfolio is positioned:

1. We continue to like a balance between growth and value stocks, and we remain focused on portfolio volatility to help mitigate the overall risk of the portfolio.
2. The favored regions are the U.S., China and Japan. Europe is the least favored region.
3. Financials and technology sectors are most favored, with health care as the least favored sector.

**Past performance is no guarantee of future results.** The market returns referred to in the commentary are those of representative indices and are not meant to depict the performance of a specific investment.

## Fund Facts

Inception Date	May 27, 2016
Minimum Initial Investment (\$)*	A Shares - 1,000 I Shares - 1,000,000
Benchmark	MSCI World Net Index
Class I expense ratio	Gross 1.72 % Net 1.00 %
Class A expense ratio	Gross 2.00 % 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, 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.

## Performance (%)

As of June 30, 2025	MTD	QTD	YTD	1 YR	3 YR	5 YR	10 YR	SINCE INCEPTION
Class I Shares at NAV	3.87	10.71	7.39	13.69	18.09	13.74	--	10.36
Class A Shares at NAV	3.88	10.65	7.28	13.35	17.71	13.38	--	9.97
Class A Shares (With Max 5.25% Sales Charge)	-1.59	4.86	1.65	7.39	15.61	12.16	--	9.33
MSCI World Net Index	4.32	11.47	9.47	16.26	18.31	14.55	--	11.98

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://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.

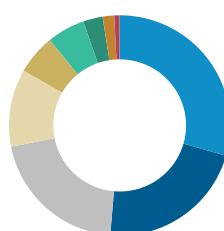
Returns are net of fees and assume the reinvestment of all dividends and income. They are compared to an unmanaged market index. Returns for less than one year are cumulative (not annualized). Performance for one year or more is based on average annual total returns. The returns are reported for Class 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
NVIDIA Corp	6.61	5.12
Ferrari NV	5.96	0.08
CRH Plc	5.55	0.08
JPMorgan Chase & Co.	5.54	1.08
Ameriprise Financial Inc	5.17	0.07
Taiwan Semiconductor Mfg Co. Ltd	4.88	--
Microsoft Corp	4.44	4.66
Apple Inc	4.31	4.09
Netflix Inc	4.26	0.76
Amazon.com Inc	3.92	2.78
<b>Total</b>	<b>50.64</b>	<b>--</b>

### Sector Allocation (% of Total Net Assets)^



	FUND	INDEX
Financials	29.48	17.07
Information Technology	21.96	26.15
Consumer Discretionary	20.56	10.11
Communication Services	11.38	8.46
Materials	5.85	3.22
Industrials	5.55	11.39
Real Estate	2.88	2.00
Energy	1.69	3.47
Consumer Staples	0.77	5.98
Health Care	--	9.53
Utilities	--	2.62
Cash	-0.11	--

^ May not sum to 100% due to rounding.

### INDEX INFORMATION

The **MSCI World Net Index** is a free float adjusted market capitalization weighted index that is designed to measure the global equity market performance of developed 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 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.

### 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 fund will decline and that the value of fund 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 fund. Please be aware that this fund may be subject to certain additional risks. In general, **equities securities'** values also fluctuate in response to activities specific to a company. Stocks of **small-and medium-capitalization** companies entail special risks, such as limited product lines, markets and financial resources, and greater market volatility than securities of larger, more established companies. Investments in **foreign markets** entail special risks such as currency, political, economic, market and liquidity risks. **Illiquid securities** may be more difficult to sell and value than publicly traded securities (liquidity risk). **Non-diversified**

**portfolios** often invest in a more limited number of issuers. As such, changes in the financial condition or market value of a single issuer may cause greater volatility. **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.

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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](https://morganstanley.com/im) or call 1-800-548-7786. Please read the prospectus carefully before investing.**

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