

INVESTMENT MANAGEMENT

Morgan Stanley Institutional Liquidity Funds

Tax-Exempt Portfolio (Cash Management Share Class)

CONTACT DETAILS

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Investment Objective

The Morgan Stanley Institutional Liquidity Funds (MSILF) Tax-Exempt Portfolio seeks to maximize current income exempt from federal income tax to the extent consistent with preservation of capital and maintenance of liquidity.

Investment Philosophy

We believe that a conservatively managed portfolio of liquid, high-quality tax-exempt money market instruments may maximize tax-free 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 taking into consideration factors such as economic developments, budgetary trends, cash flow, debt service coverage ratios and tax law changes. Exposure to guarantors and liquidity providers is monitored separately.

Fund Highlights

The MSILF Tax-Exempt Portfolio offers the following benefits:

Security: the fund is rated 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 CM Shares	0.12	0.54	1.24	0.77	0.51	0.26	0.85

Calendar Year Returns (%)

	2018	2017	2016	2015	2014	2013	2012
Class CM Shares	1.12	0.51	0.35	0.01	0.01	0.01	0.01

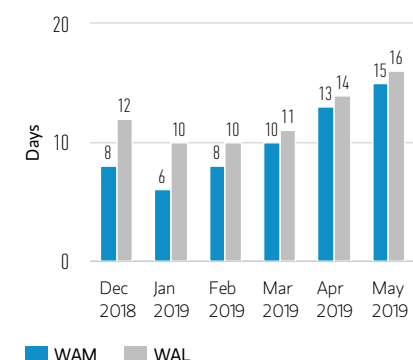
Average Annualized Monthly Net Yield (%)

	MAY 2019	APR 2019	MAR 2019	FEB 2019	JAN 2019	DEC 2018	NOV 2018	OCT 2018	SEP 2018	AUG 2018	JUL 2018	JUN 2018
Class CM	1.30	1.51	1.31	1.34	1.10	1.38	1.38	1.29	1.21	1.18	0.79	1.01

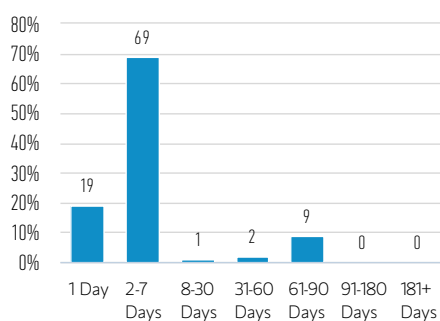
Performance data quoted represents past performance, which is no guarantee of future results, and current performance may be lower or higher than the figures shown. For the most recent month-end performance figures, please visit www.morganstanley.com/liquidity. Investment returns will fluctuate and fund 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	8366
Total Assets (\$MM)	575.66
Purchase Deadline	1 PM ET
Redemption Deadline	1 PM ET

Share Class

CLASS CM

Inception Date	08/15/2005
Ticker	MTMXX
CUSIP	61747C426
Net Asset Value (\$)	1.0001
Dividends Declared	Daily
Minimum Initial Investment (\$)	1,000,000
1-Day Liquidity (%)	17.26
7-Day Liquidity (%)	68.91
7-Day Current Yield (%)	1.20
30-Day Effective Yield (%)	1.29

Yields are subsidized. As of May 31, 2019, the fund's 7 day and 30 day nonsubsidized yields were 1.08% and 1.18%, respectively, and its simple (7-day) yield, gross of all fee waivers and expense reimbursements, was 1.54%.

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)	15
Weighted Average Life (Days)	16

Breakdown by Instrument (%)

FUND

Municipal Debt	100.00
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Variable Rate Demand Notes (%)

FUND

Weekly Variable Rate Demand Notes	69.75
Daily Variable Rate Demand Notes	15.64

Subject to change daily. Provided for informational purposes only and should not be deemed 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: $[(1 + \text{monthly div. factor}) \times (1 + \text{monthly div. factor})^{\text{for past 12 months}} - 1] \times 100$. **Variable Rate Demand Notes.** A debt instrument that represents borrowed funds that are payable on demand and accrue interest based on a prevailing money market rate, such as the prime rate. The interest rate applicable to the borrowed funds is specified from the outset of the debt, and is typically equal to the specified money market rate plus an extra margin. **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. 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.

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's.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/creditdesk/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 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 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

Fees The Adviser has voluntarily agreed to reduce its advisory fee and/or absorb other expenses so that the total operating expenses of each portfolio's Cash Management Class will not exceed 0.35%. The current total expense ratio for the portfolio's Cash Management Class is 0.48%.

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 Cash Management class shares. Performance for the other classes will differ. The Adviser has voluntarily agreed to waive a portion of its fees and/or reimburse expenses if annual operating fees exceed certain levels. Absent of these waivers, if any, returns would have been lower. Fee waivers and/or reimbursements are voluntary and the Adviser reserves the right to terminate any waiver and/or reimbursement at any time.

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. Please read the prospectus carefully before investing.

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.

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