

## Commentary

September 17, 2008

# Institutional Liquidity Funds Update

In response to the recent announcement that The Reserve's Primary Fund has fallen below \$1.00 per share net asset value (NAV) due to losses on debt issues by Lehman Brothers Holdings, Inc., we felt it prudent to provide an update on the Morgan Stanley Institutional Liquidity Funds ("MSILF").

All of Morgan Stanley's 2a-7 registered money market funds continue to function as designed by maintaining a stable NAV of \$1.00 per share. In addition, none of the funds has any exposure to Lehman Brothers.

With regard to Morgan Stanley Investment Management's Money Market Funds, it is important to note that the Funds are separate stand alone investment companies with independent boards of directors/trustees and assets are held in separate segregated accounts for each Fund at a custodian bank (in the case of the MSILFs, at J.P. Morgan Chase & Co.). Within ring-fenced accounts for each Fund at an independent custodian, investments within our money market funds remain separate from the assets of Morgan Stanley and its subsidiaries. Client assets in our money market funds cannot be commingled at any time with assets of Morgan Stanley or its subsidiaries.

Morgan Stanley Investment Management continues to monitor market developments closely and is committed to their investment objective of preservation of capital and liquidity in all our money market funds.

For more information, please contact us at 1.800.236.0992.

Morgan Stanley Distribution, Inc. serves as the distributor for all MSILF portfolios. Morgan Stanley is a full-service securities firm engaged in a wide range of financial services including, for example, securities trading and brokerage activities, investment banking, research and analysis, financing and financial advisory services.

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**Please consider the investment objectives, risks, charges and expenses of the funds carefully before investing. The prospectus contains this and other information about the funds. To obtain a prospectus, contact Morgan Stanley Investment Management or download one at [morganstanley.com/msim](http://morganstanley.com/msim). Please read the prospectus carefully before investing.**

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