

Morgan Stanley Liquidity Funds

Country Exposure

LIQUIDITY | GLOBAL LIQUIDITY TEAM | SEPTEMBER 2017

Consistent with our investment philosophy, we continue to manage our portfolios defensively with respect to liquidity and duration. To assist you, we are pleased to provide our country exposures for each fund as follows:

	USD LIQUIDITY FUND	EURO LIQUIDITY FUND ¹	STERLING LIQUIDITY FUND	USD TREASURY LIQUIDITY FUND
Australia	7.61%	1.70%	7.89%	-
Austria	-	0.42%	-	-
Belgium	2.94%	4.11%	-	-
Canada	10.13%	0.91%	3.84%	-
Chile	1.95%	-	-	-
China	-	-	-	-
Denmark	-	0.91%	4.27%	-
Finland	-	3.32%	4.23%	-
France	7.62%	21.38%	20.03%	-
Germany	2.53%	9.41%	5.89%	-
Japan	16.89%	23.09%	23.58%	-
Luxembourg	1.34%	-	0.99%	-
Netherlands	6.44%	9.88%	11.38%	-
Norway	1.72%	0.18%	-	-
Qatar	-	-	-	-
Singapore	9.94%	-	3.75%	-
Sweden	9.03%	8.84%	4.91%	-
Switzerland	1.28%	4.58%	2.61%	-
United Arab Emirates	-	-	-	-
United Kingdom	3.39%	0.28%	5.15%	-
United States	17.19%	10.99%	1.48%	100.00%

As of 30 September 2017

The Morgan Stanley portfolios invest in a diversified pool of high quality short-term debt securities according to a disciplined interest-rate and credit risk management process. Morgan Stanley continues to have confidence in the structure of our portfolios based on the value of our research, process, and firmwide resources.

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Key Fund Highlights

	USD LIQUIDITY FUND	EURO LIQUIDITY FUND ¹	STERLING LIQUIDITY FUND	USD TREASURY LIQUIDITY FUND
7-Day Liquidity	29.57%	35.64%	31.86%	100.00%
WAM	34	44	47	38
WAL	79	48	53	82

Portfolio Manager Approach

OVERVIEW

The Global Liquidity team's investment process continues to focus on robust credit research and risk management. Our dedicated credit analysts based in London and New York conduct independent analysis of the money market securities universe. Our money market "approved list" is continually monitored so names may be added or suspended as warranted. Although we follow the rating agencies' views closely, we base our investment decisions on our in-depth analysis. Additionally, sovereign risk is subject to ongoing review, similar to the issuer credit research process, whereby current political and economic events, internal and external research reports and rating actions are constantly monitored.

We are comfortable with the country exposures in which we invest based on our analysis of the country's financial strength and the country's ability to absorb losses in the event of a default or restructuring.

Summary

At the cornerstone of our liquidity funds complex is an investment process focused on extensive credit research and risk management. In the recent uncertain markets, protecting the safety and liquidity of the portfolio's assets remains our first priority. Morgan Stanley has managed liquidity solutions since 1975 and is dedicated to offering money funds. The team has \$150.3 billion² in assets under management across a variety of money funds and manages money in three currencies, U.S. Dollar, Euro and Sterling.

For information about Morgan Stanley Investment Management's liquidity product offerings and the team's market views, please visit www.morganstanley.com/liquidity or contact:

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¹Please be advised that the Euro Liquidity Fund, a sub-fund of Morgan Stanley Liquidity Funds, is currently returning a negative net yield. In accordance with the fund's procedures for operating in a net negative yield environment, which are noted in the fund's prospectus, the distributing share class of the fund will reduce the number of shares held by shareholders on pro rata basis each day in order for the fund to seek to maintain a constant net asset value. Additionally, the share price of the accumulating share class will decrease according to the net negative yield.

²As of 30 September 2017.

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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. Investment in the Fund is not the same as making a deposit with a bank or other deposit-taking body. The value of the investments is not insured or guaranteed by Morgan Stanley Investment Management or anyone else. There can be no assurance that the Fund will achieve its investment objectives. Investments may be in a variety of currencies and therefore 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.

Although it is intended to maintain a stable net asset value per share in the Fund, there can be no assurance that this will be maintained. The value of the Fund may be affected by the creditworthiness of issuers of the Fund's investments and, notwithstanding the Fund's policy of investing in short-term instruments, may also be affected by substantial movement in interest rates.

Morgan Stanley Investment Management is the asset management division of Morgan Stanley.

www.morganstanley.com/liquidity