

## INVESTMENT MANAGEMENT

Morgan Stanley Institutional Liquidity Funds

### Prime Portfolio (Institutional Select Share Class)

#### CONTACT DETAILS

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#### Investment Objective

The Morgan Stanley Institutional Liquidity Funds (MSILF) Prime Portfolio seeks preservation of capital, daily liquidity and maximum current income.

#### Investment Philosophy

We believe that a conservatively managed portfolio of liquid, high-quality money market instruments may offer the best means of maximizing current income while preserving capital and liquidity.

#### Investment Process

The management team follows a multi-pronged investment process with respect to credit risk, interest rate risk and liquidity. Securities are reviewed on an ongoing basis to maintain or improve creditworthiness, taking into consideration factors such as cash flow, asset quality, debt service coverage ratios and economic developments.

#### Fund Highlights

The MSILF Prime Portfolio offers the following benefits:

**Security:** the fund is rated AAAM by S&P, Aaa-mf by Moody's, and AAAMmf by Fitch, reflecting the credit quality, diversification and security of the fund.

**Liquidity:** competitive trading deadlines and same-day access give you flexibility and control.

**Yield:** provides a competitive rate of return.

#### Investment Performance

	Cumulative (%)			Annualized (% p.a.)			
	MTD	YTD	1 YR	3 YR	5 YR	10 YR	INCEPTION
Class IS Shares	0.20	0.86	2.32	1.34	0.84	0.46	1.45

#### Calendar Year Returns (%)

	2018	2017	2016	2015	2014	2013	2012
Class IS Shares	1.99	0.80	0.46	0.05	0.03	0.03	0.11

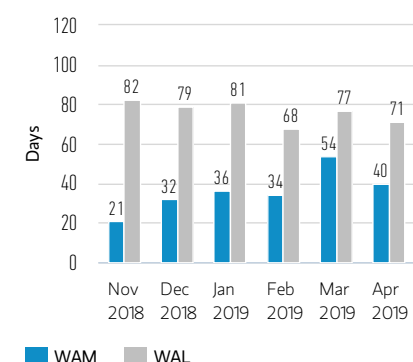
#### Average Annualized Monthly Net Yield (%)

	APR 2019	MAR 2019	FEB 2019	JAN 2019	DEC 2018	NOV 2018	OCT 2018	SEP 2018	AUG 2018	JUL 2018	JUN 2018	MAY 2018
Class IS	2.48	2.50	2.52	2.53	2.38	2.27	2.22	2.08	2.05	2.05	2.01	1.90

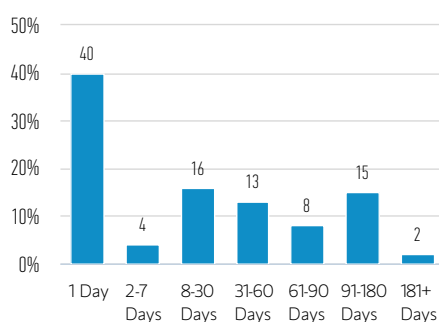
Performance data quoted represents past performance, which is no guarantee of future results, and current performance may be lower or higher than the figures shown. For the most recent month-end performance figures, please visit [www.morganstanley.com/liquidity](http://www.morganstanley.com/liquidity). Investment returns will fluctuate and fund shares, when redeemed, may be worth more or less than their original cost. Yield quotation more closely reflects the current earnings of the Portfolio than the total return. Yields are subsidized.

#### Average Portfolio Maturity

(Month-end figures)



#### Maturity Distribution



The maturity distribution reflects the final maturity date except for floating rate securities for which the next reset date is reflected.

#### Fund Facts

Fund Number	8311
Total Assets (\$MM)	10,806.75
Purchase Deadline	8 AM, 12 PM, 3 PM ET
Redemption Deadline	8 AM, 12 PM, 3 PM ET

#### Share Class

	CLASS IS
Inception Date	11/01/2004
Ticker	MPEXX
CUSIP	61747C673
Net Asset Value (\$)	1.0005
Dividends Declared	Daily
Minimum Initial Investment (\$)	10,000,000
1-Day Liquidity (%)	37.55
7-Day Liquidity (%)	40.70
7-Day Current Yield (%)	2.48
30-Day Effective Yield (%)	2.51

Yields are subsidized. As of April 30, 2019, the fund's 7 day and 30 day nonsubsidized yields were 2.43% and 2.46%, respectively, and its simple (7-day) yield, gross of all fee waivers and expense reimbursements, was 2.69%.

Yield quotations more closely reflect current earnings of the money market fund than total return quotations. Yields are subject to change.

Recent and any future declines in interest rate levels could cause these funds' earnings to fall below the funds' expense ratios, resulting in a negative yield.

#### Characteristics

	FUND
Weighted Average Maturity (Days)	40
Weighted Average Life (Days)	71

#### Breakdown by Instrument (%)

	FUND
Repurchase Agreements	40.00
Commercial Paper	37.74
Certificates of Deposit	16.33
Time Deposits	4.59
Corporate Notes	0.54

Subject to change daily. Provided for informational purposes only and should not be deemed as a recommendation to buy or sell securities in the sectors shown above.

**DEFINITIONS**

**Nonsubsidized yield** The nonsubsidized yield reflects what the yield would have been had a fee and/or expense waiver not been in place during the period shown. **Total return** A measure of a fund's performance that encompasses all elements of return: dividends, capital gain distributions, and changes in net asset value. Total return is the change in value of an investment over a given period, assuming reinvestment of any dividends and capital gain distributions, expressed as a percentage of the initial investment. The following formula is used:  $[(1 + \text{monthly div. factor}) \times (1 + \text{monthly div. factor})^{\text{for past 12 months}} - 1] \times 100$ . **Weighted average life** measures the weighted average of the maturities of the portfolio's individual holdings. **Weighted average maturity** measures the weighted average of the maturities of the portfolio's individual holdings, taking into account reset dates for floating rate securities. **Yield definitions** The 7-day current yield is an annualized net yield which assumes dividends are not reinvested in the fund. The 30-day effective yields are annualized net yields that describe 1-year earnings assuming dividends are reinvested at the average rate of the last 30 days. The 7-day simple yield describes the annualized income earned over the last 7 days.

**IMPORTANT RATINGS DISCLOSURES**

Ratings represent the opinions of the rating agency as to the quality of the securities they rate. Standard & Poor's, Moody's, Fitch and NAIC ratings rate the investment quality of the fund's shares. Independent rating agency ratings include, but are not limited to, a regular analysis of a fund's liquidity, diversification, operational policies and internal controls, its management characteristics and the creditworthiness of its assets.

Ratings are not intended as a recommendation and are subject to change. Ratings are relative and subjective and are not absolute standards of quality. The portfolio's credit quality does not remove market risk.

**Standard & Poor's** money market fund ratings are forward-looking opinions about a fixed-income fund's capacity to maintain stable principal (net asset value). When assigning a principal stability rating to a fund, Standard & Poor's analysis focuses primarily on the creditworthiness of the fund's investments and counterparties, and also its investments maturity structure and management's ability and policies to maintain the fund's stable net asset value. For more information, please visit: <http://www.understandingratings.com>.

**Moody's Investors Services Inc.'s** money market fund ratings are opinions of the investment quality of shares in mutual funds and similar investment vehicles which principally invest in short-term fixed income obligations. As such, these ratings incorporate Moody's assessment of a fund's published investment objectives and policies, the creditworthiness of the assets held by the fund, the liquidity profile of the fund's assets relative to the fund's investor base, the assets' susceptibility to market risk, as well as the management characteristics of the fund. For more information, please visit: [http://v3.moody.com/researchdocumentcontentpage.aspx?docid=PBC\\_79004](http://v3.moody.com/researchdocumentcontentpage.aspx?docid=PBC_79004).

**Fitch Ratings'** money market fund ratings are an opinion as to the capacity of a money market fund to preserve principal and provide shareholder liquidity. Money market fund ratings are distinguished from the long-term credit-rating scale by the 'mmf' rating subscript and range from 'AAAmf' to 'Bmmf'. For more information, please visit: [http://www.fitchratings.com/creditrisk/public/ratings\\_definitions/index.cfm](http://www.fitchratings.com/creditrisk/public/ratings_definitions/index.cfm).

**RISK CONSIDERATIONS****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 Fund's 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 prices of fixed income securities respond to economic developments, including interest rate changes. Indeed, prices tend to be inversely affected by changes in interest rates. Accordingly, the portfolio is subject to interest rate risk, and in a rising interest rate environment, portfolio shares can decline in value.**

**OTHER CONSIDERATIONS**

**Morgan Stanley Institutional Liquidity Funds (MSILFs)** MSILFs are institutional mutual funds offering seven different cash management portfolios.

**Fund adviser** The Morgan Stanley Institutional Liquidity Funds (MSILFs) are managed by Morgan Stanley Investment Management, Inc.

MSILF returns are net of fees and assume the reinvestment of all dividends and income. Returns for less than one year are cumulative (unannualized). MSILF returns are reported for Institutional Select class shares. Performance for the other classes will differ. The Portfolio's "Adviser" and "Administrator," Morgan Stanley Investment Management Inc., has agreed to reduce its advisory fee, its administration fee and/or reimburse the Portfolio's Institutional Select Class so that Total Annual Portfolio Operating Expenses, excluding certain investment related expenses, taxes, interest and other extraordinary expenses (including litigation), will not exceed 0.25%. The fee waivers and/or expense reimbursements will continue for at least one year or until such time as the Board of Trustees of Morgan Stanley Institutional Liquidity Funds (the "Fund") acts to discontinue all or a portion of such waivers and/or reimbursements when it deems such action is appropriate.

**This material must be preceded or accompanied by a prospectus for the Morgan Stanley Institutional Liquidity Funds. The prospectus contains information about the funds, including the investment objectives, risks, charges and expenses. For an additional copy of the prospectus, please visit [www.morganstanley.com](http://www.morganstanley.com). Please read the prospectus carefully before investing.**

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