

Morgan Stanley

Dear Shareholder

Morgan Stanley Funds plc – Sterling/Euro/Dollar Liquidity Funds
Morgan Stanley Investment Funds – Euro/Dollar Liquidity Funds

Morgan Stanley Investment Management is dedicated to providing our shareholders and prospective investors with relevant information regarding our money market funds (**‘Liquidity Funds’**). Given recent developments in the short-term credit markets, we would like to provide market participants with the following update.

All of our Liquidity Funds continue to function as designed and maintain a stable capital net asset value (NAV) of: £1.00; €1.00; or \$1.00 per share. None of the holdings in our portfolios have threatened the integrity of the NAV and we remain committed to meeting the Funds’ stated objectives of capital preservation and liquidity.

Consistent with the quality, maturity and diversification standards that we uphold in our Liquidity Funds, we continue to enjoy the recognition of AAA-ratings from Moody’s Investor Services, Standard & Poor’s and Fitch Ratings.

I would remind you that Morgan Stanley Funds plc and Morgan Stanley Investment Funds are separate stand-alone investment companies with independent boards of directors. Assets are held in separate segregated accounts for each fund portfolio at an independent custodian bank. For these Liquidity Funds the custodian banks are State Street and JPMorgan respectively. Like all Morgan Stanley Funds, investments in these Liquidity Funds, remain separate from the assets of Morgan Stanley and its subsidiaries, and cannot be commingled at any time with the assets of Morgan Stanley or its subsidiaries.

Further information is available from our dedicated website: www.morganstanley.com/liquidity ‘Update on Market Events’ icon.

Thank you for your support during these tumultuous markets. We appreciate your business and welcome the opportunity to further discuss our Liquidity Funds with you.

Sincerely,

Donald Aiken, Managing Director
Head of Liquidity Business, EMEA

Date: 22nd September 2008