

Morgan Stanley Institutional Liquidity Funds

Country Exposure

LIQUIDITY | GLOBAL LIQUIDITY TEAM | MAY 2019

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:

| | MSILF PRIME ¹ | MSILF MONEY MARKET ¹ | MSILF GOVERNMENT | MSILF GOVERNMENT SECURITIES | MSILF TREASURY | MSILF TREASURY SECURITIES | MSILF TAX-EXEMPT ^{1,2} |
|-----------------------|--------------------------|---------------------------------|------------------|-----------------------------|----------------|---------------------------|---------------------------------|
| Australia | 3.56% | 2.68% | - | - | - | - | - |
| Canada | 13.33% | 13.40% | - | - | - | - | 15.44% |
| Finland | - | 0.17% | - | - | - | - | - |
| France | 11.81% | 11.86% | - | - | - | - | - |
| Germany | - | - | - | - | - | - | 1.15% |
| Japan | 10.72% | 8.73% | - | - | - | - | 14.82% |
| Netherlands | 4.54% | 5.72% | - | - | - | - | - |
| Norway | - | 0.02% | - | - | - | - | - |
| Singapore | 3.87% | 2.85% | - | - | - | - | - |
| Sweden | 3.08% | 3.29% | - | - | - | - | - |
| Switzerland | 7.22% | 8.70% | - | - | - | - | - |
| United Kingdom | 5.80% | 5.76% | - | - | - | - | 7.00% |
| United States | 36.07% | 36.82% | 100.00% | 100.00% | 100.00% | 100.00% | 61.59% |

As of May 31, 2019

Traditional repurchase agreements that are fully collateralized by U.S. Government securities are treated as exposure to that of the collateral rather than the counterparty due to the look-through to the underlying securities per SEC Rule 2a-7.

Key Fund Highlights

| | MSILF PRIME ¹ | MSILF MONEY MARKET ¹ | MSILF GOVERNMENT | MSILF GOVERNMENT SECURITIES | MSILF TREASURY | MSILF TREASURY SECURITIES | MSILF TAX-EXEMPT ^{1,2} |
|---------------------------|--------------------------|---------------------------------|------------------|-----------------------------|----------------|---------------------------|---------------------------------|
| 7-Day Liquidity(%) | 42.23 | 40.01 | 76.63 | 70.00 | 99.92 | 100.00 | 68.91 |
| WAM⁴ | 32 | 39 | 11 | 23 | 15 | 31 | 15 |
| WAL⁴ | 67 | 68 | 92 | 103 | 99 | 102 | 16 |

The Morgan Stanley Investment Management portfolios invest in a diversified pool of 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 firm wide resources.

A number of our U.S. Funds have exposure to tax-exempt variable rate demand obligations (VRDOs) and tax-exempt commercial paper that is enhanced by various large financial institutions. This exposure comes in the form of a liquidity feature or letter of credit (LOC) and does not constitute a direct investment in the institution.

- Morgan Stanley analysts review the legal documentation provided with the liquidity demand feature or LOC to ensure security measures are in place to protect our tax-exempt money market funds in the event either of these features are terminated.
- In the case that the financial institution is downgraded below a certain level, a mandatory tender of the bond would go into effect.

For information about MSIM's liquidity product offerings and the team's market views, please visit www.morganstanley.com/liquidity or call 800-236-0992.

¹ The Portfolio will be required to price and transact in their shares at a floating net asset value ("NAV") and will be permitted to impose a liquidity fee on redemptions or temporarily restrict redemptions in the event that the Portfolio's weekly liquid assets fall below certain thresholds.

² Under normal market conditions, the Tax-Exempt portfolio invests all of its assets in municipal securities issued by the U.S. state and local governments and their agencies. Country percentages listed represent exposures to institutions providing credit enhancement or liquidity support to the municipal government securities held in the portfolio.

³ Amended rule 2a-7(a)(32) (defining "weekly liquid assets" to mean (i) cash; (ii) direct obligations of the U.S. Government; (iii) Government securities issued by a person controlled or supervised by and acting as an instrumentality of the Government of the United States pursuant to authority granted by the Congress of the United States, that are issued at a discount to the principal amount to be repaid at maturity and have a remaining maturity of 60 days or less; and (iv) securities that will mature or are subject to a demand feature that is exercisable and payable within five business days).

⁴ **Weighted Average Maturity (WAM)** measures the weighted average of the maturities of the portfolio's individual holdings, taking into account reset dates for floating rate securities. **Weighted Average Life (WAL)** measures the weighted average of the maturities of the portfolio's individual holdings.

Investments in foreign markets entail special risks such as currency, political, economic, and market risks.

There is no assurance that a money market portfolio will achieve its investment objective.

STABLE NAV FUNDS: You could lose money by investing in the Fund. Although the Fund seeks to preserve the value of your investment at \$1.00 per share, it cannot guarantee it will do so. An investment in the Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The Funds' sponsor has no legal obligation to provide financial support to the Fund, and you should not expect that the sponsor will provide financial support to the Fund at any time.

FLOATING NAV FUNDS: You could lose money by investing in the Fund. Because the share price of the Fund will fluctuate, when you sell your shares they may be worth more or less than what you originally paid for them. The Fund may impose a fee upon the sale of your shares or may temporarily suspend your ability to sell

shares if the Fund's liquidity falls below required minimums because of market conditions or other factors. An investment in the Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The Funds' sponsor has no legal obligation to provide financial support to the Fund, and you should not expect that the sponsor will provide financial support to the Fund at any time.

The Tax-Exempt Portfolio may invest a portion of its total assets in bonds that may subject certain investors to the federal Alternative Minimum Tax (AMT). Investors should consult their tax adviser for further information on tax implications.

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 www.morganstanley.com/liquidity or call 1.800.236.0992. Please read the prospectus carefully before investing.

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

This document represents the views of the portfolio management team. It does not reflect the opinions of all portfolio managers at Morgan Stanley Investment Management and may not be reflected in other strategies and products that the Firm offers.

This material is a general communication, which is not impartial and all information provided has been prepared solely for informational and educational purposes and does not constitute an offer or a recommendation to buy or sell any particular security or to adopt any specific investment strategy. The information herein has not been based on a consideration of any individual investor circumstances and is not investment advice, nor should it be construed in any way as tax, accounting, legal or regulatory advice. To that end, investors should seek independent legal and financial advice, including advice as to tax consequences, before making any investment decision.

Current and future portfolio holdings are subject to change. The authors' views are subject to change without notice to the recipients of this document. The forecasts in this piece are not necessarily those of Morgan Stanley, and may not actually come to pass.

NOT FDIC INSURED | OFFER NO BANK GUARANTEE | MAY LOSE VALUE | NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY | NOT A DEPOSIT

Explore our site at www.morganstanley.com/liquidity