In early 2010, the U.S. Securities and Exchange Commission (SEC) adopted new regulations for money market funds under the Investment Company Act of 1940. The SEC tightened the risk-limiting conditions of Rule 2a-7 by strengthening the investment parameters and mitigating the risks associated with each fund’s investments. With the ultimate goal of protecting investors, the reforms impacted the credit quality, liquidity guidelines, diversification parameters, and portfolio securities disclosure of money market funds.

Outlined below are some of the key guidelines described in Rule 2a-7 applicable to taxable funds.

| Portfolio Maturity | • Funds may not acquire any instrument with a remaining maturity of greater than 397 days¹  
• Weighted average maturity (WAM) may not exceed 60 days and can be calculated using the reset date of a floating rate security  
• Weighted average life (WAL) may not exceed 120 days and is calculated using the final maturity of a floating rate security, not the reset date |
| Portfolio Quality | • Funds may only invest in United States Dollar-Denominated securities that qualify as Eligible Securities and present minimal credit risks at the time of acquisition  
• A First Tier Security can either be a Rated Security with the highest short-term rating from a Requisite NRSRO, an Unrated Security of comparable quality, a security issued by a registered investment company that is a money market fund, or a Government Security  
• A Second Tier Security is an Eligible Security that is not a First Tier Security  
• A Second Tier Security shall not have a maturity that is greater than 45 days, comprising no more than 3% of the fund’s Total Assets  
• A security that is subject to a Demand Feature or Guarantee can qualify as an Eligible or First Tier Security depending on the guarantor’s credit rating |
| Portfolio Diversification | • Maximum of 5% of the portfolio’s assets can be concentrated in an issuer; however, the fund may invest up to 25% of its Total Assets in the First Tier Securities of a single issuer for a period of up to three business days  
• Repurchase Agreements are viewed as the acquisition of the underlying securities, provided that the seller’s obligation to repurchase the securities from the money market fund is Collateralized Fully and the fund’s board of directors (or its delegates) has evaluated the seller’s creditworthiness  
• No more than 0.5% of total assets can be invested in any single Second Tier issuer |
| Portfolio Liquidity | • No more than 5% of the fund’s Total Assets may be Illiquid Securities  
• A minimum of 10% of Total Assets must be Daily Liquid Assets  
• A minimum of 30% of Total Assets must be Weekly Liquid Assets |
| Portfolio Reporting | • Monthly portfolio holdings must be posted to the fund’s website within five business days after month end and must maintain the data for no less than six months  
• Must report month-end holdings to the SEC on a mark-to-market NAV valuation which are then released to the public after a 60 day lag period |
| Required Procedures | • Periodic stress testing will test the money market fund’s ability to maintain a stable net asset value (NAV)  
• Money market funds must have the capability to process purchases and redemptions at a price other  

¹ Government variable rate obligations and other exceptions are elaborated on in Rule 2a-7 section “Maturity of Portfolio Securities."
than $1
• The board of directors may suspend redemptions and liquidate the fund if the fund is about to break the buck
• The fund must implement a “know your customer” policy to identify trading behaviors and hold sufficient liquidity to be able to meet such needs

Morgan Stanley Global Liquidity Solutions believes that money market funds are an important short-term investment option for governments, institutions and individuals worldwide. With approximately $101.6 billion\(^2\) across a broad range of institutional liquidity funds and customized solutions, we are committed to meeting the unique cash management needs of a diverse client base.

Global Liquidity Solutions is dedicated to client servicing and thought leadership. Please feel free to contact your Morgan Stanley Investment Management relationship manager with any questions.

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Note: Team members may change without notice from time to time.

For more information, please visit us at www.morganstanley.com/liquidity. There is no assurance that a money market portfolio will achieve its investment objective.

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There is no assurance that a portfolio will achieve its investment objective. Portfolios are subject to market risk, which is the possibility that the market values of securities owned by the portfolio will decline and that the value of portfolio shares may therefore be less than what you paid for them. An investment in a

\(^2\) As of December 31, 2012
money market portfolio is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the portfolio seeks to preserve the value of an investment at $1.00 per share, if it is unable to do so, it is possible to lose money by investing in the portfolio. All investing involves risks, including the possible loss of principal.

Please consider the investment objectives, risks, charges and expenses of the portfolios carefully before investing. The prospectus contains this and other information about the portfolios. To obtain a prospectus, download one at morganstanley.com/im or call 1.800.236.0992. Please read the prospectus carefully before investing.

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