

# Sterling Liquidity Fund (Advisory Share Class)

## 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**  
Executive Director

## PERFORMANCE RETURNS VS. 1 WEEK GBP LIBID ("INDEX") IN STERLING<sup>1</sup>

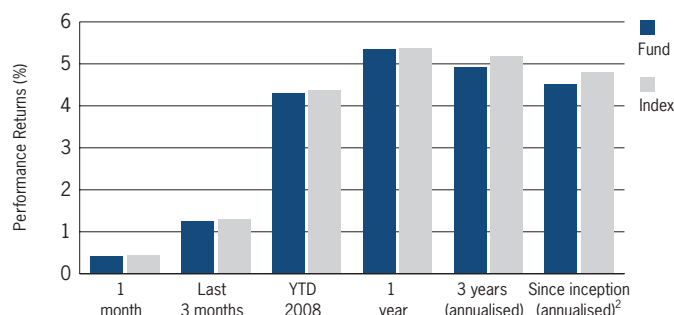
| Period                                    | Fund (net of fees) % | Index % |
|---|----------------------|---------|
| One month                                 | 0.41                 | 0.45    |
| Last three months                         | 1.25                 | 1.29    |
| Year to date                              | 4.31                 | 4.38    |
| One year                                  | 5.34                 | 5.37    |
| Three years (annualised)                  | 4.91                 | 5.19    |
| Since inception (annualised) <sup>2</sup> | 4.51                 | 4.80    |

## Calendar Year Returns

|      |      |      |
|------|------|------|
| 2004 | 4.33 | 4.43 |
| 2005 | 4.57 | 4.67 |
| 2006 | 4.74 | 4.70 |
| 2007 | 5.44 | 5.71 |

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 LIBID<sup>1</sup>



Publication date: 11/11/08 and all data as of 31 October 2008.

<sup>1</sup>From 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.

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

<sup>3</sup>Excludes overnight deposits.

## PORTFOLIO CHARACTERISTICS

| Top 5 holdings <sup>3</sup>    | %            |
|--------------------------------|--------------|
| The Royal Bank of Scotland Plc | 3.24         |
| YBC Bank NV                    | 3.24         |
| Nordea Bank Finland Plc        | 3.24         |
| Credit Agricole SA, Leadenhal  | 2.60         |
| Scaldis Capital Limited        | 2.43         |
| <b>Total</b>                   | <b>14.75</b> |

## Asset breakdown

| Asset breakdown           | %             |
|---------------------------|---------------|
| European Commercial Paper | 30.34         |
| Time Deposit              | 27.93         |
| Certificates of Deposit   | 19.95         |
| Floating Rate Notes       | 20.48         |
| Fixed-Rate Bonds          | 1.30          |
| <b>Total</b>              | <b>100.00</b> |

## Duration distribution

| Duration distribution | %             |
|-----------------------|---------------|
| 1 day                 | 0.00          |
| 2 - 7 days            | 35.23         |
| 8 - 30 days           | 12.98         |
| 31 - 90 days          | 35.43         |
| 91 - 180 days         | 7.54          |
| 180+ days             | 8.82          |
| <b>Total</b>          | <b>100.00</b> |

## Statistics

|                        |        |
|------------------------|--------|
| 7 day yield (gross)    | 5.28   |
| WAM (days)             | 31     |
| Average credit quality | A-1+   |
| Number of holdings     | 61     |
| Fund size (£ million)  | 613.57 |

## FUND FACTS

|                        |  |
|------------------------|--|
| Currency               | sterling                               |
| Stable NAV/share price | £1                                     |
| Acc NAV/share price    | -                                      |
| Stable NAV ISIN        | IE0032770616                           |
| Acc NAV ISIN           | -                                      |
| Launch date            | June 2003                              |
| Valuation              | Daily                                  |
| Settlement             | T+0 Stable NAV<br>T+1 Accumulating NAV |
| Dealing deadline       | 1.00pm Dublin time/8.00am EST          |
| Fund structure         | UCITS                                  |
| Domicile               | Dublin, Ireland                        |
| Dividend policy        | Declared daily,<br>paid monthly        |

## CONTACT DETAILS

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[www.morganstanley.com/liquidity](http://www.morganstanley.com/liquidity)

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

### **Important Information**

#### **For Business and Professional Investors Only and Not To Be Used With The General Public.**

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### **Risk Warning**

Past performance is not a guarantee of future performance. The value of the investments and the income from them can go down as well as up and an investor may not get back the amount invested.

Changes in rates of exchange between currencies may cause the value of investments to decrease or increase. Furthermore, the value of investments may be adversely affected by fluctuations in exchange rates between the investor's reference currency and the base currency of the investments.

These investments are designed for investors who understand and are willing to accept these risks. Performance may be volatile, and an investor could lose all or a substantial portion of his or her investment.

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