

Sterling Liquidity Fund

FUND HIGHLIGHTS

The Morgan Stanley Sterling Liquidity Fund offers the following benefits:

- **Security:** the fund is rated AAAM by S&P, Aaa MR1+ by Moody's and AAA V1+ by Fitch reflecting the credit quality and security of the Fund. IMMFA recognised.
- **Liquidity:** competitive dealing deadlines and same day access give you flexibility and control.
- **Yield:** providing an attractive rate of return with daily access.

FUND AIM

Seeks to provide liquidity and an attractive rate of return, to the extent consistent with the preservation of capital.

INVESTMENT POLICY

The fund includes investments in highly liquid short term securities, such as commercial paper, certificates of deposit and government bills, which are denominated in Sterling and mature within 397 days.



FUND MANAGER

Corinne is a member of the Fixed Income team. She joined Morgan Stanley in 2006 and has 12 years of investment experience. Prior to joining the firm, she was a senior portfolio manager in the short duration team at JPMorgan Asset Management. Corinne was also a European government bonds and derivatives trader for the fixed income group. She received a BA in economics from the University of Aix-Marseille, France, an MA in finance from the University of Sussex and an MBA from the London Business School.

Corinne Lewis-Reynier
Vice President

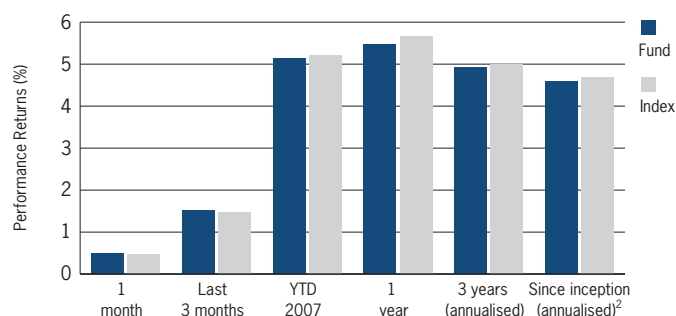
PERFORMANCE RETURNS VS. 1 WEEK GBP LIBID ("INDEX") IN STERLING¹

Period	Fund (net of fees) %	Index %
One month	0.50	0.47
Last three months	1.52	1.46
Year to date	5.14	5.21
One year	5.47	5.66
Three years (annualised)	4.92	5.00
Since inception (annualised) ²	4.60	4.69

Calendar Year Returns (% change)

2004	4.33	4.43
2005	4.57	4.67
2006	4.74	4.70

Past performance is no indication of current or future performance. This performance data does not take account of commissions and costs incurred on the issue and redemption of units.

STERLING LIQUIDITY FUND PERFORMANCE RETURNS VS. 1 WEEK GBP LIBID¹

Publication date: 14/12/07 and all data as of 30 November 2007.

¹From 1 July 2007, the basis for calculation of performance changed to the sum of the daily income distribution per share. Prior to this date, performance was based on total income distribution divided by the number of shares at month-end.

²The inception date of the Morgan Stanley Funds p.l.c. Sterling Liquidity Fund is 10 June, 2003.

PORTFOLIO CHARACTERISTICS

Top 5 holdings	%
Bank of Montreal	9.99
Dexia	9.16
Chesham Finance Ltd (CP)	2.50
Toyota (GB) plc	2.50
Bank of Ireland	2.50
Total	26.65

Asset breakdown

Asset breakdown	%
European Commercial Paper	50.85
Time Deposit	19.15
Certificates of Deposit	10.02
Floating Rate Notes	17.32
Fixed-Rate Bonds	2.66
Total	100.0

Duration distribution

Duration distribution	%
1 day	-
2-7 days	28.31
8-30 days	36.81
31-90 days	31.62
91-180 days	2.69
180+ days	0.57
Total	100.0

Statistics

7 day yield (gross)	6.20
WAM (days)	25
Average credit quality	A-1+
Number of holdings	69
Fund size (£ million)	382.73

FUND FACTS

Currency	sterling
Stable NAV/share price	£1
Acc NAV/share price	£100
Stable NAV ISIN	IE0032769832
Acc NAV ISIN	IE00B1X3XT21
Launch date	June 2003
Valuation	Daily
Settlement	T+0 Stable NAV
	T+1 Accumulating NAV
Dealing deadline	1.00pm Dublin time/8.00am EST
Fund structure	UCITS
Domicile	Dublin, Ireland
Dividend policy	Declared daily, paid monthly

CONTACT DETAILS

Arjan Hes
+44 (0)20 7425 2204
institutional-liquidity@morganstanley.com

www.morganstanley.com/liquidity

The Morgan Stanley liquidity website is directed to persons in Ireland and the UK only.

For business and professional investors only.

Applications for shares in any Morgan Stanley Funds p.l.c., should not be made without first consulting the current Prospectus, Annual Report and Semi-Annual Report ("Offering Documents"), which are available free of charge at the below address.

Past performance is not necessarily a guide to future performance. The value of investments and the income from them can go down as well as up and an investor may not get back the amount invested. The source of all data is Morgan Stanley Investment Management.

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