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# **MORGAN STANLEY LIQUIDITY FUNDS**

Société d'Investissement à Capital Variable  
organised under the laws of the Grand Duchy of Luxembourg

RCS Number: B 174 137

## **Semi-Annual Report Unaudited**

**30 September 2015**

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# MORGAN STANLEY LIQUIDITY FUNDS

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## MORGAN STANLEY LIQUIDITY FUNDS

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### Directors and Service Providers

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#### Board of Directors of the Company

**Michael Griffin, Chairman**

Ireland

**Andrew Mack**

United Kingdom

**William Jones**

Luxembourg

**Henry Kelly**

Luxembourg

**Judith Eden\*** (appointed on 21 July 2015)

United Kingdom

#### Management Company

**Morgan Stanley Investment Management**

**(ACD) Limited**

25, Cabot Square

Canary Wharf

London E14 4QA

United Kingdom

#### Directors of the Management Company

**Judith Eden\***

United Kingdom

**Véronique Gillet (resigned on 12 May 2015)**

Luxembourg

**Bryan Greener (resigned on 18 September 2015)**

Executive Director

Morgan Stanley Investment Management Limited

London

United Kingdom

**Andrew Mack**

United Kingdom

**Andrew Onslow**

Managing Director

Morgan Stanley Investment Management Limited

London

United Kingdom

**Ruairi O'Healai**

Managing Director

Morgan Stanley Investment Management Limited

London

United Kingdom

#### Depository

**State Street Bank Luxembourg S.C.A.**

49, avenue J.F. Kennedy

L-1855 Luxembourg

Grand Duchy of Luxembourg

**Registrar and Transfer Agent\*\*, Administrative Agent\*\*  
and Paying Agent\*\***

**State Street Bank Luxembourg S.C.A.**

49, avenue J.F. Kennedy

L-1855 Luxembourg

Grand Duchy of Luxembourg

#### Domiciliary Agent

**Morgan Stanley Investment Management**

**Limited, Luxembourg Branch**

6B, route de Trèves

L-2633 Senningerberg

Grand Duchy of Luxembourg

#### Investment Adviser\*\*

**Morgan Stanley Investment Management Inc.**

522 Fifth Avenue

New York, New York, 10036

United States of America

#### Sub-Investment Adviser\*\*\*

**Morgan Stanley & Co International plc**

25, Cabot Square

Canary Wharf

London E14 4QA

United Kingdom

#### Distributor\*\*

**Morgan Stanley Investment Management Limited**

25, Cabot Square

Canary Wharf

London E14 4QA

United Kingdom

#### Independent Auditor of the Company

**Ernst & Young S.A.**

7, rue Gabriel Lippmann

Parc d'Activité Syrdall 2

L-5365 Munsbach

Grand Duchy of Luxembourg

#### Legal Adviser

**Arendt & Medernach S.A.**

14, rue Erasme

L-2082 Luxembourg

Grand Duchy of Luxembourg

\*Judith Eden was a Managing Director at Morgan Stanley Investment Management Limited until her resignation on 31 August 2015.

\*\*Delegated by the Management Company.

\*\*\*Delegated by the Investment Adviser.

# MORGAN STANLEY LIQUIDITY FUNDS

## Statement of Net Assets As of 30 September 2015

	<b>Euro Liquidity Fund EUR</b>	<b>US Dollar Liquidity Fund USD</b>	<b>US Dollar Treasury Liquidity Fund USD</b>	<b>Sterling Liquidity Fund GBP</b>	<b>Combined USD</b>
<b>ASSETS</b>					
Investment in securities at amortized cost (Note 2a)	2,250,233,331	9,015,543,726	983,473,188	1,456,857,152	14,717,613,116
Time deposits (Note 9)	313,200,049	1,380,000,000	-	340,000,000	2,244,624,381
Receivable on Reverse Repurchase agreements (Note 8)	260,000,000	825,000,000	125,000,000	100,000,000	1,391,699,878
Interest receivable (Note 2c)	2,075,335	2,699,637	253,749	4,001,134	11,330,695
Cash at Depositary (Note 2d)	2,935	429,300,525	37,213,506	10,810,744	482,892,880
Operating fee reimbursement	71,167	105,852	2,828	-	188,120
Prepaid expense	16,675	13,168	7,620	9,930	54,443
Other assets	8,141	-	-	-	9,087
<b>TOTAL ASSETS</b>	<b>2,825,607,633</b>	<b>11,652,662,908</b>	<b>1,145,950,891</b>	<b>1,911,678,960</b>	<b>18,848,412,600</b>
<b>LIABILITIES</b>					
Payable for investment purchased	75,000,000	36,055,456	87,192,038	-	206,966,213
Dividends payable (Note 3)	-	1,436,464	8,319	720,401	2,536,010
Expense payable	404,894	2,062,952	177,919	413,770	3,319,592
Other liabilities	48,037	-	-	-	53,621
<b>TOTAL LIABILITIES</b>	<b>75,452,931</b>	<b>39,554,872</b>	<b>87,378,276</b>	<b>1,134,171</b>	<b>212,875,436</b>
<b>NET ASSET VALUE</b>	<b>2,750,154,702</b>	<b>11,613,108,036</b>	<b>1,058,572,615</b>	<b>1,910,544,789</b>	<b>18,635,537,164</b>

On behalf of the Board of the Company:

Director

Director

24 November 2015

The accompanying notes form an integral part of these financial statements.

# MORGAN STANLEY LIQUIDITY FUNDS

## Statement of Net Assets As of 31 March 2015

	<b>Euro Liquidity Fund EUR</b>	<b>US Dollar Liquidity Fund USD</b>	<b>US Dollar Treasury Liquidity Fund USD</b>	<b>Sterling Liquidity Fund GBP</b>	<b>Combined USD</b>
<b>ASSETS</b>					
Investment in securities at amortized cost (Note 2a)	2,654,422,491	9,484,455,513	548,075,226	1,687,026,129	15,387,771,653
Time deposits (Note 9)	374,677,104	1,280,000,000	-	375,750,213	2,240,204,670
Receivable on Reverse Repurchase agreements (Note 8)	190,000,000	125,000,000	135,000,000	140,000,000	671,890,083
Interest receivable (Note 2c)	6,844,724	6,390,473	251,250	857,105	15,265,327
Cash at Depositary (Note 2d)	-	280,275,987	29,836,414	2,325	310,115,852
Operating fee reimbursement	156,565	118,852	-	21,007	318,188
<b>TOTAL ASSETS</b>	<b>3,226,100,884</b>	<b>11,176,240,825</b>	<b>713,162,890</b>	<b>2,203,656,779</b>	<b>18,625,565,773</b>
<b>LIABILITIES</b>					
Payable for investment purchased	103,670,544	23,846,337	49,998,056	149,886,045	407,692,515
Dividends payable (Note 3)	6,321	1,088,806	14,179	701,728	2,151,490
Expense payable	319,795	1,682,222	204,014	389,113	2,807,334
Other liabilities	74,766	-	107	1	80,407
<b>TOTAL LIABILITIES</b>	<b>104,071,426</b>	<b>26,617,365</b>	<b>50,216,356</b>	<b>150,976,887</b>	<b>412,731,746</b>
<b>NET ASSET VALUE</b>	<b>3,122,029,458</b>	<b>11,149,623,460</b>	<b>662,946,534</b>	<b>2,052,679,892</b>	<b>18,212,834,027</b>

The accompanying notes form an integral part of these financial statements.

# MORGAN STANLEY LIQUIDITY FUNDS

## Statement of Net Assets Statistics As of 30 September 2015

		Outstanding Shares as at	Outstanding Shares as at	Net Asset Value per Share as at	Net Asset Value per Share as at	Net Assets as at	Net Assets as at
Currency		30 September 2015	31 March 2015	30 September 2015	31 March 2015	30 September 2015	31 March 2015
<b>Euro Liquidity Fund</b>							
Advisory Shares <sup>(Note 1)</sup>	EUR	-	200,001	-	1.00	-	200,001
Institutional Shares	EUR	2,275,730,532	2,626,897,424	1.00	1.00	2,275,730,532	2,626,897,424
Institutional Accumulation Shares	EUR	502,981	355,656	109.59	109.63	55,120,418	38,989,437
Institutional Select Shares <sup>(Note 1)</sup>	EUR	9,898,016	-	1.00	-	9,898,016	-
MS Reserve Shares	EUR	409,405,735	455,540,651	1.00	1.00	409,405,735	455,540,651
Qualified Accumulation Shares <sup>(Note 1)</sup>	EUR	-	3,667	-	109.62	-	401,945
<b>US Dollar Liquidity Fund</b>							
Advantage Accumulation Shares	USD	1,915	1,915	101.10	101.09	193,600	193,589
Advisory Shares	USD	10,000	10,000	1.00	1.00	10,000	10,000
Advisory Accumulation Shares	USD	1	1	101.07	101.07	101	101
Institutional Shares	USD	6,987,744,321	6,497,826,582	1.00	1.00	6,987,744,317	6,497,826,582
Institutional Accumulation Shares	USD	2,581,196	1,292,896	106.71	106.67	275,433,420	137,906,967
Institutional Select Shares	USD	26,010,347	1,010,208	1.00	1.00	26,010,347	1,010,208
Master Shares	USD	4,139,840,638	4,237,292,052	1.00	1.00	4,139,840,638	4,237,292,052
MS Reserve Shares	USD	183,875,613	272,821,475	1.00	1.00	183,875,613	272,821,475
Qualified Accumulation Shares <sup>(Note 1)</sup>	USD	-	24,025	-	106.66	-	2,562,486
<b>US Dollar Treasury Liquidity Fund</b>							
Advisory Shares	USD	10,000	10,000	1.00	1.00	10,000	10,000
Institutional Shares	USD	728,659,872	224,190,299	1.00	1.00	728,659,872	224,190,299
Institutional Select Shares	USD	10,000	10,000	1.00	1.00	10,000	10,000
MS Reserve Shares	USD	329,892,725	438,736,235	1.00	1.00	329,892,749	438,736,235
<b>Sterling Liquidity Fund</b>							
Institutional Shares	GBP	1,858,763,998	1,988,785,860	1.00	1.00	1,858,763,998	1,988,785,860
Institutional Accumulation Shares	GBP	123,086	157,669	112.99	112.74	13,907,082	17,775,955
Institutional Select Shares	GBP	5,000,000	7,041,521	1.00	1.00	5,000,000	7,041,521
Institutional Select Accumulation Shares <sup>(Note 1)</sup>	GBP	-	570	-	100.08	-	57,025
MS Reserve Shares	GBP	25,721,305	27,321,857	1.00	1.00	25,721,305	27,321,857
Qualified Shares	GBP	7,126,352	11,631,435	1.00	1.00	7,126,352	11,631,435
Qualified Accumulation Shares	GBP	231	588	112.97	112.73	26,050	66,239

# MORGAN STANLEY LIQUIDITY FUNDS

## Statement of Operations and Changes in Net Assets For the Half-Year to 30 September 2015

	Euro Liquidity Fund EUR	US Dollar Liquidity Fund USD	Treasury US Dollar Liquidity Fund USD	Sterling Liquidity Fund GBP	Combined USD
<b>INCOME</b>					
Interest (Note 2c)	(494,419)	13,437,051	167,491	6,154,690	22,535,914
<b>Total Positive / (Negative) Income</b>	<b>(494,419)</b>	<b>13,437,051</b>	<b>167,491</b>	<b>6,154,690</b>	<b>22,535,914</b>
<b>EXPENSES</b>					
Management fees (Note 4,6)	2,468,186	6,796,843	448,407	2,194,703	13,362,055
Less: Management fees waived	(2,033,285)	(1,363,044)	(356,261)	(876,334)	(5,323,362)
Management fees - Net	434,901	5,433,799	92,146	1,318,369	8,038,693
Taxe d'Abonnement (Note 5)	2	218,415	-	196	218,719
Legal fees (Note 6c)	17,033	22,302	22,302	13,463	84,224
Director's fees and director's liability insurance premium (Note 6b)	21,395	23,933	23,934	15,702	95,772
Ratings fees (Note 6c)	23,387	31,516	14,903	18,438	100,747
Tax Charges (excluding Taxe d'Abonnement) (Note 5)	7,903	9,031	6,619	5,660	33,130
Other fees (Note 6c)	8,889	11,838	10,721	6,247	42,036
Audit fees (Note 6c)	7,313	8,107	8,107	5,263	32,428
Professional fees (Note 6c)	4,283	6,227	(1,337)	1,028	11,222
Distribution fees (Note 6c)	3,074	-	-	731	4,534
Less: Operating fee reimbursement	(93,277)	(112,954)	(85,249)	(66,532)	(404,093)
<b>Total Expenses</b>	<b>434,903</b>	<b>5,652,214</b>	<b>92,146</b>	<b>1,318,565</b>	<b>8,257,412</b>
<b>Net Investment Income</b>	<b>(929,322)</b>	<b>7,784,837</b>	<b>75,345</b>	<b>4,836,125</b>	<b>14,278,502</b>
Less: Distribution paid from income (Note 3)	(1,829)	(7,707,082)	(75,345)	(4,782,635)	(15,150,734)
Receipt from the Compulsory Redemption of shares (Note 3, 15)	911,486	-	-	-	1,010,570
<b>Net Increase / (Decrease) in Net Assets resulting from operations</b>	<b>(19,665)</b>	<b>77,755</b>	<b>-</b>	<b>53,490</b>	<b>138,338</b>
Proceeds from issuance of shares	5,560,580,012	29,965,449,999	5,537,418,021	6,891,122,081	52,281,718,017
Shares redeemed	(5,932,435,103)	(29,502,043,178)	(5,141,791,940)	(7,033,310,674)	(52,053,963,998)
<b>Increase / (Decrease) in Net Assets from share transactions</b>	<b>(371,855,091)</b>	<b>463,406,821</b>	<b>395,626,081</b>	<b>(142,188,593)</b>	<b>227,754,019</b>
<b>Increase / (Decrease) in Net Assets</b>	<b>(371,874,756)</b>	<b>463,484,576</b>	<b>395,626,081</b>	<b>(142,135,103)</b>	<b>227,892,357</b>
Net Assets at the beginning of the period	3,122,029,458	11,149,623,460	662,946,534	2,052,679,892	18,212,834,027
Foreign exchange adjustment on translation	-	-	-	-	194,810,780
<b>NET ASSETS AT THE END OF THE HALF-YEAR</b>	<b>2,750,154,702</b>	<b>11,613,108,036</b>	<b>1,058,572,615</b>	<b>1,910,544,789</b>	<b>18,635,537,164</b>

On behalf of the Board of the Company:

Director

Director

24 November 2015

The accompanying notes form an integral part of these financial statements.

# MORGAN STANLEY LIQUIDITY FUNDS

## Statement of Operations and Changes in Net Assets For the Half-Year to 30 September 2014

	Euro Liquidity Fund EUR	US Dollar Liquidity Fund USD	US Dollar Treasury Liquidity Fund USD	Sterling Liquidity Fund GBP	Combined USD
<b>INCOME</b>					
Interest (Note 2c)	2,705,513	8,972,216	153,366	4,163,507	19,749,594
<b>Total Income</b>	<b>2,705,513</b>	<b>8,972,216</b>	<b>153,366</b>	<b>4,163,507</b>	<b>19,749,594</b>
<b>EXPENSES</b>					
Management fees (Note 4,6)	3,388,678	5,599,460	325,280	1,634,294	13,230,282
Less: Management fees waived	(2,409,187)	(1,165,389)	(245,425)	(650,705)	(5,747,911)
Management fees - Net	979,491	4,434,071	79,855	983,589	7,482,371
Legal fees (Note 6c)	42,727	56,798	56,797	34,193	228,480
Taxe d'Abonnement (Note 5)	20	204,467	-	484	205,305
Director's fees and director's liability insurance premium (Note 6b)	21,138	29,439	29,439	17,707	117,040
Ratings fees (Note 6c)	21,586	32,783	16,592	18,058	108,729
Tax charges (excluding Taxe d'Abonnement) (Note5)	765	1,065	1,065	642	4,237
Other fees (Note 6c)	11,036	18,211	17,499	9,994	67,332
Distribution fees (Note 6c)	2,882	4,015	4,015	2,411	15,955
Audit fees (Note 6c)	2,774	1,680	1,766	7,296	19,413
Professional fees (Note 6c)	(2,774)	10,424	1,023	(7,230)	(4,409)
Less: Operating fee reimbursement	(99,962)	(151,841)	(128,235)	(83,111)	(554,076)
<b>Total Expenses</b>	<b>979,683</b>	<b>4,641,112</b>	<b>79,816</b>	<b>984,033</b>	<b>7,690,377</b>
<b>Net Investment Income</b>	<b>1,725,830</b>	<b>4,331,104</b>	<b>73,550</b>	<b>3,179,474</b>	<b>12,059,217</b>
Less: Distribution paid from income (Note 3)	(1,711,058)	(4,305,675)	(73,550)	(3,135,876)	(11,940,811)
<b>Net Increase in Net Assets resulting from operations</b>	<b>14,772</b>	<b>25,429</b>	<b>-</b>	<b>43,598</b>	<b>118,406</b>
Proceeds from issuance of shares	8,502,387,541	25,262,526,943	4,119,324,777	5,749,317,484	50,475,299,021
Shares redeemed	(6,748,749,640)	(25,493,111,563)	(4,228,472,597)	(5,287,927,449)	(47,678,615,928)
<b>Increase / (Decrease) in Net Assets from share transactions</b>	<b>1,753,637,901</b>	<b>(230,584,620)</b>	<b>(109,147,820)</b>	<b>461,390,035</b>	<b>2,796,683,093</b>
<b>Increase / (Decrease) in Net Assets</b>	<b>1,753,652,673</b>	<b>(230,559,191)</b>	<b>(109,147,820)</b>	<b>461,433,633</b>	<b>2,796,801,499</b>
Net Assets at the beginning of the period	2,179,241,097	9,986,412,032	987,637,791	1,232,789,077	16,032,832,406
Foreign exchange adjustment on translation	-	-	-	-	(480,473,941)
<b>NET ASSETS AT THE END OF THE HALF-YEAR</b>	<b>3,932,893,770</b>	<b>9,755,852,841</b>	<b>878,489,971</b>	<b>1,694,222,710</b>	<b>18,349,159,964</b>

The accompanying notes form an integral part of these financial statements.



**MORGAN STANLEY LIQUIDITY FUNDS**  
Euro Liquidity Fund

Schedule of Investments						
As of 30 September 2015						
(Expressed in EUR)						
ISSUE	DENOMINATION CURRENCY	HOLDINGS	YIELD/ INTEREST RATE	MATURITY DATE	AMORTIZED COST	PERCENTAGE OF NET ASSETS
<b>TRANSFERABLE SECURITIES AND MONEY MARKET INSTRUMENTS</b>						
<b>COMMERCIAL PAPER 41.58%</b>						
ACOSS	EUR	25,000,000	-0.13%	6-Oct-15	25,000,469	0.91
BANQUE FEDERATIVE DU CREDIT MUTUEL	EUR	25,000,000	-0.01%	4-Feb-16	25,000,875	0.91
BANQUE FEDERATIVE DU CREDIT MUTUEL	EUR	30,000,000	-0.01%	8-Feb-16	30,001,083	1.09
BMW FINANCE NV	EUR	5,000,000	-0.10%	14-Oct-15	5,000,181	0.18
BMW FINANCE NV	EUR	25,000,000	-0.07%	26-Oct-15	25,001,214	0.91
BMW MALTA FINANCE LTD	EUR	20,000,000	-0.01%	13-Oct-15	20,000,067	0.73
CATERPILLAR INTERNATIONAL FINANCE	EUR	25,000,000	-0.04%	9-Oct-15	25,000,222	0.91
CATERPILLAR INTERNATIONAL FINANCE	EUR	25,000,000	-0.06%	16-Oct-15	25,000,625	0.91
CATERPILLAR INTERNATIONAL FINANCE	EUR	8,000,000	-0.09%	18-Nov-15	8,000,960	0.29
DEKABANK DEUTSCHE GIROZENTRALE	EUR	50,000,000	0.00%	4-Jan-16	50,000,000	1.81
ELECTRICITE DE FRANCE SA	EUR	25,000,000	-0.05%	9-Nov-15	25,001,490	0.91
ENGIE SA	EUR	21,500,000	0.00%	3-Mar-16	21,500,000	0.78
ENGIE SA	EUR	6,400,000	0.00%	20-Oct-15	6,399,992	0.23
ENGIE SA	EUR	5,000,000	0.02%	4-Jan-16	4,999,789	0.18
ENGIE SA	EUR	15,000,000	0.02%	21-Jan-16	14,999,067	0.55
GENERAL ELECTRIC CAPITAL CORPORATION	EUR	15,000,000	0.02%	26-Oct-15	14,999,792	0.55
GENERAL ELECTRIC CAPITAL CORPORATION	EUR	15,000,000	0.03%	4-Nov-15	14,999,575	0.55
GENERAL ELECTRIC CAPITAL CORPORATION	EUR	15,000,000	0.03%	19-Nov-15	14,999,388	0.55
GENERAL ELECTRIC CAPITAL CORPORATION	EUR	20,000,000	0.01%	8-Dec-15	19,999,622	0.73
ING BANK NV	EUR	25,000,000	0.01%	27-Jan-16	24,999,181	0.91
KA FINANZ AG	EUR	25,000,000	0.00%	30-Oct-15	25,000,000	0.91
KA FINANZ AG	EUR	5,000,000	-0.06%	12-Nov-15	5,000,350	0.18
KA FINANZ AG	EUR	25,000,000	-0.09%	17-Dec-15	25,005,081	0.91
KA FINANZ AG	EUR	30,000,000	0.00%	23-Dec-15	30,000,346	1.08
KA FINANZ AG	EUR	10,000,000	-0.05%	21-Jan-16	10,001,494	0.36
LLOYDS BANK PLC	EUR	25,000,000	-0.04%	12-Feb-16	25,003,722	0.91
NORDEA BANK AB	EUR	17,500,000	0.00%	15-Jan-16	17,500,000	0.64
NORDEA BANK AB	EUR	25,000,000	-0.02%	15-Feb-16	25,001,903	0.91
NORDEA BANK AB	EUR	30,000,000	-0.02%	31-Mar-16	30,003,034	1.09
POHJOLA BANK PLC	EUR	12,000,000	0.01%	14-Oct-15	11,999,957	0.44
POHJOLA BANK PLC	EUR	13,000,000	0.00%	14-Dec-15	13,000,000	0.47
POHJOLA BANK PLC	EUR	14,500,000	-0.03%	24-Feb-16	14,501,764	0.53
POHJOLA BANK PLC	EUR	20,000,000	-0.06%	24-Feb-16	20,004,868	0.73
POHJOLA BANK PLC	EUR	20,000,000	-0.10%	29-Feb-16	20,008,392	0.73
PROCTER & GAMBLE COMPANY	EUR	15,000,000	0.01%	8-Oct-15	14,999,971	0.55
PROCTER & GAMBLE COMPANY	EUR	11,000,000	0.01%	15-Oct-15	10,999,957	0.39
PROCTER & GAMBLE COMPANY	EUR	25,000,000	0.01%	27-Oct-15	24,999,819	0.91
PROCTER & GAMBLE COMPANY	EUR	7,500,000	0.01%	3-Nov-15	7,499,966	0.27
PROCTER & GAMBLE COMPANY	EUR	10,000,000	0.01%	5-Nov-15	9,999,903	0.36
PROCTER & GAMBLE COMPANY	EUR	15,000,000	0.01%	7-Dec-15	14,999,721	0.55
PROCTER & GAMBLE COMPANY	EUR	30,000,000	0.01%	21-Dec-15	29,999,325	1.09
SUMITOMO MITSUI BANKING CORPORATION	EUR	25,000,000	-0.08%	14-Oct-15	25,000,722	0.91
SUMITOMO MITSUI BANKING CORPORATION	EUR	25,000,000	-0.06%	19-Nov-15	25,002,042	0.91
SUMITOMO MITSUI BANKING CORPORATION	EUR	25,000,000	-0.04%	8-Feb-16	25,003,612	0.91
SVENSKA HANDELSBANKEN AB	EUR	20,000,000	0.00%	1-Oct-15	20,000,000	0.73
SVENSKA HANDELSBANKEN AB	EUR	20,000,000	-0.03%	11-Nov-15	20,000,797	0.73
SVENSKA HANDELSBANKEN AB	EUR	7,000,000	-0.03%	22-Jan-16	7,000,659	0.25
SVENSKA HANDELSBANKEN AB	EUR	20,000,000	-0.02%	10-Feb-16	20,001,834	0.73
SVENSKA HANDELSBANKEN AB	EUR	25,000,000	0.00%	1-Apr-16	25,000,000	0.91
TORONTO-DOMINION BANK	EUR	50,000,000	0.01%	10-Aug-16	49,995,638	1.82
TOYOTA MOTOR FINANCE	EUR	55,000,000	0.00%	1-Oct-15	55,000,000	2.00
UNILEVER NV	EUR	25,000,000	-0.07%	7-Dec-15	25,003,258	0.91
UNILEVER NV	EUR	25,000,000	-0.06%	21-Dec-15	25,003,376	0.91
UNILEVER NV	EUR	35,000,000	-0.01%	8-Feb-16	35,001,264	1.26
<b>Total Commercial Paper</b>					<b>1,143,446,367</b>	<b>41.58</b>

**MORGAN STANLEY LIQUIDITY FUNDS**  
Euro Liquidity Fund

Schedule of Investments (continued)						
As of 30 September 2015						
(Expressed in EUR)						
ISSUE	DENOMINATION CURRENCY	HOLDINGS	YIELD/ INTEREST RATE	MATURITY DATE	AMORTIZED COST	PERCENTAGE OF NET ASSETS
<b>TRANSFERABLE SECURITIES AND MONEY MARKET INSTRUMENTS</b>						
<b>CERTIFICATE OF DEPOSIT 14.00%</b>						
CREDIT SUISSE AG	EUR	25,000,000	0.06%	27-Oct-15	24,998,917	0.91
CREDIT SUISSE AG	EUR	24,500,000	0.09%	15-Dec-15	24,495,407	0.89
CREDIT SUISSE AG	EUR	20,000,000	0.02%	17-Feb-16	19,998,456	0.73
DANSKE BANK A/S	EUR	30,000,000	-0.04%	24-Nov-15	30,001,799	1.09
ING BANK NV	EUR	25,000,000	0.01%	18-Jan-16	24,999,242	0.91
JP MORGAN SECURITIES PLC	EUR	25,000,000	0.21%	6-Nov-15	25,000,000	0.91
JP MORGAN SECURITIES PLC	EUR	20,000,000	-0.05%	11-Nov-15	20,006,381	0.73
JP MORGAN SECURITIES PLC	EUR	500,000	0.29%	24-Nov-15	499,783	0.02
JPMORGAN CHASE BANK NA	EUR	500,000	0.29%	26-Nov-15	499,775	0.02
JPMORGAN CHASE BANK NA	EUR	10,000,000	0.27%	8-Dec-15	9,994,914	0.36
JPMORGAN CHASE BANK NA	EUR	14,000,000	0.28%	10-Dec-15	13,992,535	0.51
MIZUHO BANK LTD	EUR	25,000,000	-0.03%	8-Oct-15	25,000,146	0.91
MIZUHO BANK LTD	EUR	25,000,000	-0.04%	16-Oct-15	25,000,417	0.91
MIZUHO BANK LTD	EUR	15,500,000	-0.04%	22-Oct-15	15,500,407	0.56
MIZUHO BANK LTD	EUR	30,000,000	-0.05%	30-Oct-15	30,001,209	1.09
MIZUHO BANK LTD	EUR	20,000,000	-0.05%	4-Nov-15	20,000,945	0.73
SUMITOMO MITSUI TRUST BANK LTD	EUR	25,000,000	-0.05%	16-Oct-15	25,000,521	0.91
SUMITOMO MITSUI TRUST BANK LTD	EUR	25,000,000	-0.08%	17-Nov-15	25,002,612	0.91
SVENSKA HANDELSBANKEN AB	EUR	10,000,000	0.00%	7-Oct-15	10,000,000	0.35
SVENSKA HANDELSBANKEN AB	EUR	15,000,000	0.00%	23-Mar-16	15,000,073	0.55
<b>Total Certificate of Deposit</b>					<b>384,993,539</b>	<b>14.00</b>
<b>TREASURY BILL 10.91%</b>						
FRANCE TREASURY BILL	EUR	50,000,000	-0.21%	7-Oct-15	50,001,759	1.82
FRANCE TREASURY BILL	EUR	25,000,000	-0.22%	14-Oct-15	25,002,005	0.91
FRANCE TREASURY BILL	EUR	75,000,000	-0.20%	21-Oct-15	75,008,323	2.72
FRANCE TREASURY BILL	EUR	50,000,000	-0.20%	4-Nov-15	50,009,402	1.82
FRANCE TREASURY BILL	EUR	50,000,000	-0.20%	18-Nov-15	50,013,172	1.82
FRANCE TREASURY BILL	EUR	50,000,000	-0.20%	30-Dec-15	50,024,387	1.82
<b>Total Treasury Bill</b>					<b>300,059,048</b>	<b>10.91</b>
<b>FLOATING RATE NOTE 7.86%</b>						
BANK OF NOVA SCOTIA	EUR	6,000,000	0.02%	30-Oct-15	6,000,496	0.22
GE CAPITAL EUROPEAN FUNDING	EUR	30,000,000	0.01%	22-Feb-16	30,012,638	1.09
LANDWIRTSCHAFTLICHE RENTENBANK	EUR	50,000,000	-0.07%	22-Oct-15	50,003,000	1.82
NATIONAL AUSTRALIA BANK LTD	EUR	10,000,000	0.07%	19-Jul-16	10,016,900	0.36
RABOBANK NEDERLAND NV	EUR	40,000,000	0.04%	1-Feb-16	40,038,793	1.46
RABOBANK NEDERLAND NV	EUR	30,000,000	0.04%	15-Jun-16	30,000,000	1.09
RABOBANK NEDERLAND NV	EUR	50,000,000	0.08%	29-Jul-16	50,000,000	1.82
<b>Total Floating Rate Note</b>					<b>216,071,827</b>	<b>7.86</b>
<b>CORPORATE BOND 3.84%</b>						
BANK NEDERLANDSE GEMEENTEN	EUR	50,000,000	-0.13%	18-Jan-16	50,392,671	1.83
GE CAPITAL EUROPEAN FUNDING	EUR	11,500,000	0.01%	15-Oct-15	11,505,478	0.42
NORDEA BANK AB	EUR	28,400,000	0.02%	11-Feb-16	28,772,876	1.04
NRW BANK	EUR	4,005,000	-0.07%	1-Dec-15	4,027,248	0.15
POHJOLA BANK PLC	EUR	6,850,000	0.03%	12-Jan-16	6,909,815	0.25
SVENSKA HANDELSBANKEN AB	EUR	4,000,000	0.02%	16-Feb-16	4,054,462	0.15
<b>Total Corporate Bond</b>					<b>105,662,550</b>	<b>3.84</b>

**MORGAN STANLEY LIQUIDITY FUNDS**  
Euro Liquidity Fund

Schedule of Investments (continued)						
As of 30 September 2015						
(Expressed in EUR)						
ISSUE	DENOMINATION CURRENCY	HOLDINGS	YIELD/ INTEREST RATE	MATURITY DATE	AMORTIZED COST	PERCENTAGE OF NET ASSETS
TRANSFERABLE SECURITIES AND MONEY MARKET INSTRUMENTS						
COMMERCIAL PAPER INTEREST BEARING 3.64%						
FMS WERTMANAGEMENT	EUR	100,000,000	-0.16%	12-Nov-15	100,000,000	3.64
Total Commercial Paper Interest Bearing					<u>100,000,000</u>	<u>3.64</u>
Total Transferable Securities and Money Market Instruments					<u>2,250,233,331</u>	<u>81.82</u>
Total Investments					2,250,233,331	81.82
Other assets in excess of liabilities					<u>499,921,371</u>	<u>18.18</u>
Total Net Assets					<u>2,750,154,702</u>	<u>100.00</u>

**MORGAN STANLEY LIQUIDITY FUNDS**  
**US Dollar Liquidity Fund**

Schedule of Investments As of 30 September 2015 (Expressed in USD)						
ISSUE	DENOMINATION CURRENCY	HOLDINGS	YIELD/ INTEREST RATE	MATURITY DATE	AMORTIZED COST	PERCENTAGE OF NET ASSETS
<b>TRANSFERABLE SECURITIES AND MONEY MARKET INSTRUMENTS</b>						
<b>FLOATING RATE CERTIFICATE OF DEPOSIT 20.26%</b>						
BANK OF AMERICA NA	USD	60,000,000	0.30%	7-Dec-15	60,000,000	0.52
BANK OF MONTREAL	USD	90,000,000	0.29%	23-Oct-15	90,000,000	0.77
BANK OF MONTREAL	USD	130,000,000	0.31%	19-Nov-15	130,000,000	1.12
BANK OF MONTREAL	USD	70,000,000	0.36%	15-Dec-15	70,000,000	0.60
BANK OF NOVA SCOTIA	USD	65,000,000	0.43%	29-Jan-16	65,000,000	0.56
BMO HARRIS BANK NA	USD	55,000,000	0.36%	15-Dec-15	55,000,000	0.47
BMO HARRIS BANK NA	USD	100,000,000	0.36%	7-Jan-16	100,000,000	0.86
BNP PARIBAS SA	USD	60,000,000	0.35%	2-Oct-15	60,000,000	0.52
BNP PARIBAS SA	USD	56,250,000	0.45%	23-Dec-15	56,250,000	0.48
BNZ INTERNATIONAL FUNDING LTD	USD	25,000,000	0.37%	20-Jan-16	24,998,702	0.22
CREDIT INDUSTRIEL ET COMMERCIAL	USD	59,000,000	0.35%	2-Oct-15	59,000,000	0.51
CREDIT INDUSTRIEL ET COMMERCIAL	USD	118,000,000	0.35%	4-Nov-15	118,000,000	1.02
CREDIT INDUSTRIEL ET COMMERCIAL	USD	65,000,000	0.44%	17-Feb-16	65,000,000	0.56
CREDIT SUISSE AG	USD	50,000,000	0.57%	9-Nov-15	50,000,000	0.43
CREDIT SUISSE AG	USD	56,350,000	0.53%	7-Dec-15	56,372,538	0.49
CREDIT SUISSE AG	USD	105,000,000	0.40%	9-Dec-15	105,000,000	0.90
CREDIT SUISSE AG	USD	30,000,000	0.00%	28-Jan-16	30,014,490	0.25
CREDIT SUISSE AG	USD	150,000,000	0.45%	16-Feb-16	150,000,000	1.29
CREDIT SUISSE AG	USD	18,000,000	0.61%	11-Mar-16	18,001,600	0.16
HSBC BANK USA NA	USD	116,250,000	0.34%	24-Nov-15	116,250,000	1.00
ROYAL BANK OF CANADA	USD	100,000,000	0.29%	20-Nov-15	100,000,000	0.86
ROYAL BANK OF CANADA	USD	109,500,000	0.41%	30-Jun-16	109,497,886	0.94
SUMITOMO MITSUI BANKING CORPORATION	USD	113,000,000	0.35%	22-Oct-15	113,000,000	0.97
SUMITOMO MITSUI BANKING CORPORATION	USD	70,000,000	0.39%	29-Jan-16	70,000,000	0.60
SVENSKA HANDELSBANKEN AB	USD	182,000,000	0.31%	17-Dec-15	182,000,000	1.57
TORONTO-DOMINION BANK	USD	59,000,000	0.27%	2-Nov-15	59,000,000	0.51
TORONTO-DOMINION BANK	USD	60,000,000	0.31%	6-Nov-15	60,000,000	0.52
UBS AG	USD	181,000,000	0.41%	14-Dec-15	181,000,000	1.56
<b>Total Floating Rate Certificate of Deposit</b>					<b>2,353,385,216</b>	<b>20.26</b>
<b>COMMERCIAL PAPER 14.13%</b>						
ACOSS	USD	500,000,000	0.29%	23-Oct-15	499,909,884	4.30
BANQUE ET CAISSE EPARGNE	USD	39,500,000	0.52%	18-Mar-16	39,404,503	0.34
CAISSE DES DEPOTS ET CONSIGNATIONS	USD	50,000,000	0.11%	6-Oct-15	49,999,237	0.43
CHEVRON CORP	USD	149,000,000	0.10%	5-Oct-15	148,998,344	1.28
COMMONWEALTH BANK OF AUSTRALIA	USD	41,825,000	0.11%	8-Oct-15	41,824,105	0.36
LANDESBANK HESSEN GZ FRANKF	USD	19,750,000	0.40%	20-Oct-15	19,745,835	0.17
MACQUARIE BANK LTD	USD	40,000,000	0.20%	20-Oct-15	39,995,778	0.34
NESTLE FINANCE INTERNATIONAL LTD	USD	35,750,000	0.00%	1-Oct-15	35,750,000	0.31
NRW BANK	USD	435,000,000	0.09%	2-Oct-15	434,998,933	3.75
NRW BANK	USD	160,000,000	0.08%	5-Oct-15	159,998,578	1.38
SUMITOMO MITSUI TRUST BANK LTD	USD	145,000,000	0.33%	17-Dec-15	144,897,654	1.25
TOYOTA CREDIT PUERTO RICO	USD	25,000,000	0.31%	18-Dec-15	24,983,208	0.22
<b>Total Commercial Paper</b>					<b>1,640,506,059</b>	<b>14.13</b>
<b>FIXED RATE CERTIFICATE OF DEPOSIT 13.98%</b>						
AUSTRALIA AND NEW ZEALAND BANKING	USD	3,566,000	0.04%	1-Mar-16	3,606,313	0.03
BANK OF MONTREAL	USD	125,000,000	0.32%	28-Dec-15	125,000,000	1.08
BANQUE FEDERATIVE DU CREDIT MUTUEL	USD	350,000,000	0.43%	7-Jan-16	349,591,371	3.01
CANADIAN IMPERIAL BANK	USD	97,000,000	0.09%	5-Oct-15	97,000,000	0.84
MIZUHO BANK LTD	USD	102,000,000	0.31%	18-Dec-15	102,000,000	0.88
SUMITOMO MITSUI BANKING CORPORATION	USD	115,000,000	0.14%	1-Oct-15	115,000,000	0.99
SUMITOMO MITSUI BANKING CORPORATION	USD	20,000,000	0.35%	17-Dec-15	20,000,000	0.17
SUMITOMO MITSUI BANKING CORPORATION	USD	186,000,000	0.36%	5-Jan-16	185,999,997	1.60
SUMITOMO MITSUI BANKING CORPORATION	USD	65,000,000	0.36%	6-Jan-16	64,999,998	0.56
SWEDBANK AB	USD	300,000,000	0.12%	1-Oct-15	300,000,000	2.58
SWEDBANK AB	USD	260,000,000	0.11%	6-Oct-15	260,000,000	2.24
<b>Total Fixed Rate Certificate of Deposit</b>					<b>1,623,197,679</b>	<b>13.98</b>

**MORGAN STANLEY LIQUIDITY FUNDS**  
**US Dollar Liquidity Fund**

Schedule of Investments (continued) As of 30 September 2015 (Expressed in USD)						
ISSUE	DENOMINATION CURRENCY	HOLDINGS	YIELD/ INTEREST RATE	MATURITY DATE	AMORTIZED COST	PERCENTAGE OF NET ASSETS
<b>TRANSFERABLE SECURITIES AND MONEY MARKET INSTRUMENTS</b>						
<b>COMMERCIAL PAPER INTEREST BEARING 11.26%</b>						
ANZ NEW ZEALAND INTERNATIONAL LTD	USD	75,000,000	0.35%	29-Dec-15	75,000,000	0.65
ANZ NEW ZEALAND INTERNATIONAL LTD	USD	160,000,000	0.36%	31-Dec-15	160,000,000	1.38
ASB FINANCE LTD	USD	55,000,000	0.35%	4-Dec-15	54,997,375	0.47
DNB BANK ASA	USD	75,000,000	0.33%	22-Dec-15	74,994,357	0.65
ERSTE ABWICKLUNGSANSTALT	USD	131,000,000	0.32%	22-Dec-15	131,000,000	1.12
ERSTE ABWICKLUNGSANSTALT	USD	75,000,000	0.36%	9-Feb-16	75,000,000	0.65
JP MORGAN SECURITIES LLC	USD	100,000,000	0.40%	11-Feb-16	100,000,000	0.86
JP MORGAN SECURITIES LLC	USD	250,000,000	0.42%	1-Mar-16	250,000,000	2.15
TOYOTA MOTOR CREDIT CORPORATION	USD	62,000,000	0.30%	17-Nov-15	62,000,000	0.53
TOYOTA MOTOR CREDIT CORPORATION	USD	30,000,000	0.35%	15-Jan-16	30,000,000	0.26
TOYOTA MOTOR CREDIT CORPORATION	USD	60,000,000	0.35%	19-Jan-16	60,000,000	0.52
TOYOTA MOTOR CREDIT CORPORATION	USD	60,000,000	0.35%	20-Jan-16	60,000,000	0.52
TOYOTA MOTOR CREDIT CORPORATION	USD	70,000,000	0.37%	26-Feb-16	70,000,000	0.60
WESTPAC SECURITIES LTD	USD	105,000,000	0.33%	25-Nov-15	104,997,276	0.90
<b>Total Commercial Paper Interest Bearing</b>					<b>1,307,989,008</b>	<b>11.26</b>
<b>TREASURY BILL 8.31%</b>						
FEDERAL HOME LOAN BANK	USD	75,000,000	0.00%	1-Oct-15	75,000,000	0.65
FEDERAL HOME LOAN BANK	USD	460,000,000	0.02%	7-Oct-15	459,998,467	3.96
UNITED STATES TREASURY BILL	USD	295,000,000	0.00%	1-Oct-15	295,000,000	2.54
UNITED STATES TREASURY BILL	USD	135,000,000	0.00%	8-Oct-15	135,000,000	1.16
<b>Total Treasury Bill</b>					<b>964,998,467</b>	<b>8.31</b>
<b>FLOATING RATE NOTE 4.62%</b>						
ING BANK NV	USD	10,950,000	0.59%	4-Jan-16	10,950,949	0.10
ING BANK NV	USD	5,650,000	0.68%	7-Mar-16	5,664,828	0.05
JP MORGAN CHASE BANK NA	USD	163,500,000	0.49%	7-Jun-16	163,500,000	1.41
ROYAL BANK OF CANADA	USD	70,910,000	0.39%	16-Dec-15	70,935,096	0.61
WELLS FARGO BANK NA	USD	84,000,000	0.46%	14-Jun-16	84,000,000	0.72
WELLS FARGO BANK NA	USD	201,000,000	0.42%	17-Jun-16	201,000,000	1.73
<b>Total Floating Rate Note</b>					<b>536,050,873</b>	<b>4.62</b>
<b>CORPORATE BOND 3.49%</b>						
AUSTRALIA AND NEW ZEALAND BANKING	USD	26,760,000	0.46%	15-Oct-15	26,774,145	0.23
AUSTRALIA AND NEW ZEALAND BANKING	USD	25,000,000	0.50%	12-Feb-16	25,035,504	0.22
BNP PARIBAS SA	USD	90,116,000	0.72%	23-Feb-16	91,127,568	0.78
CANADIAN IMPERIAL BANK OF COMMERCE	USD	8,840,000	0.90%	1-Oct-15	8,840,000	0.08
CANADIAN IMPERIAL BANK OF COMMERCE	USD	40,000,000	0.34%	11-Dec-15	40,155,187	0.35
GENERAL ELECTRIC CAPITAL CORPORATION	USD	24,250,000	0.43%	11-Dec-15	24,276,659	0.21
ING BANK NV	USD	2,600,000	0.81%	7-Mar-16	2,606,206	0.02
ING BANK NV	USD	500,000	0.86%	15-Mar-16	507,106	0.00
LLOYDS BANK PLC	USD	29,999,000	0.60%	21-Jan-16	30,386,751	0.26
RABOBANK NEDERLAND NV	USD	13,320,000	0.29%	13-Oct-15	13,327,977	0.11
ROYAL BANK OF CANADA	USD	16,120,000	0.33%	30-Oct-15	16,125,968	0.14
ROYAL BANK OF CANADA	USD	92,271,000	0.50%	8-Mar-16	92,407,876	0.80
SOCIETE GENERALE SA	USD	11,632,000	0.56%	15-Jan-16	11,725,341	0.10
SUMITOMO MITSUI BANKING CORPORATION	USD	22,525,000	0.63%	18-Jan-16	22,542,112	0.19
<b>Total Corporate Bond</b>					<b>405,838,400</b>	<b>3.49</b>
<b>FLOATING RATE NOTE / EXTENDIBLE 1.04%</b>						
SVENSKA HANDELSBANKEN AB	USD	121,000,000	0.38%	15-Mar-16	121,000,000	1.04
<b>Total Floating Rate Note / Extendible</b>					<b>121,000,000</b>	<b>1.04</b>
<b>DISCOUNT NOTE 0.54%</b>						
FEDERAL HOME LOAN BANK	USD	37,605,000	0.24%	13-Nov-15	37,594,220	0.32
FEDERAL HOME LOAN BANK	USD	25,000,000	0.30%	18-Dec-15	24,983,804	0.22
<b>Total Discount Note</b>					<b>62,578,024</b>	<b>0.54</b>
<b>Total Transferable Securities and Money Market Instruments</b>					<b>9,015,543,726</b>	<b>77.63</b>
<b>Total Investments</b>					<b>9,015,543,726</b>	<b>77.63</b>
<b>Other assets in excess of liabilities</b>					<b>2,597,564,310</b>	<b>22.37</b>
<b>Total Net Assets</b>					<b>11,613,108,036</b>	<b>100.00</b>

**MORGAN STANLEY LIQUIDITY FUNDS**  
**US Dollar Treasury Liquidity Fund**

Schedule of Investments As of 30 September 2015 (Expressed in USD)						
ISSUE	DENOMINATION CURRENCY	HOLDINGS	YIELD/ INTEREST RATE	MATURITY DATE	AMORTIZED COST	PERCENTAGE OF NET ASSETS
<b>TRANSFERABLE SECURITIES AND MONEY MARKET INSTRUMENTS</b>						
<b>TREASURY BILL 77.22%</b>						
UNITED STATES TREASURY BILL	USD	315,000,000	0.00%	1-Oct-15	315,000,000	29.76
UNITED STATES TREASURY BILL	USD	200,000,000	0.00%	8-Oct-15	199,999,922	18.89
UNITED STATES TREASURY BILL	USD	75,000,000	0.00%	15-Oct-15	74,999,985	7.09
UNITED STATES TREASURY BILL	USD	20,200,000	0.00%	22-Oct-15	20,200,000	1.91
UNITED STATES TREASURY BILL	USD	72,200,000	0.00%	29-Oct-15	72,200,000	6.82
UNITED STATES TREASURY BILL	USD	50,000,000	0.00%	27-Nov-15	49,999,961	4.72
UNITED STATES TREASURY BILL	USD	45,000,000	0.00%	17-Dec-15	45,000,000	4.25
UNITED STATES TREASURY BILL	USD	25,000,000	0.00%	24-Dec-15	25,000,000	2.36
UNITED STATES TREASURY BILL	USD	15,000,000	0.00%	31-Mar-16	14,992,038	1.42
<b>Total Treasury Bill</b>					<b>817,391,906</b>	<b>77.22</b>
<b>TREASURY NOTE 15.69%</b>						
UNITED STATES TREASURY NOTE	USD	10,000,000	0.03%	15-Oct-15	10,000,839	0.94
UNITED STATES TREASURY NOTE	USD	5,000,000	0.05%	31-Oct-15	5,000,803	0.47
UNITED STATES TREASURY NOTE	USD	10,000,000	0.10%	15-Nov-15	10,053,805	0.95
UNITED STATES TREASURY NOTE	USD	56,000,000	0.01%	30-Nov-15	56,022,017	5.29
UNITED STATES TREASURY NOTE	USD	20,000,000	0.08%	31-Jan-16	19,998,815	1.89
UNITED STATES TREASURY NOTE	USD	65,000,000	0.07%	30-Apr-16	65,005,003	6.14
<b>Total Treasury Note</b>					<b>166,081,282</b>	<b>15.69</b>
<b>Total Transferable Securities and Money Market Instruments</b>					<b>983,473,188</b>	<b>92.91</b>
<b>Total Investments</b>					<b>983,473,188</b>	<b>92.91</b>
<b>Other assets in excess of liabilities</b>					<b>75,099,427</b>	<b>7.09</b>
<b>Total Net Assets</b>					<b>1,058,572,615</b>	<b>100.00</b>

**MORGAN STANLEY LIQUIDITY FUNDS**  
**Sterling Liquidity Fund**

Schedule of Investments As of 30 September 2015 (Expressed in GBP)						
ISSUE	DENOMINATION CURRENCY	HOLDINGS	YIELD/ INTEREST RATE	MATURITY DATE	AMORTIZED COST	PERCENTAGE OF NET ASSETS
<b>TRANSFERABLE SECURITIES AND MONEY MARKET INSTRUMENTS</b>						
<b>FLOATING RATE NOTE 23.36%</b>						
AUSTRALIA AND NEW ZEALAND BANKING GROUP	GBP	50,000,000	0.55%	27-Oct-15	50,000,000	2.62
AUSTRALIA AND NEW ZEALAND BANKING GROUP	GBP	25,000,000	0.59%	6-Jun-16	24,997,845	1.31
DBS BANK LTD	GBP	20,000,000	0.59%	15-Oct-15	19,999,919	1.05
DBS BANK LTD	GBP	30,000,000	0.58%	1-Apr-16	29,991,000	1.57
DBS BANK LTD	GBP	10,000,000	0.59%	8-Jun-16	9,999,657	0.52
ERSTE ABWICKLUNGSANSTALT	GBP	19,000,000	0.58%	8-Jul-16	19,000,000	0.99
EUROPEAN INVESTMENT BANK	GBP	16,619,000	0.53%	5-Jan-16	16,624,165	0.87
NATIONAL AUSTRALIA BANK LTD	GBP	25,000,000	0.55%	15-Jan-16	24,999,637	1.31
NATIONAL AUSTRALIA BANK LTD	GBP	10,000,000	0.59%	20-Mar-16	9,998,599	0.52
NATIONAL AUSTRALIA BANK LTD	GBP	25,000,000	0.59%	10-Jun-16	25,000,000	1.31
NATIONAL AUSTRALIA BANK LTD	GBP	10,000,000	0.62%	19-Aug-16	9,999,117	0.52
NORDEA BANK AB	GBP	7,697,000	0.66%	15-Feb-16	7,707,748	0.40
NRW BANK	GBP	25,000,000	0.58%	18-Jul-16	24,994,549	1.31
NRW BANK	GBP	20,000,000	0.60%	17-Aug-16	19,998,246	1.05
RABOBANK NEDERLAND NV	GBP	70,000,000	0.74%	15-Jan-16	70,000,000	3.66
ROYAL BANK OF CANADA	GBP	3,500,000	0.61%	22-Jan-16	3,501,815	0.18
ROYAL BANK OF CANADA	GBP	5,500,000	0.60%	28-Jan-16	5,502,979	0.29
ROYAL BANK OF CANADA	GBP	50,000,000	0.58%	25-Aug-16	50,000,000	2.62
WESTPAC BANKING CORPORATION	GBP	24,000,000	0.62%	8-Jul-16	23,992,950	1.26
<b>Total Floating Rate Note</b>					<b>446,308,226</b>	<b>23.36</b>
<b>CERTIFICATE OF DEPOSIT 21.91%</b>						
ABN AMRO BANK NV	GBP	25,000,000	0.58%	10-Nov-15	24,984,133	1.31
BANK OF AMERICA NA	GBP	40,000,000	0.58%	3-Dec-15	40,000,000	2.08
CREDIT SUISSE AG	GBP	25,000,000	0.69%	15-Oct-15	24,993,406	1.31
CREDIT SUISSE AG	GBP	30,000,000	0.75%	19-Feb-16	29,913,411	1.56
HSBC FRANCE SA	GBP	25,000,000	0.66%	8-Oct-15	24,996,846	1.31
JP MORGAN SECURITIES PLC	GBP	15,000,000	0.81%	6-Nov-15	15,000,000	0.79
JP MORGAN SECURITIES PLC	GBP	25,000,000	0.54%	11-Dec-15	24,973,776	1.31
JP MORGAN CHASE BANK NA	GBP	15,000,000	0.81%	4-Dec-15	15,000,000	0.79
JP MORGAN CHASE BANK NA	GBP	15,000,000	0.82%	9-Dec-15	15,000,000	0.79
NORINCHUKIN BANK	GBP	25,000,000	0.50%	12-Oct-15	24,996,235	1.31
SUMITOMO MITSUI TRUST BANK LTD	GBP	25,000,000	0.58%	11-Nov-15	24,983,736	1.31
SVENSKA HANDELSBANKEN AB	GBP	25,000,000	0.60%	18-Dec-15	25,000,000	1.30
TORONTO-DOMINION BANK	GBP	25,000,000	0.60%	3-Dec-15	25,000,000	1.31
TORONTO-DOMINION BANK	GBP	25,000,000	0.62%	4-Jan-16	25,000,000	1.31
TORONTO-DOMINION BANK	GBP	25,000,000	0.67%	11-Feb-16	25,000,000	1.31
WELLS FARGO BANK INTERNATIONAL	GBP	25,000,000	0.55%	10-Nov-15	25,000,000	1.30
WELLS FARGO BANK INTERNATIONAL	GBP	28,800,000	0.55%	21-Jan-16	28,800,000	1.51
<b>Total Certificate of Deposit</b>					<b>418,641,543</b>	<b>21.91</b>
<b>COMMERCIAL PAPER 20.43%</b>						
BANQUE FEDERATIVE DU CREDIT MUTUEL	GBP	25,000,000	0.70%	11-Jan-16	24,951,617	1.31
BANQUE FEDERATIVE DU CREDIT MUTUEL	GBP	2,000,000	0.76%	17-Feb-16	1,994,233	0.10
BANQUE FEDERATIVE DU CREDIT MUTUEL	GBP	25,000,000	0.71%	8-Mar-16	24,922,951	1.30
DNB BANK ASA	GBP	25,000,000	0.63%	4-Dec-15	24,972,470	1.31
GE CAPITAL UK FUNDING	GBP	10,000,000	0.67%	22-Oct-15	9,996,158	0.52
NORDEA BANK AB	GBP	9,000,000	0.60%	14-Dec-15	8,989,075	0.47
OVERSEA-CHINESE BANKING CORPORATION	GBP	18,000,000	0.58%	13-Oct-15	17,996,578	0.94
OVERSEA-CHINESE BANKING CORPORATION	GBP	25,000,000	0.62%	8-Dec-15	24,971,444	1.31
OVERSEA-CHINESE BANKING CORPORATION	GBP	25,000,000	0.62%	21-Dec-15	24,965,988	1.31
POHJOLA BANK PLC	GBP	26,000,000	0.58%	6-Nov-15	25,985,147	1.36
POHJOLA BANK PLC	GBP	30,000,000	0.66%	14-Dec-15	29,959,991	1.57
POHJOLA BANK PLC	GBP	10,000,000	0.73%	10-Feb-16	9,973,697	0.52
POHJOLA BANK PLC	GBP	6,000,000	0.70%	8-Mar-16	5,981,768	0.31
SKANDINAVISKA ENSKILDA BANKEN AB	GBP	30,000,000	0.64%	2-Oct-15	29,999,476	1.57
SKANDINAVISKA ENSKILDA BANKEN AB	GBP	30,000,000	0.64%	9-Oct-15	29,995,805	1.57
SKANDINAVISKA ENSKILDA BANKEN AB	GBP	20,000,000	0.71%	10-Mar-16	19,937,585	1.04
STADSHYPOTEK AB	GBP	25,000,000	0.63%	22-Feb-16	24,938,062	1.31
SUMITOMO MITSUI BANKING CORPORATION	GBP	25,000,000	0.69%	19-Feb-16	24,933,594	1.31
SWEDBANK AB	GBP	25,000,000	0.68%	9-Mar-16	24,925,731	1.30
<b>Total Commercial Paper</b>					<b>390,391,370</b>	<b>20.43</b>
<b>CORPORATE BOND 6.05%</b>						
BANK NEDERLANDSE GEMEENTEN	GBP	32,699,000	0.65%	23-Dec-15	32,826,606	1.72
DANSKE BANK A/S	GBP	1,000,000	1.07%	9-Dec-15	1,005,520	0.05
EUROPEAN INVESTMENT BANK	GBP	24,950,000	0.62%	7-Dec-15	25,058,658	1.31
FMS WERTMANAGEMENT	GBP	7,200,000	0.61%	1-Dec-15	7,204,687	0.38
KFW	GBP	20,960,000	0.71%	7-Dec-15	21,146,455	1.11
LANDESKREDITBANK BADEN-WUERTTEMBERG	GBP	14,997,000	0.61%	7-Dec-15	15,021,297	0.79
NEDERLANDSE WATERSCHAPSBANK NV	GBP	13,184,000	0.74%	17-Nov-15	13,267,883	0.69
<b>Total Corporate Bond</b>					<b>115,531,106</b>	<b>6.05</b>

**MORGAN STANLEY LIQUIDITY FUNDS**  
Sterling Liquidity Fund

Schedule of Investments (continued)						
As of 30 September 2015						
(Expressed in GBP)						
ISSUE	DENOMINATION CURRENCY	HOLDINGS	YIELD/ INTEREST RATE	MATURITY DATE	AMORTIZED COST	PERCENTAGE OF NET ASSETS
TRANSFERABLE SECURITIES AND MONEY MARKET INSTRUMENTS						
TREASURY BILL 4.50%						
UNITED KINGDOM TREASURY BILL	GBP	36,000,000	0.44%	5-Oct-15	35,998,284	1.88
UNITED KINGDOM TREASURY BILL	GBP	25,000,000	0.46%	19-Oct-15	24,994,343	1.31
UNITED KINGDOM TREASURY BILL	GBP	25,000,000	0.45%	26-Oct-15	24,992,280	1.31
Total Treasury Bill					<u>85,984,907</u>	<u>4.50</u>
Total Transferable Securities and Money Market Instruments					<u>1,456,857,152</u>	<u>76.25</u>
Total Investments					1,456,857,152	76.25
Other assets in excess of liabilities					<u>453,687,637</u>	<u>23.75</u>
Total Net Assets					<u>1,910,544,789</u>	<u>100.00</u>



# MORGAN STANLEY LIQUIDITY FUNDS

## Notes to the Financial Statements 30 September 2015

### 1. General information:

Morgan Stanley Liquidity Funds (the “Company”) was incorporated on 21 December 2012 for an unlimited period of time as a self-managed société d’investissement à capital variable under the form of a société anonyme. The Company is authorised under Part I of the Law of 17 December 2010 in accordance with the provisions of the UCITS Directive and listed on the official list of UCITS approved by the Commission de Surveillance du Secteur Financier (the “CSSF”). The registered office of the Company is located at 6B route de Trèves, L-2633 Senningerberg, Grand Duchy of Luxembourg.

Effective 1 April 2014, Morgan Stanley Investment Management (ACD) Limited (“MSIM (ACD)”) was appointed as Management Company to provide collective portfolio management services to the Company. MSIM (ACD) is authorised by the Financial Conduct Authority in the United Kingdom to provide these services. This change was communicated to investors in the shareholder notices dated 28 February 2014 and was reflected within the updated Prospectus that came into effect on 1 April 2014.

The Company is an “umbrella fund” which is composed of more than one Sub-Fund, each representing a separate portfolio of assets. However, each Sub-Fund is exclusively responsible for all liabilities attributable to it.

The Company currently offers four Sub-Funds: the Euro Liquidity Fund, the US Dollar Liquidity Fund, the US Dollar Treasury Liquidity Fund and the Sterling Liquidity Fund. The Euro Liquidity Fund was launched on 10 January 2013 and the three other sub-funds were launched on 17 June 2013.

The Class of Shares that are active as at 30 September 2015 are detailed in the table below:

Name of the Sub-Fund	Class of Shares	Launch date
Euro Liquidity Fund	Institutional Shares	17 June 2013
	Institutional Accumulation Shares	17 June 2013
	Institutional Select Shares*	24 June 2015
	MS Reserve Shares	17 June 2013
US Dollar Liquidity Fund	Advantage Accumulation Shares	17 June 2013
	Advisory Shares	16 January 2014
	Advisory Accumulation Shares	17 June 2013
	Institutional Shares	17 June 2013
	Institutional Accumulation Shares	17 June 2013
	Institutional Select Shares	16 January 2014
	Master Shares	9 September 2013
US Dollar Treasury Liquidity Fund	MS Reserve Shares	17 June 2013
	Advisory Shares	16 January 2014
	Institutional Shares	17 June 2013
	Institutional Select Shares	16 January 2014
Sterling Liquidity Fund	MS Reserve Shares	17 June 2013
	Institutional Shares	17 June 2013
	Institutional Accumulation Shares	17 June 2013
	Institutional Select Shares	26 June 2014
	MS Reserve Shares	28 November 2013
	Qualified Shares	17 June 2013
	Qualified Accumulation Shares	17 June 2013

\*Share class opened during the period.

The Class of Shares that closed during the period are detailed in the table below:

Name of the Sub-Fund	Class of Shares	Closure date
Euro Liquidity Fund	Advisory Shares	16 June 2015
	Qualified Accumulation Shares	31 July 2015
US Dollar Liquidity Fund	Qualified Accumulation Shares	8 September 2015
Sterling Liquidity Fund	Institutional Select Accumulation Shares	1 April 2015

# MORGAN STANLEY LIQUIDITY FUNDS

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## Notes to the Financial Statements 30 September 2015

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### 1. General information (cont.):

Each Sub-Fund's Investment objective is to provide investors with liquidity and an attractive rate of income relative to short term interest rates, to the extent consistent with the preservation of capital.

Each Sub-Fund has its own Investment policy but all are classified as Short-Term Money Market Funds in accordance with CESR guidelines on a common definition of European money market funds (CESR/10-049).

### 2. Summary of Significant Accounting Policies:

The financial statements of the Company have been prepared in accordance with the accounting principles generally accepted in Luxembourg.

#### (a) Valuation of Investments

The securities, money market instruments and other instruments are valued based on their amortised cost. Under this method, amortised cost is determined by valuing an instrument at its cost and thereafter assuming a constant amortisation to maturity of any discount or premium, regardless of the impact of fluctuating interest rates on the market value of the instruments.

The Company generally uses the amortised cost method of valuation to determine the value of the following investments, provided that such investments comply with the above conditions: (i) investments with a residual maturity of fifteen months or less or (ii) floating rate investments with a residual maturity of two years or less (measured to the date on which the issuer must unconditionally repay the principal amount to the Company on foot of either maturity, put option or other repayment demand feature), where the Board of Directors have determined that the investment has a market value that approximates its amortised cost value and the investment has an annual or shorter interval coupon/interest rate re-fix or (iii) floating rate investments which meet the conditions described in (ii) above except that they have a residual maturity of up to five years, provided that they are of high credit quality and are issued by the US government, an agency or instrumentality of the US government, the government of an OECD member, an agency or instrumentality of such government or by the government of a Member State or an agency or instrumentality of such government.

Subject to the above, the Board of Directors uses the amortised cost method of valuation of any investments of a Fund which is a Money Market Fund or a Short Term Money Market Fund unless it is not appropriate to use such method in respect of certain investment(s) of such Fund, in which case one of the other methods of valuation outlined below is used.

The Administrator determines at least weekly the extent to which the Net Asset Value of the relevant Fund or Class using this method of valuation deviates from the Net Asset Value which would be obtained using available market quotations. Deviations in excess of 0.10% between the market value and the amortised cost value are brought to the attention of the Investment Adviser. Deviations in excess of 0.15% between the market value and the amortised cost value of the relevant Fund or Class are brought to the attention of the Board of Directors and the Depositary. If this deviation exceeds 0.25% of the Net Asset Value of the relevant Fund, the Administrator reviews the valuation daily and the Board of Directors takes such corrective action, if any, as they deem appropriate to eliminate or reduce, to the extent reasonably practicable, any such deviation. Notwithstanding the generality of the foregoing, the Board of Directors utilises the market value of any individual investment in the event that the market value of that investment deviates by more than 1% from its amortised cost valuation.

#### (b) Security Transactions

When applicable, security transactions are accounted for on the trade date.

#### (c) Interest Income

Interest income is accrued daily and includes the amortisation of premiums and accretion of discounts. Interest income is recognised on an accrual basis and is shown net of withholding taxes, except where the withholding tax has been recovered or is receivable. It is possible for the interest income of a Sub-Fund to be negative depending on market conditions.

# MORGAN STANLEY LIQUIDITY FUNDS

## Notes to the Financial Statements 30 September 2015

### 2. Summary of Significant Accounting Policies (cont.):

#### (d) Cash

Cash and other liquid assets are valued at their face value plus interest accrued, where applicable.

#### (e) Foreign currency translation

Financial statements are presented for each Sub-Fund in the base currency of the Sub-Fund. The combined Statement of Net Assets, Statement of Operations and Changes in Net Assets are presented in US dollars, based on the exchange rate ruling at the date of these financial statements and on the average exchange rate over the reporting period for the Statement of Operations and Changes in Net Assets.

The currency exchange rates against the US Dollar were as follows:

as of 30 September 2015	as of 31 March 2015
1 USD = 0.895857 EUR	1 USD = 0.931099 EUR
1 USD = 0.660175 GBP	1 USD = 0.673627 GBP

The average currency exchange rates against the US Dollar were as follows:

as of 30 September 2015	as of 30 September 2014
1 USD = 0.901952 EUR	1 USD = 0.742090 EUR
1 USD = 0.649261 GBP	1 USD = 0.596644 GBP

#### (f) Reverse repurchase agreement valuation policy

The Company may enter into reverse repurchase transactions which consist of the purchase and sale of securities, backed by collateral, with a clause reserving the seller the right or the obligation to repurchase from the acquirer the securities sold at a price and term specified by the two parties in their contractual arrangement. These are valued at par value.

### 3. Dividends and Distributions:

The Directors intend to declare all net income of the US Dollar Liquidity Fund, Euro Liquidity Fund, Sterling Liquidity Fund and US Dollar Treasury Liquidity Fund with the exception of Advisory Accumulation Shares, Institutional Accumulation Shares, Institutional Select Accumulation Shares, Qualified Accumulation Shares and Advantage Accumulation Shares ("the Accumulating Share Classes") on each Dealing Day as a dividend to Shareholders on the register of members as at the close of business on the relevant Dealing Day in an attempt to stabilise the Net Asset Value per Share of each class at US\$1.00 in the case of the US Dollar Liquidity Fund, €1.00 in the case of the Euro Liquidity Fund, £1.00 in the case of the Sterling Liquidity Fund and US\$1.00 in the case of the US Dollar Treasury Liquidity Fund. Dividends are declared daily and are payable monthly on or about the first Business Day of each following month. For this purpose, net income of each Sub-Fund (from the time immediately preceding determination thereof) shall consist of interest and dividends earned by each Sub-Fund and realised and unrealised profits on the disposal/valuation of investments as may be lawfully distributed less realised and unrealised losses (including fees and expenses) of each Sub-Fund.

In the case of the Accumulating Classes of Shares, the US Dollar Liquidity Fund, Euro Liquidity Fund, Sterling Liquidity Fund and US Dollar Treasury Liquidity Fund intend to retain the net income and/or capital gains attributable to such Classes of Shares and the value of these Classes of Shares.

Where there are substantial adverse movements in interest rates, there can be no assurance that the Sub-Funds will be successful in maintaining positive net investment income. Where a Sub-Fund posts negative net investment income, in order to maintain a stable Net Asset Value per Share for Distributing Classes of Shares, the Management Company shall address such by the compulsory redemption equally of such number of Shares held by each Shareholder in the relevant Class of Shares required to cover the negative net income of that Class of Share, with the proceeds of each such redemption being retained by the Sub-Fund. In the case of Accumulating Classes of Shares, the Net Asset Value per Share will decrease in lieu of the compulsory redemption of Shares.

## MORGAN STANLEY LIQUIDITY FUNDS

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### Notes to the Financial Statements 30 September 2015

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**4. Management Company Services Agreement, Investment Advisory Agreement, Depositary Agreement, Administration Agreement, Registrar and Transfer Agent Agreement, Paying Agent Agreement, Domiciliary Agreement and Distribution Agreement:**

The Board of Directors of the Company has appointed MSIM (ACD) as designated management company (the “Management Company”) pursuant to the Management Company Services Agreement dated 1 April 2014.

The Management Company is responsible for providing collective portfolio management services (including investment management, administrative and marketing services), risk management and other administrative and operational services to the Company, subject to the overall supervision and control of the Company.

The Management Company has delegated to Morgan Stanley Investment Management Inc., the function of Investment Adviser of the Sub-Funds pursuant to an investment advisory agreement dated 1 April 2014 (the “Investment Advisory Agreement”). The Company may terminate its appointment immediately where it is in the best interest of Shareholders to do so.

The Board of Directors of the Company has appointed State Street Bank Luxembourg S.C.A. as the depositary of all of the Company’s assets, including its cash and securities, which are held either directly or through other financial institutions such as correspondent banks, subsidiaries or affiliates of the Depositary or clearing systems. The rights and duties of the Depositary are governed by the Custodian Agreement entered into on 21 December 2012 for an unlimited period of time from the date of its signature.

The Management Company has delegated to State Street Bank Luxembourg S.C.A. the function of Administrator pursuant to the Administration Agreement dated 1 April 2014. The Administrator carries out all administrative duties related to the administration of the Company, including the calculation of the Net Asset Value of the Shares, the provision of accounting services to the Company and notices and other documents to the Shareholders.

The Management Company has also delegated to the Administrator the function of registrar and transfer agent of the Company pursuant to the Administration Agreement dated 1 April 2014. In this function the Administrator processes all subscriptions, redemptions and transfers of Shares and will register these transactions in the share register of the Company.

The Management Company has also appointed State Street Bank Luxembourg S.C.A. as the paying agent of the Company pursuant to the Administration Agreement dated 1 April 2014. In this function the Administrator assists in the payment of dividends declared by the Company to its Shareholders.

Pursuant to a Domiciliary Agreement, the Management Company has appointed Morgan Stanley Investment Management Limited, Luxembourg Branch, as its Domiciliary Agent to provide the Company’s registered office, to store its corporate documents and to perform other related administrative functions.

The Management Company has appointed Morgan Stanley Investment Management Limited to act as Distributor pursuant to the Distribution Agreement dated 1 April 2014. In this respect, it may engage certain financial institutions (Intermediaries) to solicit and sell Shares to investors.

**5. Taxation:**

Under current law and practice, the Company is not liable to any Luxembourg income tax, nor are dividends paid by the Company liable to any Luxembourg withholding tax. However, the Company is liable in Luxembourg to a reduced rate of subscription tax (“taxe d’abonnement”) of 0.01% per annum of its net assets, such tax being payable quarterly and calculated on the total Net Asset Value of the Company at the end of the relevant quarter.

Pursuant to Article 175 b) of the Law, an exemption from the subscription tax may be applicable where a Fund or Class meets the following criteria: (i) the Shares of the Fund or the Class must be reserved to Institutional Investors; (ii) the exclusive object of the Fund's portfolio must be the investment in money market instruments and/or deposits with credit institutions; (iii) the remaining average maturity of the Fund's portfolio must be less than 90 days, and (iv) the Fund must benefit from the highest possible rating of a recognized rating agency.

# MORGAN STANLEY LIQUIDITY FUNDS

## Notes to the Financial Statements 30 September 2015

### 5. Taxation (cont.):

Under the aforementioned legislation and regulations prevailing in Luxembourg, Advantage Shares, Master Shares, Qualified Shares and Qualified Accumulation Shares are subject to annual subscription tax ("taxe d'abonnement") at a reduced rate of 0.01% per annum of their net assets. The remaining Classes of Shares are exempt from this tax.

The Company is registered for VAT in Luxembourg and is required to self-assess for Luxembourg VAT on services received from outside Luxembourg (that are considered taxable under Luxembourg VAT rules).

### 6. Fees and expenses:

#### (a) Service provider fees

The Company shall pay the Management Company a Management Fee in respect of each Fund, the particulars of which are set out in "*Fund Particulars*" within the Company's prospectus. In addition, the Company is responsible for all of the Management Company's reasonable cash disbursements, including but not limited to out-of-pocket expenses, provided however that the Management Company shall be required to provide the Company with evidence of any such disbursement.

The fees of the Investment Adviser, the Depositary, the Administrator and the Distributor appointed in respect of each Fund (all of which fees are payable monthly in arrears) will be paid by the Management Company out of the Management Fee it receives. The Management Company may instruct the Company to pay any of these fees to the Investment Adviser, the Depositary, the Administrator directly out of the assets of the Company. In such case, the Management Fee due to the Management Company is reduced accordingly.

In respect of any Fund or Class of Shares the Management Company may choose to waive all or any portion of its fee and/or absorb some or all other expenses in its absolute discretion for any period of time.

The Management Fee Rates as at 30 September 2015 were as follows:

Name of the Sub-Fund	Class of Shares	Management Fee Rate
<b>Euro Liquidity Fund</b>	Institutional Shares	0.20% per annum of the NAV
	Institutional Accumulation Shares	0.20% per annum of the NAV
	Institutional Select Shares	0.21% per annum of the NAV
	MS Reserve Shares	Nil
<b>US Dollar Liquidity Fund</b>	Advantage Accumulation Shares	0.45% per annum of the NAV
	Advisory Shares	0.45% per annum of the NAV
	Advisory Accumulation Shares	0.45% per annum of the NAV
	Institutional Shares	0.20% per annum of the NAV
	Institutional Accumulation Shares	0.20% per annum of the NAV
	Institutional Select Shares	0.21% per annum of the NAV
	Master Shares	Nil
	MS Reserve Shares	Nil
<b>US Dollar Treasury Liquidity Fund</b>	Advisory Shares	0.45% per annum of the NAV
	Institutional Shares	0.20% per annum of the NAV
	Institutional Select Shares	0.21% per annum of the NAV
	MS Reserve Shares	Nil
<b>Sterling Liquidity Fund</b>	Institutional Shares	0.20% per annum of the NAV
	Institutional Accumulation Shares	0.20% per annum of the NAV
	Institutional Select Shares	0.21% per annum of the NAV
	MS Reserve Shares	Nil
	Qualified Shares	0.20% per annum of the NAV
	Qualified Accumulation Shares	0.20% per annum of the NAV

#### (b) Director's Remuneration

The Directors are paid an annual fee of Euro 30,000 by the Company for their services as Directors. In addition, the Directors are also entitled to be reimbursed for their reasonable and vouched out of pocket expenses incurred in discharging their duties as Directors.

# MORGAN STANLEY LIQUIDITY FUNDS

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## Notes to the Financial Statements 30 September 2015

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### 6. Fees and expenses (cont.):

#### (c) Ongoing Charges and Expenses

The Company pays any expenses in respect of circulating details of the Net Asset Value, stamp duties, taxes, company secretarial fees, insurance, the fees and expenses of the auditors, tax and legal advisers and fees connected with listing on any stock exchange and the costs of regulatory bodies, trade bodies and rating agencies. The costs of printing and distributing reports, accounts and any explanatory memoranda, any necessary translation fees, the costs of registering the Company for sale in any jurisdiction, the fees and expenses of any paying or information agents, or correspondent banks, the fees and expenses of any representative appointed in respect of the Company in any jurisdiction, the cost of publishing prices and any costs incurred as a result of periodic updates of the Prospectus, or of a change in law or the introduction of any new law (including any costs incurred as a result of compliance with any applicable code, whether or not having the force of law) are also paid by the Company.

#### (d) Establishment Charges and Expenses

The cost of establishing the Company and the expenses of the initial offer of Shares in the Sub-Funds, the preparation and printing of the initial Prospectus, marketing costs and the fees of all professionals relating to it were borne by the Distributor of the fund.

### 7. Related Party Holdings, Transactions and Affiliations:

Morgan Stanley Investment Funds - US Dollar Liquidity Fund (the “Feeder Fund”), which is administered by J.P. Morgan Bank Luxembourg S.A., is a feeder fund of the Company’s US Dollar Liquidity Fund (the “Master Fund”), under the provisions of UCITS IV. The Feeder Fund invests at least 85% of its assets in shares of the Master Fund (Master Share Class).

As of 30 September 2015, the Feeder Fund held 36% of the net asset value of the Master Fund, or 100% of the Master Class of Share within the Master Fund.

Morgan Stanley Investment Funds was incorporated on 21 November 1988 under the laws of the Grand Duchy of Luxembourg as a “Société d’Investissement à Capital Variable” (“SICAV”) and is registered as an undertaking for collective investment pursuant to Part 1 of the Law of 17 December 2010. The 2010 Law transposes the recast UCITS Directive (Directive 2009/65/EC), often referred to as UCITS IV, into Luxembourg legislation.

A number of other Sub-Funds of Morgan Stanley Investment Funds invest into the Company from time to time. These transactions were all executed in the normal course of business at arm’s length.

The Sub-Funds of Morgan Stanley Investment Funds that held shares in the Company’s Euro Liquidity Fund as at 30 September 2015 were as follows:

Absolute Return Fixed Income Fund  
Diversified Alpha Plus Fund  
Diversified Alpha Plus Low Volatility Fund  
Emerging Europe, Middle East and Africa Equity Fund  
Euro Bond Fund  
Euro Corporate Bond (Ex Financials) Fund  
Euro Corporate Bond Fund  
Euro Strategic Bond Fund  
European Currencies High Yield Bond Fund  
European Equity Alpha Fund  
European Real Estate Fund  
Eurozone Equity Alpha Fund  
Global Balanced Income Fund  
Global Balanced Risk Control Fund  
Global Bond Fund  
Short Maturity Euro Bond Fund

## MORGAN STANLEY LIQUIDITY FUNDS

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### Notes to the Financial Statements 30 September 2015

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#### 7. Related Party Holdings, Transactions and Affiliations (cont.):

The Sub-Funds of Morgan Stanley Investment Funds that held shares in the Company's US Dollar Liquidity Fund as at 30 September 2015 were as follows:

Asian Equity Fund  
 Asia-Pacific Equity Fund  
 Emerging Europe, Middle East & Africa Equity Fund  
 Emerging Leaders Equity Fund  
 Emerging Markets Corporate Debt Fund  
 Emerging Markets Debt Fund  
 Emerging Markets Domestic Debt Fund  
 Emerging Markets Equity Fund  
 Frontier Emerging Markets Equity Fund  
 Global Convertible Bond Fund  
 Global Credit Fund  
 Global Fixed Income Opportunities Fund  
 Global High Yield Bond Fund  
 Global Premier Credit Fund  
 Latin American Equity Fund  
 Liquid Alpha Capture Fund

The Sub-Funds of Morgan Stanley Investment Funds that held shares in the Company's US Dollar Treasury Liquidity Fund as at 30 September 2015 were as follows:

Asian Property Fund  
 Global Advantage Fund  
 Global Brands Fund  
 Global Discovery Fund  
 Global Infrastructure Fund  
 Global Opportunity Fund  
 Global Property Fund  
 Global Quality Fund  
 International Equity (Ex US) Fund  
 US Advantage Fund  
 US Growth Fund  
 US Insight Fund  
 US Property Fund

No Sub-Fund of Morgan Stanley Investment Funds held shares in the Company's Sterling Liquidity Fund.

No portfolio transactions of the Company that occurred during the period were executed through affiliated firms or brokers.

#### 8. Reverse repurchase agreements:

During the financial period, certain Sub-Funds entered into reverse repurchase agreements.

As at 30 September 2015, all the Sub-Funds had entered into reverse repurchase agreements. The total commitment of the reverse repurchase agreements is as follows:

<b>Euro Liquidity Fund: reverse repurchase agreements as at 30 September 2015</b>
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Description	Counterparty	Reverse Repurchase Agreements	CCY	Market Value of Collateral Received	CCY
CITIBANK GLOBAL MARKETS / 0.10% / 01/10/2015	Euroclear	130,000,000	EUR	132,600,944	EUR
SOCIETE GENERALE / -0.23% / 01/10/2015	Euroclear	130,000,000	EUR	132,600,476	EUR
<b>TOTAL</b>		<b>260,000,000</b>		<b>265,201,420</b>	

# MORGAN STANLEY LIQUIDITY FUNDS

## Notes to the Financial Statements 30 September 2015

### 8. Reverse repurchase agreements (cont.):

The collateral received in respect of the reverse repurchase agreements consists of the following securities:

Collateral Description	Collateral Type	Tri-Party Agent	CCY	Market Value of Securities Collateral received
Italy Treasury Bill / 0.00% / 13/11/2015	Government Bond	Euroclear	EUR	52,780,143
Italy Treasury Bill / 0.00% / 31/12/2015	Government Bond	Euroclear	EUR	21,123,237
Italy Treasury Bill / 0.00% / 14/07/2016	Government Bond	Euroclear	EUR	2,692,442
Italy Treasury Bill / 0.00% / 29/01/2016	Government Bond	Euroclear	EUR	43,056,427
Italy Treasury Bill / 0.00% / 12/08/2016	Government Bond	Euroclear	EUR	12,944,705
Spain Government Bond / 0.25% / 30/04/2018	Government Bond	Euroclear	EUR	3,990
Italy Government Bond / 2.35% / 15/09/2035	Government Bond	Euroclear	EUR	5,321,552
Italy Government Bond / 3.75% / 01/08/2016	Government Bond	Euroclear	EUR	79,601,725
Italy Government Bond / FRN / 15/09/2017	Government Bond	Euroclear	EUR	606,873
Italy Government Bond / 4.00% / 01/02/2017	Government Bond	Euroclear	EUR	2,868,101
Italy Government Bond / FRN / 15/09/2023	Government Bond	Euroclear	EUR	7,207,744
Italy Government Bond / FRN / 15/09/2041	Government Bond	Euroclear	EUR	182,766
Italy Government Bond / FRN / 01/03/2017	Government Bond	Euroclear	EUR	3,683,747
Italy Government Bond / FRN / 15/12/2015	Government Bond	Euroclear	EUR	19,683,829
Italy Government Bond (BTP) / 2.75% / 15/11/2016	Government Bond	Euroclear	EUR	149,830
Italy Government Bond CCT / FRN / 15/06/2022	Government Bond	Euroclear	EUR	95,712
Italy Treasury Note / 0.00% / 01/07/2016	Government Bond	Euroclear	EUR	2,350,310
Spain Government Bond / 3.80% / 31/01/2017	Government Bond	Euroclear	EUR	4,584,526
Spain Government Bond / FRN / 30/11/2024	Government Bond	Euroclear	EUR	2,447,040
Spain Government Bond / FRN / 30/11/2019	Government Bond	Euroclear	EUR	3,179,498
Spain Government Bond / FRN / 30/11/2030	Government Bond	Euroclear	EUR	637,223
<b>TOTAL</b>				<b>265,201,420</b>

### US Dollar Liquidity Fund: reverse repurchase agreements as at 30 September 2015

Description	Counterparty	Reverse Repurchase Agreements	CCY	Market Value of Collateral Received	CCY
JP MORGAN SECURITIES LLC / 0.12% / 01/10/2015	JP Morgan Securities	225,000,000	USD	229,501,106	USD
JP MORGAN SECURITIES LLC / 0.07% / 02/10/2015	JP Morgan Securities	200,000,000	USD	204,003,411	USD
MERRILL LYNCH PIERCE FENNER & SMITH / 0.12% / 01/10/2015	Bank of New York	200,000,000	USD	204,810,827	USD
GOLDMAN SACHS & CO / 0.12% / 01/10/2015	Bank of New York	200,000,000	USD	205,981,456	USD
<b>TOTAL</b>		<b>825,000,000</b>		<b>844,296,800</b>	

The collateral received in respect of the reverse repurchase agreements consists of the following securities:

Collateral Description	Collateral Type	Tri-Party Agent	CCY	Market Value of Securities Collateral received
UNITES STATES TREASURY NOTES / 1.00% / 15/09/2018	Treasury Note	JP Morgan Securities	USD	126,434,327
UNITES STATES TREASURY NOTES / 1.63% / 31/07/2019	Treasury Note	JP Morgan Securities	USD	59,195,254
UNITES STATES TREASURY NOTES / 1.63% / 31/07/2019	Treasury Note	JP Morgan Securities	USD	72,648,071
UNITES STATES TREASURY NOTES / 2.13% / 30/09/2021	Treasury Note	JP Morgan Securities	USD	30,418,707
UNITES STATES TREASURY NOTES / 2.75% / 15/02/2024	Treasury Note	JP Morgan Securities	USD	144,808,157
TENN VALLEY AUTHORITY / 0.00% / 15/07/2042	US Agency	Merrill Lynch	USD	204,410
TENN VALLEY AUTHORITY / 0.00% / 15/07/2040	US Agency	Merrill Lynch	USD	222,053
TENN VALLEY AUTHORITY / 0.00% / 15/07/2038	US Agency	Merrill Lynch	USD	210,805
TENN VALLEY AUTHORITY / 0.00% / 15/07/2037	US Agency	Merrill Lynch	USD	315,568
TENN VALLEY AUTHORITY / 0.00% / 15/07/2037	US Agency	Merrill Lynch	USD	410,520
TENN VALLEY AUTHORITY / 0.00% / 15/07/2036	US Agency	Merrill Lynch	USD	250,254
TENN VALLEY AUTHORITY / 0.00% / 15/07/2035	US Agency	Merrill Lynch	USD	139,813
TENN VALLEY AUTHORITY / 0.00% / 15/07/2034	US Agency	Merrill Lynch	USD	289,874
TENN VALLEY AUTHORITY / 0.00% / 15/09/2030	US Agency	Merrill Lynch	USD	563,115
TENN VALLEY AUTHORITY / 0.00% / 15/09/2023	US Agency	Merrill Lynch	USD	432,600
TENN VALLEY AUTHORITY / 0.00% / 15/09/2020	US Agency	Merrill Lynch	USD	539,203
TENN VALLEY AUTHORITY / 0.00% / 15/09/2018	US Agency	Merrill Lynch	USD	501,070
TENN VALLEY AUTHORITY / 0.00% / 15/07/2047	US Agency	Merrill Lynch	USD	282,915
TENN VALLEY AUTHORITY / 0.00% / 15/07/2044	US Agency	Merrill Lynch	USD	89,450
TENN VALLEY AUTHORITY / 0.00% / 15/07/2033	US Agency	Merrill Lynch	USD	216,222



# MORGAN STANLEY LIQUIDITY FUNDS

## Notes to the Financial Statements 30 September 2015

### 8. Reverse repurchase agreements (cont.):

Collateral Description	Collateral Type	Tri-Party Agent	CCY	Market Value of Securities Collateral received
TENN VALLEY AUTHORITY / 0.00% / 15/07/2032	US Agency	Merrill Lynch	USD	1,104
TENN VALLEY AUTHORITY / 0.00% / 15/07/2031	US Agency	Merrill Lynch	USD	202,330
TENN VALLEY AUTHORITY, 0.00%, 15/07/2030	US Agency	Merrill Lynch	USD	817,146
TENN VALLEY AUTHORITY, 0.00%, 15/07/2030	US Agency	Merrill Lynch	USD	329,238
TENN VALLEY AUTHORITY, 0.00%, 15/07/2029	US Agency	Merrill Lynch	USD	57,668
TENN VALLEY AUTHORITY, 0.00%, 15/07/2024	US Agency	Merrill Lynch	USD	274,805
TENN VALLEY AUTHORITY, 0.00%, 15/07/2023	US Agency	Merrill Lynch	USD	473,973
TENN VALLEY AUTHORITY, 0.00%, 15/06/2036	US Agency	Merrill Lynch	USD	62,143
TENN VALLEY AUTHORITY, 0.00%, 15/06/2031	US Agency	Merrill Lynch	USD	145,196
TENN VALLEY AUTHORITY, 0.00%, 15/06/2030	US Agency	Merrill Lynch	USD	1,190
TENN VALLEY AUTHORITY, 0.00%, 15/06/2026	US Agency	Merrill Lynch	USD	149,076
TENN VALLEY AUTHORITY, 0.00%, 01/05/2030	US Agency	Merrill Lynch	USD	103,775
TENN VALLEY AUTHORITY, 0.00%, 01/05/2028	US Agency	Merrill Lynch	USD	220,624
TENN VALLEY AUTHORITY, 0.00%, 01/05/2027	US Agency	Merrill Lynch	USD	118,407
TENN VALLEY AUTHORITY, 0.00%, 01/05/2026	US Agency	Merrill Lynch	USD	137,568
TENN VALLEY AUTHORITY, 0.00%, 01/05/2025	US Agency	Merrill Lynch	USD	102,078
TENN VALLEY AUTHORITY, 0.00%, 01/05/2023	US Agency	Merrill Lynch	USD	330,826
UNITED STATES TREASURY INFLATION INDEXED BONDS, 1.38%, 15/02/2044	Treasury Note	Merrill Lynch	USD	20,634,874
TENN VALLEY AUTHORITY, 6.75%, 01/11/2022	US Agency	Merrill Lynch	USD	380,401
TENN VALLEY AUTHORITY, 5.25%, 15/09/2039	US Agency	Merrill Lynch	USD	3,507,407
TENN VALLEY AUTHORITY, 5.50%, 15/06/2038	US Agency	Merrill Lynch	USD	914,950
TENN VALLEY AUTHORITY, 7.13%, 01/05/2030	US Agency	Merrill Lynch	USD	596
TENN VALLEY AUTHORITY, 5.38%, 01/04/2056	US Agency	Merrill Lynch	USD	2,165
TENN VALLEY AUTHORITY, 6.15%, 15/01/2038	US Agency	Merrill Lynch	USD	1,251
TENN VALLEY AUTHORITY, 0.00%, 15/12/2037	US Agency	Merrill Lynch	USD	112,927
TENN VALLEY AUTHORITY, 0.00%, 15/12/2029	US Agency	Merrill Lynch	USD	39,908
TENN VALLEY AUTHORITY, 0.00%, 15/12/2026	US Agency	Merrill Lynch	USD	208,038
TENN VALLEY AUTHORITY, 0.00%, 15/12/2022	US Agency	Merrill Lynch	USD	34,670
TENN VALLEY AUTHORITY, 0.00%, 01/11/2028	US Agency	Merrill Lynch	USD	181,715
TENN VALLEY AUTHORITY, 0.00%, 01/11/2027	US Agency	Merrill Lynch	USD	114,382
TENN VALLEY AUTHORITY, 0.00%, 01/11/2026	US Agency	Merrill Lynch	USD	230,898
TENN VALLEY AUTHORITY, 0.00%, 01/11/2025	US Agency	Merrill Lynch	USD	100,333
TENN VALLEY AUTHORITY, 0.00%, 01/11/2023	US Agency	Merrill Lynch	USD	107,960
TENN VALLEY AUTHORITY, 0.00%, 01/11/2021	US Agency	Merrill Lynch	USD	119,340
TENN VALLEY AUTHORITY, 0.00%, 01/11/2020	US Agency	Merrill Lynch	USD	168,522
TENN VALLEY AUTHORITY, 0.00%, 01/11/2019	US Agency	Merrill Lynch	USD	276,397
TENN VALLEY AUTHORITY, 0.00%, 01/11/2018	US Agency	Merrill Lynch	USD	284,336
TENN VALLEY AUTHORITY, 0.00%, 01/11/2015	US Agency	Merrill Lynch	USD	1,000
TENN VALLEY AUTHORITY, 0.00%, 15/09/2038	US Agency	Merrill Lynch	USD	702,446
TENN VALLEY AUTHORITY, 0.00%, 15/09/2037	US Agency	Merrill Lynch	USD	1,138,990
TENN VALLEY AUTHORITY, 0.00%, 15/09/2032	US Agency	Merrill Lynch	USD	2,177,450
TENN VALLEY AUTHORITY, 0.00%, 15/09/2031	US Agency	Merrill Lynch	USD	300,489
TENN VALLEY AUTHORITY, 0.00%, 15/01/2048	US Agency	Merrill Lynch	USD	274,077
TENN VALLEY AUTHORITY, 0.00%, 15/01/2047	US Agency	Merrill Lynch	USD	285,507
TENN VALLEY AUTHORITY, 0.00%, 15/01/2045	US Agency	Merrill Lynch	USD	263,376
TENN VALLEY AUTHORITY, 0.00%, 15/01/2044	US Agency	Merrill Lynch	USD	309,782
TENN VALLEY AUTHORITY, 0.00%, 15/01/2042	US Agency	Merrill Lynch	USD	204,966
TENN VALLEY AUTHORITY, 0.00%, 15/01/2041	US Agency	Merrill Lynch	USD	217,546
TENN VALLEY AUTHORITY, 0.00%, 15/01/2038	US Agency	Merrill Lynch	USD	69,521
TENN VALLEY AUTHORITY, 0.00%, 15/01/2038	US Agency	Merrill Lynch	USD	398,903
TENN VALLEY AUTHORITY, 0.00%, 15/01/2037	US Agency	Merrill Lynch	USD	188,841
TENN VALLEY AUTHORITY, 0.00%, 15/01/2037	US Agency	Merrill Lynch	USD	417,405
TENN VALLEY AUTHORITY, 0.00%, 15/01/2035	US Agency	Merrill Lynch	USD	159,499
TENN VALLEY AUTHORITY, 0.00%, 15/01/2034	US Agency	Merrill Lynch	USD	54,983
TENN VALLEY AUTHORITY, 0.00%, 15/01/2033	US Agency	Merrill Lynch	USD	190,669
TENN VALLEY AUTHORITY, 0.00%, 15/01/2032	US Agency	Merrill Lynch	USD	44,012
TENN VALLEY AUTHORITY, 0.00%, 15/01/2031	US Agency	Merrill Lynch	USD	206,634
TENN VALLEY AUTHORITY, 0.00%, 15/01/2028	US Agency	Merrill Lynch	USD	168,036
TENN VALLEY AUTHORITY, 0.00%, 15/01/2026	US Agency	Merrill Lynch	USD	738
TENN VALLEY AUTHORITY, 0.00%, 15/01/2026	US Agency	Merrill Lynch	USD	739
TENN VALLEY AUTHORITY, 0.00%, 15/01/2025	US Agency	Merrill Lynch	USD	176,306
TENN VALLEY AUTHORITY, 0.00%, 15/01/2025	US Agency	Merrill Lynch	USD	176,362
TENN VALLEY AUTHORITY, 0.00%, 15/01/2024	US Agency	Merrill Lynch	USD	281,527
TENN VALLEY AUTHORITY, 3.50%, 15/12/2042	US Agency	Merrill Lynch	USD	24,861,711
TENN VALLEY AUTHORITY, 6.75%, 01/11/2025	US Agency	Merrill Lynch	USD	1,080,495
TENN VALLEY AUTHORITY, 1.75%, 15/10/2018	US Agency	Merrill Lynch	USD	51,374

# MORGAN STANLEY LIQUIDITY FUNDS

## Notes to the Financial Statements 30 September 2015

### 8. Reverse repurchase agreements (cont.):

Collateral Description	Collateral Type	Tri-Party Agent	CCY	Market Value of Securities Collateral received
TENN VALLEY AUTHORITY, 4.25%, 15/09/2065	US Agency	Merrill Lynch	USD	9,468,792
TENN VALLEY AUTHORITY, 4.63%, 15/09/2060	US Agency	Merrill Lynch	USD	1,103,757
TENN VALLEY AUTHORITY, 5.25%, 15/09/2039	US Agency	Merrill Lynch	USD	1,222,586
TENN VALLEY AUTHORITY, 2.88%, 15/09/2024	US Agency	Merrill Lynch	USD	1,049,137
TENN VALLEY AUTHORITY, 1.88%, 15/09/2022	US Agency	Merrill Lynch	USD	1,965,002
TENN VALLEY AUTHORITY, 5.50%, 18/07/2017	US Agency	Merrill Lynch	USD	91,002
TENN VALLEY AUTHORITY, 4.70%, 15/07/2033	US Agency	Merrill Lynch	USD	1,040,297
TENN VALLEY AUTHORITY, 5.50%, 15/07/2038	US Agency	Merrill Lynch	USD	971,251
TENN VALLEY AUTHORITY, 4.65%, 15/07/2035	US Agency	Merrill Lynch	USD	10,320,503
TENN VALLEY AUTHORITY, 7.13%, 01/05/2030	US Agency	Merrill Lynch	USD	1,459,178
TENN VALLEY AUTHORITY, 4.5%, 01/04/2018	US Agency	Merrill Lynch	USD	100,002
TENN VALLEY AUTHORITY 3.88%, 15/02/2021	US Agency	Merrill Lynch	USD	387,455
TENN VALLEY AUTHORITY, 4.88%, 15/01/2048	US Agency	Merrill Lynch	USD	274,318
TENN VALLEY AUTHORITY, 6.15%, 15/01/2038	US Agency	Merrill Lynch	USD	812,078
FANNIE MAE, 5.38%, 12/06/2017	US Agency	Merrill Lynch	USD	1,021,589
FREDDIE MAC, 5.13%, 18/10/2016	US Agency	Merrill Lynch	USD	241,228
FREDDIE MAC, 1.00%, 29/09/2017	US Agency	Merrill Lynch	USD	201,308
FREDDIE MAC, 1.25%, 01/09/2019	US Agency	Merrill Lynch	USD	1,942,279
FREDDIE MAC, 1.00%, 29/06/2017	US Agency	Merrill Lynch	USD	280,615
FREDDIE MAC, 0.50%, 13/05/2016	US Agency	Merrill Lynch	USD	215,633
FREDDIE MAC, 0.50%, 13/05/2016	US Agency	Merrill Lynch	USD	923,710
FREDDIE MAC, 0.88%, 07/03/2018	US Agency	Merrill Lynch	USD	22,030
FANNIE MAE, 3.00%, 27/12/2032	US Agency	Merrill Lynch	USD	93,502
FANNIE MAE, 3.40%, 27/09/2032	US Agency	Merrill Lynch	USD	142,063
FANNIE MAE, 0.23%, 01/04/2016	US Agency	Merrill Lynch	USD	60,050
FANNIE MAE, 0.00%, 17/03/2031	US Agency	Merrill Lynch	USD	1,186,980
FANNIE MAE, 0.00%, 23/09/2016	US Agency	Merrill Lynch	USD	4,975
FANNIE MAE, 1.38%, 15/11/2016	US Agency	Merrill Lynch	USD	398,882
FANNIE MAE, 2.64%, 13/09/2023	US Agency	Merrill Lynch	USD	4,028,730
FANNIE MAE, 0.38%, 05/07/2016	US Agency	Merrill Lynch	USD	113,110
FANNIE MAE, 1.00%, 21/05/2018	US Agency	Merrill Lynch	USD	32,006
FANNIE MAE, 0.88%, 21/05/18	US Agency	Merrill Lynch	USD	409,161
FANNIE MAE, 1.13%, 27/04/2017	US Agency	Merrill Lynch	USD	2,491,437
FANNIE MAE, 2.25%, 15/03/16	US Agency	Merrill Lynch	USD	5,051
FANNIE MAE, 1.88%, 19/02/2019	US Agency	Merrill Lynch	USD	25,644
FANNIE MAE, 1.68%, 11/02/2020	US Agency	Merrill Lynch	USD	135,851
FANNIE MAE, 0.88%, 08/02/2018	US Agency	Merrill Lynch	USD	25,071
FANNIE MAE, 1.25%, 30/01/2017	US Agency	Merrill Lynch	USD	2,929,392
FANNIE MAE, 0.00%, 15/01/2030	US Agency	Merrill Lynch	USD	2,479,520
FANNIE MAE, 0.00%, 15/01/2029	US Agency	Merrill Lynch	USD	1,945
FANNIE MAE, 5.00%, 13/02/2017	US Agency	Merrill Lynch	USD	14,936
FANNIE MAE, 0.00%, 15/07/2037	US Agency	Merrill Lynch	USD	450,643
FANNIE MAE DN, 0.00%, 30/11/2015	US Agency	Merrill Lynch	USD	14,998
FANNIE MAE DN, 0.00%, 18/11/2015	US Agency	Merrill Lynch	USD	954,905
FANNIE MAE DN, 0.00%, 01/10/2015	US Agency	Merrill Lynch	USD	28,000
FANNIE MAE DN, 0.00%, 17/02/2016	US Agency	Merrill Lynch	USD	99,934
FANNIE MAE DN, 0.00%, 16/02/2016	US Agency	Merrill Lynch	USD	3,197,887
FANNIE MAE DN, 0.00%, 02/02/2016	US Agency	Merrill Lynch	USD	299,823
FREDDIE MAC, 0.75%, 25/09/2017	US Agency	Merrill Lynch	USD	2,504,252
FREDDIE MAC, 2.06%, 27/05/2021	US Agency	Merrill Lynch	USD	57,779
FREDDIE MAC, 1.25%, 25/05/2018	US Agency	Merrill Lynch	USD	33,191
FREDDIE MAC, 1.84%, 08/04/2020	US Agency	Merrill Lynch	USD	234,188
FREDDIE MAC, 1.25%, 30/01/2018	US Agency	Merrill Lynch	USD	175,498
FREDDIE MAC, 3.00%, 27/09/2027	US Agency	Merrill Lynch	USD	104,845
FREDDIE MAC, 0.00%, 15/09/2028	US Agency	Merrill Lynch	USD	416,413
FREDDIE MAC, 6.75%, 15/03/2031	US Agency	Merrill Lynch	USD	637,394
FREDDIE MAC, 4.75%, 19/01/2016	US Agency	Merrill Lynch	USD	153,421
FEDERAL HOME LOAN BANK, 3.13%, 11/03/2016	US Agency	Merrill Lynch	USD	101,426
FEDERAL HOME LOAN BANK, 3.63%, 10/03/2017	US Agency	Merrill Lynch	USD	130,697
FEDERAL HOME LOAN BANK, 5.00%, 28/09/2029	US Agency	Merrill Lynch	USD	55,597
FEDERAL HOME LOAN BANK, 3.75%, 09/09/2016	US Agency	Merrill Lynch	USD	206,563
FEDERAL HOME LOAN BANK, 3.88%, 11/12/2015	US Agency	Merrill Lynch	USD	50,956
FEDERAL HOME LOAN BANK, 4.75%, 16/12/2016	US Agency	Merrill Lynch	USD	63,871
FEDERAL HOME LOAN BANK, 5.75%, 12/06/2026	US Agency	Merrill Lynch	USD	2,249,357
FEDERAL HOME LOAN BANK, 5.63%, 11/06/2021	US Agency	Merrill Lynch	USD	122,274
FEDERAL HOME LOAN BANK, 5.38%, 10/06/2016	US Agency	Merrill Lynch	USD	10,511
FEDERAL HOME LOAN BANK, 5.38%, 10/06/2016	US Agency	Merrill Lynch	USD	204,957

# MORGAN STANLEY LIQUIDITY FUNDS

## Notes to the Financial Statements 30 September 2015

### 8. Reverse repurchase agreements (cont.):

Collateral Description	Collateral Type	Tri-Party Agent	CCY	Market Value of Securities Collateral received
FEDERAL HOME LOAN BANK, 5.13%, 14/03/2036	US Agency	Merrill Lynch	USD	12,423
FEDERAL HOME LOAN BANK, 5.38%, 15/08/2024	US Agency	Merrill Lynch	USD	43,384
FEDERAL FARM CREDIT BANK, 2.00%, 01/12/2021	US Agency	Merrill Lynch	USD	10,153
FEDERAL FARM CREDIT BANK, 0.81%, 18/08/2017	US Agency	Merrill Lynch	USD	4,282,674
FEDERAL FARM CREDIT BANK, 2.70%, 02/12/2024	US Agency	Merrill Lynch	USD	20,509
FEDERAL FARM CREDIT BANK, 1.15%, 10/01/2017	US Agency	Merrill Lynch	USD	20,270
FEDERAL FARM CREDIT BANK, 0.22%, 26/10/15	US Agency	Merrill Lynch	USD	100,007
FEDERAL FARM CREDIT BANK, 1.29%, 13/05/2019	US Agency	Merrill Lynch	USD	10,008
FEDERAL FARM CREDIT BANK, 0.41%, 01/03/2016	US Agency	Merrill Lynch	USD	90,131
FEDERAL FARM CREDIT BANK, 0.43%, 29/01/2016	US Agency	Merrill Lynch	USD	86,106
FEDERAL FARM CREDIT BANK, 2.84%, 01/08/2030	US Agency	Merrill Lynch	USD	191,080
FREDDIE MAC DN, 0.00%, 01/12/2015	US Agency	Merrill Lynch	USD	955,818
TENN VALLEY AUTHORITY, 0.00%, 01/05/2022	US Agency	Merrill Lynch	USD	257,988
TENN VALLEY AUTHORITY, 0.00%, 01/05/2021	US Agency	Merrill Lynch	USD	121,983
TENN VALLEY AUTHORITY, 0.00%, 01/05/2019	US Agency	Merrill Lynch	USD	36,888
TENN VALLEY AUTHORITY, 0.00%, 01/05/2018	US Agency	Merrill Lynch	USD	72,616
TENN VALLEY AUTHORITY, 0.00%, 15/03/2039	US Agency	Merrill Lynch	USD	1,834,405
TENN VALLEY AUTHORITY, 0.00%, 15/03/2038	US Agency	Merrill Lynch	USD	189,001
TENN VALLEY AUTHORITY, 0.00%, 15/03/2037	US Agency	Merrill Lynch	USD	589,562
TENN VALLEY AUTHORITY, 0.00%, 15/03/2035	US Agency	Merrill Lynch	USD	588,159
TENN VALLEY AUTHORITY, 0.00%, 15/03/2034	US Agency	Merrill Lynch	USD	350,730
TENN VALLEY AUTHORITY, 0.00%, 15/03/2033	US Agency	Merrill Lynch	USD	2,598,422
TENN VALLEY AUTHORITY, 0.00%, 15/03/2032	US Agency	Merrill Lynch	USD	10,645
TENN VALLEY AUTHORITY, 0.00% 15/03/2030	US Agency	Merrill Lynch	USD	200,575
TENN VALLEY AUTHORITY, 0.00% 15/03/2027	US Agency	Merrill Lynch	USD	476,285
TENN VALLEY AUTHORITY, 0.00%, 15/03/2025	US Agency	Merrill Lynch	USD	397,913
TENN VALLEY AUTHORITY, 0.00%, 15/03/2016	US Agency	Merrill Lynch	USD	387,453
TENN VALLEY AUTHORITY, 0.00%, 15/01/2048	US Agency	Merrill Lynch	USD	1,064,569
FREDDIE MAC DN, 0.00%, 02/11/2015	US Agency	Merrill Lynch	USD	1,000
FREDDIE MAC DN, 0.00%, 05/04/2016	US Agency	Merrill Lynch	USD	1,766,789
FREDDIE MAC DN, 0.00%, 04/04/2016	US Agency	Merrill Lynch	USD	1,095,629
FREDDIE MAC DN, 0.00%, 16/03/2016	US Agency	Merrill Lynch	USD	76,925
FREDDIE MAC DN, 0.00%, 27/01/2016	US Agency	Merrill Lynch	USD	399,832
FREDDIE MAC DN, 0.00%, 25/01/2016	US Agency	Merrill Lynch	USD	619,746
FEDERAL HOME LOAN DN, 0.00%, 31/12/2015	US Agency	Merrill Lynch	USD	1,040,709
FEDERAL HOME LOAN DN, 0.00%, 11/12/2015	US Agency	Merrill Lynch	USD	2,999,340
FEDERAL HOME LOAN DN, 0.00%, 30/11/2015	US Agency	Merrill Lynch	USD	5,999,219
FEDERAL HOME LOAN DN, 0.00%, 23/11/2015	US Agency	Merrill Lynch	USD	99,989
FEDERAL HOME LOAN DN, 0.00%, 18/11/2015	US Agency	Merrill Lynch	USD	3,774,623
FEDERAL HOME LOAN DN, 0.00%, 03/11/2015	US Agency	Merrill Lynch	USD	549,962
FEDERAL HOME LOAN DN, 0.00%, 28/10/2015	US Agency	Merrill Lynch	USD	2,336,930
FEDERAL HOME LOAN DN, 0.00% 21/10/2015	US Agency	Merrill Lynch	USD	3,494,930
FEDERAL HOME LOAN DN, 0.00%, 08/10/2015	US Agency	Merrill Lynch	USD	164,998
FEDERAL HOME LOAN DN, 0.00%, 01/07/2016	US Agency	Merrill Lynch	USD	331,316
FEDERAL HOME LOAN DN, 0.00%, 01/06/2016	US Agency	Merrill Lynch	USD	219,611
FEDERAL HOME LOAN DN, 0.00%, 08/02/2016	US Agency	Merrill Lynch	USD	1,099,318
FEDERAL HOME LOAN BANK, 3.73%, 01/07/2033	US Agency	Merrill Lynch	USD	77,868
FEDERAL HOME LOAN BANK, 3.08%, 21/03/2028	US Agency	Merrill Lynch	USD	236,614
FEDERAL HOME LOAN BANK, 1.08%, 20/02/2018	US Agency	Merrill Lynch	USD	50,065
FEDERAL HOME LOAN BANK, 1.38%, 13/09/2019	US Agency	Merrill Lynch	USD	20,063
FEDERAL HOME LOAN BANK, 2.85%, 30/07/2025	US Agency	Merrill Lynch	USD	6,030,120
FEDERAL HOME LOAN BANK, 3.10% 16/07/2027	US Agency	Merrill Lynch	USD	846,627
FEDERAL HOME LOAN BANK, 1.00%, 09/06/2017	US Agency	Merrill Lynch	USD	60,550
FEDERAL HOME LOAN BANK, 2.67%, 08/03/2024	US Agency	Merrill Lynch	USD	424,789
FEDERAL HOME LOAN BANK, 2.38%, 11/12/2015	US Agency	Merrill Lynch	USD	242,755
FEDERAL HOME LOAN BANK, 1.63%, 11/12/2015	US Agency	Merrill Lynch	USD	60,470
FEDERAL HOME LOAN BANK, 1.63% . 09/12/2016	US Agency	Merrill Lynch	USD	1,883,448
FEDERAL FARM CREDIT BANK, 5.00%, 07/11/2016	US Agency	Merrill Lynch	USD	3,207,873
FEDERAL FARM CREDIT BANK, 5.63%, 03/07/2017	US Agency	Merrill Lynch	USD	120,857
FEDERAL FARM CREDIT BANK, 4.80%, 11/02/2016	US Agency	Merrill Lynch	USD	149,427
FEDERAL FARM CREDIT BANK, 4.88%, 17/01/2017	US Agency	Merrill Lynch	USD	26,622
FEDERAL FARM CREDIT BANK, 4.88%, 16/12/2015	US Agency	Merrill Lynch	USD	51,189
FEDERAL FARM CREDIT BANK, 5.50%, 25/05/2016	US Agency	Merrill Lynch	USD	31,586
FEDERAL FARM CREDIT BANK, 0.29%, 15/07/2016	US Agency	Merrill Lynch	USD	100,062
FEDERAL FARM CREDIT BANK, 0.00%, 25/05/2016	US Agency	Merrill Lynch	USD	100,059
FEDERAL FARM CREDIT BANK DN, 0.00%, 09/11/2015	US Agency	Merrill Lynch	USD	14,999
FEDERAL HOME LOAN BANK, 1.14%, 28/09/2018	US Agency	Merrill Lynch	USD	7,918,845

# MORGAN STANLEY LIQUIDITY FUNDS

## Notes to the Financial Statements 30 September 2015

### 8. Reverse repurchase agreements (cont.):

Collateral Description	Collateral Type	Tri-Party Agent	CCY	Market Value of Securities Collateral received
FEDERAL HOME LOAN BANK, 1.27%, 29/03/2019	US Agency	Merrill Lynch	USD	2,488,621
FEDERAL HOME LOAN BANK, 1.13%, 25/04/2018	US Agency	Merrill Lynch	USD	242,593
FEDERAL HOME LOAN BANK, 0.70%, 24/02/2017	US Agency	Merrill Lynch	USD	45,104
FEDERAL HOME LOAN BANK, 1.13%, 08/12/2017	US Agency	Merrill Lynch	USD	30,320
FEDERAL HOME LOAN BANK, 0.26%, 22/01/2016	US Agency	Merrill Lynch	USD	185,093
FEDERAL HOME LOAN BANK, 0.38%, 19/02/2016	US Agency	Merrill Lynch	USD	5,004,285
FREDDIE MAC, 0.00%, 15/11/2038	US Agency	Merrill Lynch	USD	355,921
FREDDIE MAC, 5.55%, 22/05/2037	US Agency	Merrill Lynch	USD	1,462,470
FANNIE MAE, 3.50%, 01/12/2025	US Agency	Goldman Sachs & Co	USD	3,193,483
FANNIE MAE, 3.50%, 01/10/2033	US Agency	Goldman Sachs & Co	USD	16,443,791
FANNIE MAE, 2.35%, 01/10/2039	US Agency	Goldman Sachs & Co	USD	16,529,387
FANNIE MAE, 6.00%, 01/08/2039	US Agency	Goldman Sachs & Co	USD	1,139,666
FANNIE MAE, 5.50%, 01/09/2036	US Agency	Goldman Sachs & Co	USD	17,468,664
FANNIE MAE, 5.50%, 01/12/2035	US Agency	Goldman Sachs & Co	USD	2,948,973
FANNIE MAE / 3.00% / 01/03/2030	US Agency	Goldman Sachs & Co	USD	16,337,799
FANNIE MAE / 5.50% / 01/04/2040	US Agency	Goldman Sachs & Co	USD	3,162,512
FANNIE MAE / 2.60% / 01/05/2045	US Agency	Goldman Sachs & Co	USD	306,581
FANNIE MAE / 4.00% / 01/12/2044	US Agency	Goldman Sachs & Co	USD	17,151,178
FANNIE MAE / 4.00% / 01/07/2044	US Agency	Goldman Sachs & Co	USD	2,854,194
FANNIE MAE / 4.00% / 01/06/2044	US Agency	Goldman Sachs & Co	USD	16,549,391
FANNIE MAE / 4.00% / 01/06/2034	US Agency	Goldman Sachs & Co	USD	7,209,564
FANNIE MAE / 3.50% / 01/03/2043	US Agency	Goldman Sachs & Co	USD	16,744,863
FANNIE MAE / 4.00% / 01/02/2042	US Agency	Goldman Sachs & Co	USD	16,750,221
FEDERAL HOME LOAN BANK / 3.50% / 01/06/2034	US Agency	Goldman Sachs & Co	USD	2,925,898
FEDERAL HOME LOAN BANK / 4.00% / 01/06/2025	US Agency	Goldman Sachs & Co	USD	95,972
FEDERAL HOME LOAN BANK / 3.50% / 01/12/2042	US Agency	Goldman Sachs & Co	USD	40,809,942
FEDERAL HOME LOAN BANK / 4.50% / 01/01/2019	US Agency	Goldman Sachs & Co	USD	2,821,497
FEDERAL HOME LOAN BANK / 5.50% / 01/09/2035	US Agency	Goldman Sachs & Co	USD	1,601,970
FEDERAL HOME LOAN BANK / 3.50% / 01/02/2032	US Agency	Goldman Sachs & Co	USD	2,935,911
<b>TOTAL</b>				<b>844,296,800</b>

### US Dollar Treasury Liquidity Fund: reverse repurchase agreement as at 30 September 2015

Description	Counterparty	Reverse Repurchase Agreements	CCY	Market Value of Collateral Received	CCY
JP MORGAN SECURITIES LLC / 0.12% / 01/10/2015	JP Morgan Securities	125,000,000	USD	127,502,719	USD
<b>TOTAL</b>		<b>125,000,000</b>		<b>127,502,719</b>	

The collateral received in respect of the reverse repurchase agreements consists of the following securities:

Collateral Description	Collateral Type	Tri-Party Agent	CCY	Market Value of Securities Collateral received
UNITED STATES TREASURY INFLATION INDEXED BONDS/ 0.125% / 15/04/2016	Treasury Note	JP Morgan Securities	USD	122,816,166
UNITED STATES TREASURY INFLATION INDEXED BONDS/ 0.125% / 15/04/2019	Treasury Note	JP Morgan Securities	USD	4,686,553
<b>TOTAL</b>				<b>127,502,719</b>

### Sterling Liquidity Fund: reverse repurchase agreement as at 30 September 2015

Description	Counterparty	Reverse Repurchase Agreements	CCY	Market Value of Collateral Received	CCY
BNP PARIBAS / 0.25% / 01/10/2015	Euroclear	100,000,000	GBP	102,000,001	GBP
<b>TOTAL</b>		<b>100,000,000</b>		<b>102,000,001</b>	

# MORGAN STANLEY LIQUIDITY FUNDS

## Notes to the Financial Statements 30 September 2015

### 8. Reverse repurchase agreements (cont.):

Collateral Description	Collateral Type	Tri-Party Agent	CCY	Market Value of Securities Collateral received
United Kingdom Government Bond / 8.00% / 07/06/2021	Government Bond	Euroclear	GBP	17,929,502
United Kingdom Government Bond / FRN / 22/11/2022	Government Bond	Euroclear	GBP	2
United Kingdom Government Bond / 4.25% / 07/09/2039	Government Bond	Euroclear	GBP	10,672,017
United Kingdom Government Bond / 2.00% / 07/09/2025	Government Bond	Euroclear	GBP	10,234,187
United Kingdom Government Bond / 1.75% / 22/07/2019	Government Bond	Euroclear	GBP	6,188,858
United Kingdom Government Bond / 3.25% / 22/07/2020	Government Bond	Euroclear	GBP	10,415,587
United Kingdom Government Bond / 4.25% / 07/12/2040	Government Bond	Euroclear	GBP	6,779,850
United Kingdom Government Bond / 3.25% / 22/01/2044	Government Bond	Euroclear	GBP	19,889,999
United Kingdom Government Bond / 4.25% / 07/03/2036	Government Bond	Euroclear	GBP	19,889,999
<b>TOTAL</b>				<b>102,000,001</b>

During the financial period, the following income was recorded by the Fund in relation to its reverse repurchase agreements under the heading "Interest" within the Statement of Operations and Changes in Net Assets:

Sub-Fund	Reverse repurchase agreement income	Sub-Fund base Ccy
Euro Liquidity Fund	(195,454)	EUR
US Dollar Liquidity Fund	317,733	USD
US Dollar Treasury Liquidity Fund	67,117	USD
Sterling Liquidity Fund	743,262	GBP
<b>TOTAL</b>	<b>1,292,531</b>	<b>USD</b>

### 9. Time Deposits:

As at 30 September 2015, the Sub-Funds Euro Liquidity Fund, US Dollar Liquidity Fund and Sterling Liquidity Fund held time deposits as follows:

#### Euro Liquidity Fund: time deposits as at 30 September 2015

Counterparty	Currency	Holdings	Interest (%)	Maturity Date
BNP PARIBAS SA	EUR	133,857,329	(0.20)	1-Oct-15
BRED BANQUE POPULAIRE	EUR	45,089,110	(0.22)	1-Oct-15
COMMONWEALTH BANK OF AUSTRALIA	EUR	134,253,610	(0.09)	1-Oct-15
<b>TOTAL</b>		<b>313,200,049</b>		

#### US Dollar Liquidity Fund: time deposits as at 30 September 2015

Counterparty	Currency	Holdings	Interest (%)	Maturity Date
CANADIAN IMPERIAL BANK OF COMMERCE	USD	430,000,000	0.02	1-Oct-15
CREDIT AGRICOLE CIB	USD	450,000,000	0.06	1-Oct-15
SKANDINAVISKA ENSKILDA BANKEN AB	USD	500,000,000	0.05	1-Oct-15
<b>TOTAL</b>		<b>1,380,000,000</b>		

#### Sterling Liquidity Fund: time deposits as at 30 September 2015

Counterparty	Currency	Holdings	Interest (%)	Maturity Date
BRED BANQUE POPULAIRE	GBP	100,000,000	0.46	1-Oct-15
LLOYD BANK PLC	GBP	50,000,000	0.40	1-Oct-15
STATE STREET BANK AND TRUST COMPANY	GBP	190,000,000	0.48	1-Oct-15
<b>TOTAL</b>		<b>340,000,000</b>		

### 10. Indemnifications:

The Company has arrangements in place for the indemnification of the members of its Board of Directors, the Administrator, the Depositary and the Management Company (the "Indemnified Parties") in certain circumstances, which exclude the Indemnified Parties' own negligence, wilful default, or fraud.

## MORGAN STANLEY LIQUIDITY FUNDS

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### Notes to the Financial Statements 30 September 2015

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**11. Transaction Costs:**

There were no transaction costs charged to the Sub-Funds during the period ended 30 September 2015.

**12. Determination of Global Exposure:**

The methodology used in order to calculate the Global Exposure resulting from the use of financial derivative instruments is the commitment approach in accordance with the CSSF Circular 11/512.

**13. Statement of Portfolios changes:**

The list of changes in the portfolio for the period is available free of charge at the registered office of the Management Company.

**14. Counterparty Risk:**

All instruments listed in Notes 8 and 9 are transacted through third parties. The Company is subject to the risk that counterparties will not be able to fulfil their obligations with respect to transactions, positions, balances or otherwise, whether due to insolvency, bankruptcy or other causes. In such case, the Company may be able to recover none or only a portion of its assets held with such counterparty. This could subject the Company to substantial losses.

**15. Significant events:**

On 6 May 2015 the Euro Liquidity Fund for the first time posted negative net investment income. Consequently, the compulsory redemption of Shares was initiated for Distributing Classes of Shares in order to maintain a stable Net Asset Value per Share. The daily compulsory redemptions equal such number of Shares held by each Shareholder in the relevant Class of Shares required to cover the declared negative net investment income of that Class of Share, with the proceeds of each such redemption being retained by the Sub-Fund. Given the current monetary policies employed by the ECB it is anticipated that this negative Euro money market yield environment will continue for the foreseeable future.

Ms. Veronique Gillet resigned as member of the Board of Directors of the Management Company with effect from 12 May 2015.

Mr. Bryan Greener resigned as member of the Board of Directors of the Management Company with effect from 18 September 2015.

Mrs. Judith Eden was a Managing Director at Morgan Stanley Investment Management Limited until her resignation on 31 August 2015. She was appointed as a Director of the Board of Directors of the Company on 21 July 2015.

**16. Summary of accounting differences between Luxembourg legal and regulatory requirements for investment funds and accounting principles generally accepted in the United States:**

The Company's financial statements are prepared in accordance with Luxembourg legal and regulatory requirements for investment funds. There are no significant accounting differences between Luxembourg and United States generally accepted accounting principles for the Company. These differences have no impact on the net assets of the sub-funds.