

Global Liquidity Solutions: Institutional Government & Treasury Money Market Funds

The commitment, scale and portfolio management expertise to meet the increasing investor need for institutional government and treasury money market funds

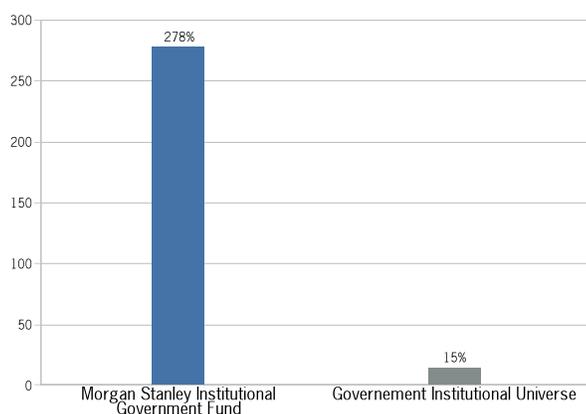
- Identified the likely direction of money market fund reform early on and strategically focused on strengthening our funds
- Asset growth that has significantly outpaced the industry average and funds that are among the largest in the industry
- Defensive portfolio positioning which allowed us to be opportunistic when rates rose resulting in strong performance

The Morgan Stanley Institutional Liquidity Funds Government and Treasury Portfolios are managed with the conservative natures of their shareholders in mind. As demonstrated below, the Morgan Stanley Government and Treasury fund positioning and scale has resonated well with clients as the funds' asset growth have both consistently outperformed the industry since 2011. This can be attributed to several factors including our defensive portfolio management approach, our tailored resources and expertise, and our strategic focus on building up our government and treasury money market funds in anticipation of money market regulatory reform. Early on we identified the direction of money market fund reform was suggesting a regulator and investor preference toward government and treasury funds. We therefore placed significant emphasis on building scale in this category of money market funds by positioning our funds in a manner to be most attractive to investors. We believe that scale is important because it allows for greater accessibility coupled with greater stability for a fund.

Data as of February 2016. Source: iMoneyNet – Government & Agency Institutional Universe (171 fund share classes) includes Government and Repo funds. The Treasury & Repo Institutional Universe (102 fund share classes) includes Treasury and Repo funds. For illustrative purposes only.

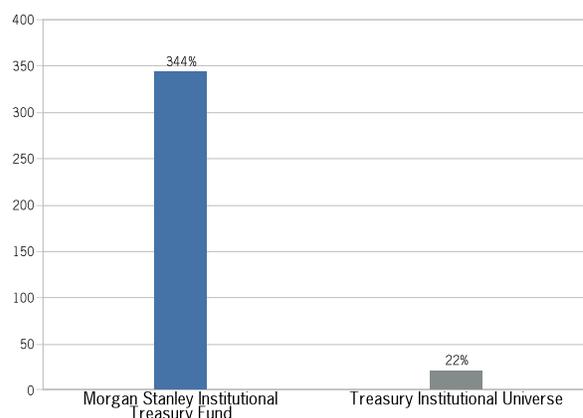
MS Government vs. MMF Industry AUM (Growth %)

Data as of February 29, 2012 to February 29, 2016



MS Treasury vs. MMF Industry AUM (Growth %)

Data as of February 29, 2012 to February 29, 2016



Government and treasury money market funds play a significant role in today's \$2.8 trillion money fund industry, representing nearly half of total industry assets¹. When safety and liquidity are the most critical investment objectives, government and treasury funds may offer an attractive investment option. In some cases, selection of a government or treasury fund is dictated by policy mandate; in others, it stems simply from a desire to take a more defensive path. The amended money market fund rules to be implemented in October 2016 will not require these funds to float their net asset value (NAV) nor have the potential for liquidity fees or redemption gates, rendering them an attractive alternative for some current Prime fund investors. Since safety is the highest priority, for some investors, a government or treasury fund's yield may be a secondary consideration. Nonetheless, investors have a natural desire to maximize returns within the parameters of their risk profiles.

Please see below for a summary of key characteristics of the Morgan Stanley Institutional Liquidity Funds including yield, expense ratio and ratings.

Morgan Stanley Institutional Government & Treasury Funds – Institutional Class²

Data as of 02/29/16

	MORGAN STANLEY INSTITUTIONAL GOVERNMENT FUND	MORGAN STANLEY INSTITUTIONAL TREASURY FUND
Fund Size (\$ MM)	38,013.14	20,999.66
1-Day Net Yield Subsidized (%)	0.23	0.21
7-Day Net Yield Subsidized (%)	0.24	0.21
Total Expense Ratio (bps)	18	18
Ratings (S&P, Moody's, NAIC)	AAAm/Aaa-mf/NAIC Approved	AAAm/Aaa-mf/NAIC Approved

Data as of February 29, 2016. Yields reflect the reimbursements or waivers of certain expenses. For the Morgan Stanley Institutional Liquidity Government Fund the 1-Day Non-Subsidized Yield was 0.19, 7-Day Non-Subsidized Yield was 0.19. For the Morgan Stanley Institutional Liquidity Treasury Fund the 1-Day Non-Subsidized Yield was 0.17, 7-Day Non-Subsidized Yield was 0.17. Non-subsidized yields reflect what the yield would have been had a fee and/or expense waiver not been in place during the period shown. **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 most recent performance figures, please visit www.morganstanley.com/im. Investment returns will fluctuate and fund shares, when redeemed, may be worth more or less than their original cost.**

Launched in 2004, the Institutional Government and Treasury Portfolios seek preservation of capital, daily liquidity and a competitive yield while seeking to maintain a stable net asset value of \$1.00 per share. The Institutional Government Portfolio invests exclusively in obligations issued or guaranteed by the U.S. government and its agencies and instrumentalities and in repurchase agreements collateralized by such securities. The Institutional Treasury Portfolio invests exclusively in U.S. Treasury obligations, which are backed by the full faith and credit of the U.S. government, and repurchase agreements collateralized by such securities.

About Morgan Stanley Investment Management Global Liquidity Solutions

Since 1975, Morgan Stanley Investment Management has managed money market funds and is dedicated to offering clients unique investment solutions through multi-currency institutional money funds and highly customized solutions. The Global Liquidity Solutions team, which has \$153.5 billion³ in assets under management, is comprised of highly experienced professionals across the U.S. and Europe.

¹ As of February 29, 2016. Source: iMoneyNet.

² Ratings source is that of each respective agency shown and as of January 21, 2015 for S&P, January 20, 2015 for Moody's, and March 19, 2015 for the Government Fund and March 18, 2015 for the Treasury Fund for NAIC.

³ As of February 29, 2016.

For information on Morgan Stanley Investment Management's liquidity product offerings, please visit www.morganstanley.com/liquidity or call 800.236.0992.

There is no assurance that a money market portfolio will achieve its investment objective. **An investment in a money market portfolio is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the portfolios seek to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in the portfolios.** Shareholders should consult their individual tax advisor to determine whether the portfolios' distributions derived from interest on the U.S. Treasury obligations and U.S. Government securities are exempt from state taxation in their own state.

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

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. The document has been prepared as information for investors. The authors' views are subject to change without notice to the recipients of this document.

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

Ratings represent the opinions of the rating agency as to the quality of the securities they rate. 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, Moody's and Fitch 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 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 complete methodology 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 asset's susceptibility to market risk, as well as the management characteristics of the fund. For complete methodology information, please visit: http://v3.moody.com/researchdocumentcontentpage.aspx?docid=PBC_79004

Fitch Ratings' money market fund ratings are an opinion as 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 on money market fund ratings, please visit: http://www.fitchratings.com/creditdesk/public/ratings_definitions/index.cfm

The National Association of Insurance Commissioners (NAIC) conducts credit analysis on securities for the purpose of assigning an NAIC designation and/or unit price. NAIC designations are the specific alphanumeric symbols in use by the NAIC Securities Valuation Office (SVO), to denote a category of credit quality. NAIC designated the MSILF Government and Treasury Funds as U.S. Direct Obligations/Full Faith & Credit Exempt and therefore allows these Funds to be exempt from NAIC capital reserve requirements. For complete information on the methodology used by the NAIC, please visit: <http://www.naic.org/svo.htm>

NOT FDIC INSURED	OFFER NO BANK GUARANTEE	MAY LOSE VALUE	NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY	NOT A DEPOSIT
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www.morganstanley.com/liquidity