

# Morgan Stanley

INVESTMENT MANAGEMENT

# Morgan Stanley Liquidity Funds

**Annual Report**  
**31 March 2022**

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

R.C.S. Number: B 174 137

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# MORGAN STANLEY LIQUIDITY FUNDS

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# MORGAN STANLEY LIQUIDITY FUNDS

## Directors and Service Providers

Board of Directors of the Company	Board of Directors of the Management Company (continued)
<p><b>Andrew Mack</b> Non-Executive Director United Kingdom</p> <p><b>William Jones</b> Independent Non-Executive Director Grand Duchy of Luxembourg</p> <p><b>Henry Kelly</b> Independent Non-Executive Director Grand Duchy of Luxembourg</p> <p><b>Diane Hosie</b> Non-Executive Director United Kingdom</p> <p><b>Carine Feipel</b> Independent Non-Executive Director Grand Duchy of Luxembourg</p> <p><b>Susanne Van Dootin</b> Independent Non-Executive Director Belgium</p> <p><b>Zoë Parish*</b> Executive Director Morgan Stanley Investment Management Limited United Kingdom</p> <p><b>Arthur Lev (appointed on 20 July 2021)</b> Non-Executive Director United States</p> <p><b>Management Company</b></p> <p><b>MSIM Fund Management (Ireland) Limited</b> The Observatory, 7-11, Sir John Rogerson's Quay Dublin 2 D02VC42 Ireland</p> <p><b>Board of Directors of the Management Company</b></p> <p><b>Andrew Mack (resigned effective 30 June 2021)</b> Non-Executive Director United Kingdom</p> <p><b>Eimear Cowhey</b> Independent Non-Executive Director Ireland</p> <p><b>Elaine Keenan</b> Executive Director CEO and COO MSIM Fund Management (Ireland) Limited Ireland</p> <p><b>Diane Hosie</b> Non-Executive Director United Kingdom</p> <p><b>Ruairi O'Healai</b> Non-Executive Director United Kingdom</p> <p><b>Liam Miley</b> Independent Non-Executive Director Ireland</p>	<p><b>Michael Hodson (appointed on 14 April 2021)</b> Independent Non-Executive Director Ireland</p> <p><b>Depository</b></p> <p><b>The Bank of New York Mellon SA/NV Luxembourg Branch</b> 2-4 rue Eugène Ruppert L-2453 Luxembourg Grand Duchy of Luxembourg</p> <p><b>Registrar and Transfer Agent**, Administrative Agent** and Paying Agent**</b></p> <p><b>The Bank of New York Mellon SA/NV Luxembourg Branch</b> 2-4 rue Eugène Ruppert L-2453 Luxembourg Grand Duchy of Luxembourg</p> <p><b>Domiciliary Agent</b></p> <p><b>MSIM Fund Management (Ireland) Limited, Luxembourg Branch</b> 6B, route de Trèves L-2633 Senningerberg Grand Duchy of Luxembourg</p> <p><b>Investment Adviser**</b></p> <p><b>Morgan Stanley Investment Management Inc.</b> 522 Fifth Avenue New York, New York, 10036 United States of America</p> <p><b>Sub-Investment Adviser***</b></p> <p><b>Morgan Stanley &amp; Co International plc</b> 25 Cabot Square Canary Wharf London E14 4QA United Kingdom</p> <p><b>Distributor</b></p> <p><b>MSIM Fund Management (Ireland) Limited</b> The Observatory, 7-11, Sir John Rogerson's Quay Dublin 2 D02VC42 Ireland</p> <p><b>Independent Auditor of the Company</b></p> <p><b>Ernst &amp; Young S.A.</b> 35E, avenue J.F. Kennedy L-1855 Luxembourg Grand Duchy of Luxembourg</p> <p><b>Legal Adviser</b></p> <p><b>Arendt &amp; Medernach S.A.</b> 41A, avenue J. F. Kennedy L-2082 Luxembourg Grand Duchy of Luxembourg</p>

\*Executive Director – Directors of the Company who receive a salary from the sponsor.

\*\*Delegated by the Management Company.

\*\*\*Delegated by the Investment Adviser

# MORGAN STANLEY LIQUIDITY FUNDS

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## Board of Directors' Report

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The Board of Directors of the Company (the “Board”) is pleased to present the Audited Financial Statements and Annual Report for the year ended 31 March 2022.

Activities during the year

Assets under management decreased by \$1.5 billion (2.9%) from \$50.87bn on 31 March 2021 to \$49.38bn on 31 March 2022, this was mainly due to a 12.34% decline in US Dollar Liquidity Fund AUM, but compensated by an increase in the Sterling Liquidity Fund by 27%.

Morgan Stanley Liquidity Funds Overview

There were no important changes to Morgan Stanley Liquidity Funds.

### Directors

#### **Andrew Mack**

*Non-Executive Director*

Andrew Mack (United Kingdom) is a non-executive director of the Company. Mr. Mack joined Morgan Stanley in 1996 and has 35 years of investment experience. Mr. Mack joined Morgan Stanley as a portfolio manager in the asset management business, where he launched and co-managed a global equity arbitrage fund. He subsequently headed the global market risk oversight team for all of Morgan Stanley before taking over as market risk manager of the European equities business. Mr. Mack was appointed as European head of multi asset class prime brokerage in 2004 and took over prime brokerage sales for Europe in 2006 before running the European listed derivative business. Mr. Mack rejoined Morgan Stanley Investment Management (MSIM) in 2008 as global chief risk officer, taking over as head of MSIM EMEA at the beginning of 2009. Mr. Mack was an employee of Morgan Stanley until 30 June 2010. Mr. Mack provided services as a consultant and senior adviser to Morgan Stanley between 1 July 2010 and 31 December 2013. Mr. Mack assumed a non-Executive Director role of Morgan Stanley Investment Management (ACD) Limited which became the Management Company on 1st April 2014. Mr. Mack has been involved in taking and managing risk for most of his investment career, his previous experience includes portfolio management, trading and risk management positions at Cargill, Bankers Trust and Black River Asset Management, a Minneapolis based hedge fund.

#### **William Jones**

*Independent Non-Executive Director.*

William Jones (Luxembourg) is a non-executive director of the Company. Mr. Jones is the founder of Beaumont Governance which provides directorship and corporate governance services from Luxembourg. Mr. Jones has 33 years' experience in the funds industry and has held senior positions with Commodities Corporation, Goldman Sachs Asset Management International and Bank of Bermuda/ HSBC. Mr. Jones acts as director of investment funds and related entities sponsored by major US and international banks and asset managers. He also acts as advisor and director of non-financial start-up and early stage companies. He completed the first cohort of the INSEAD International Directors Program (“IIDP”) in 2011, was a member of the IIDP Advisory Board (2011-2017) and served as its first President (2011-2015). Mr. Jones was accredited in 2011 as a certified director by IIDP and the ILA. He served on the Board of Directors of ILA (2016-2020) and its Fund Governance Committee (2010-2020) and co-chaired the Alternative Investment Task Force of ILA's Fund Governance Committee which issued the “ILA Guide for Board Members in the Context of AIF and AIFM” in July 2014. He sits on multiple committees of ALFI. He was co-vice chair of the Alternative Investment Management Association's (“AIMA”) working group which issued “AIMA's Fund Director Guide” in April 2015. He served on the Board of Governors of the International School of Luxembourg from 2011 to 2015 and was its Chairman during 2014-15. Mr. Jones has law and business degrees (1988) from Columbia University and a bachelor degree (1984) from Princeton University.

# MORGAN STANLEY LIQUIDITY FUNDS

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## Board of Directors' Report (continued)

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### Directors (continued)

#### **Henry Kelly**

*Independent Non-Executive Director.*

Mr. Kelly is an independent board member of several investment funds and investment management companies domiciled in Luxembourg and internationally. He is the Managing Director of the Luxembourg-based consultancy firm that he founded in 1999, KellyConsult Sàrl, which provides advisory services to the investment fund sector.

He is a member and was the founding Chairman of the Fund Governance Forum for ALFI (Association of the Luxembourg Fund Industry). From 2019 to 2021 he was a member of the Management Committee of the Luxembourg Institute of Directors (ILA) and is a founding member of the ILA Investment Funds Committee. He is a regular speaker at conferences on investment funds and corporate governance matters. From 1993 – 1999 he was a Managing Director of Flemings Luxembourg (now JP Morgan Asset Management) following 5 years' experience in the capital markets division of BNP Paribas based in Paris. Prior to these posts, he acquired seven years' experience with Price Waterhouse in Paris, Frankfurt and New York. He has a master's degree in Modern Languages from Cambridge University, is a Member of the Institute of Chartered Accountants and holds the INSEAD Certificate in Corporate Governance. He obtained the qualification of ILA certified director in 2013.

#### **Diane Hosie**

*Non-Executive Director*

Diane Hosie (United Kingdom) is a non-executive director of the Company and formerly International Head of Morgan Stanley Investment Management's client services and distribution oversight teams. Ms Hosie joined Morgan Stanley Investment Management in 1997 as a Senior Associate within Investment Management Operations and was named Managing Director in 2014. She has over 30 years' experience in Asset Management. Prior to Morgan Stanley Investment Management, Ms Hosie spent nine years with Nomura Capital Management.

Ms. Hosie is a non-executive director on a number of Luxembourg fund boards including Morgan Stanley Investment Funds, Morgan Stanley Liquidity Funds Board, and Morgan Stanley Asset Management S.A. She is also a non-executive director of MSIM Fund Management (Ireland) Ltd

#### **Carine Feipel**

*Independent Non-Executive Director and chairperson*

Ms. Feipel is a Luxembourg attorney and certified independent director. She is the current Chair of the Luxembourg Institute of Directors (ILA). Ms. Feipel obtained the INSEAD IDP Certificate on Corporate Governance in 2014 and was admitted by ILA as a Certified Director in the same year. Ms. Feipel serves the Board of Directors of a Luxembourg based bank, four insurance companies, both active in the life insurance and the non-life insurance fields. Ms. Feipel is further a member of the Board of Directors of various Luxembourg companies active in the financial and investment funds sectors. In 2014, Ms. Feipel was elected to the Board of Directors of ILA and became a member of the Management Committee of such association. She was appointed as Chair of such professional association in June 2019. Since January 2014, Ms. Feipel practices as an independent lawyer, notably advising insurance and reinsurance companies as well as other financial institutions. Ms. Feipel has 20 years of experience as a lawyer with the Luxembourg law firm Arendt & Medernach where she headed the insurance law practice and was co-head of the employment law practice. Ms. Feipel was also a member of the Board of such firm and headed its New York office from 2007 to 2012. Since 2010, Ms. Feipel has been a member of various committees within the Haut Comité pour la Place Financière, a Government lead think tank coordinating promotion and innovation initiatives for the Luxembourg financial sector.

#### **Susanne Van Dootinhg**

*Independent Non-Executive Director*

Ms. Van Dootinhg is an independent non-executive director of various Luxembourg domiciled investment funds and management companies. Prior to becoming an independent non-executive director in 2017, Ms van Dootinhg worked at State Street Global Advisors from 2002 to 2017 with her final position being Senior Managing Director, Head of European Governance and Regulatory Strategy, EMEA. During her tenure at SSGA she held various other senior positions, amongst others in Global Product Development and Fixed Income Strategy, and was the chairwoman of the SSGA flagship Luxembourg Sicav and Management Company and various other boards for a decade. Before joining SSGA in 2002 Ms van Dootinhg gained experience in global fixed income portfolio management and strategy at Fortis Investment Management, Barclays Global Investors and ABN AMRO Asset Management. She graduated from the Vrije Universiteit Amsterdam with a Master's degree in Financial Sector Management.

# MORGAN STANLEY LIQUIDITY FUNDS

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## Board of Directors' Report (continued)

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### Directors (continued)

#### **Zoë Parish**

*Executive Director*

Zoë Parish is a Managing Director of Morgan Stanley and the Head of International Product and Board Governance for Morgan Stanley Investment Management. Before returning to Morgan Stanley in 2019, Zoë spent 4 years at Coutts and Co and was most recently Head of Europe and Americas. Prior to that she was Head of Delivery responsible for developing and implementation of strategies for Coutts products for England and Wales. Prior to this, she was business lead for several strategic projects for the firm including a web based investment platform. From 1993 to 2014, Zoë held leadership and product roles in Morgan Stanley's Private Wealth Management business in EMEA. In her latest role with the firm Morgan Stanley as Managing Director, she is Head of Product and also headed up the Alternatives platform, the Private Investment Club and Strategic Lead Management for EMEA. Zoë received a B.A. (Hons) and an LLB (Hons) both from the University of London. She also sits on the Board of Morgan Stanley Asset Management S.A and is the Chairman of the Board of Trustees for the University of London Boat Club.

#### **Arthur Lev (appointed on 20 July 2021)**

*Non-Executive Director*

Arthur Lev is the former Chairman of Morgan Stanley Investment Management (MSIM), where he spent nearly twenty years in a variety of business, risk and legal roles, most recently managing MSIM's Long Only and Alternatives businesses. Arthur also spent four years at FrontPoint Partners, a hedge fund firm that was acquired by Morgan Stanley. Arthur is currently an independent board member (and chair of the Audit and Risk Committee) of Russell Investments, a global money manager based in Seattle, WA, and Next Capital, a digital investment adviser and financial technology firm based in Chicago, IL. Arthur was previously an independent director at Techstars, a startup accelerator platform, based in Boulder, CO. Arthur is a graduate of the University of Southern California (AB, 1983) and Harvard Law School (JD, 1986).

### Distribution of the Sub-Funds

Sub-Funds may be offered for sale in European Union Member States, subject to registration. In addition, applications to register the Company and its Sub-Funds may be made in other countries. All of the Sub-Funds and Share Classes are registered for distribution in the Grand Duchy of Luxembourg and a number of the Sub-Funds and Share Classes are registered for distribution in the following jurisdictions: Austria, Denmark, France, Germany, Ireland, Italy, the Netherlands, Norway, Singapore, Spain, Sweden, Switzerland and the United Kingdom.

### Role and Responsibility of the Board

The responsibility of the Board is governed exclusively by Luxembourg law. With respect to the financial statements of the Company, the duties of the Directors are governed by the law of 10 December 2010, on, inter alia, the accounting and annual accounts of undertakings for collective investment and by the law of 17 December 2010 relating to undertakings for collective investment.

The matters reserved for the Board include determination of each Sub-Fund's investment objective and policies, investment restrictions and powers, amendments to the Prospectus, reviewing and approving key investment and financial data, including the annual accounts, as well as the appointment of, and review of the services provided by, the Investment Adviser, the Depositary, the Administrator, the Distributor, the Auditor, and other service providers.

Prior to each Board meeting, the Directors receive detailed and timely information allowing them to be prepared for the items under discussion during the meeting. For each quarterly meeting the Board requests, and receives, reports from, amongst others, the Investment Adviser, the Depositary, the Administrator, the Distributor, Risk Management as well as proposals for changes to the Fund structure as appropriate. Senior representatives of each of these functions attend Board meetings to present relevant information and address any matters arising.

The Directors take decisions in the interests of the Company and its shareholders as a whole, where conflicts of interest arise, any conflicted Director will refrain from taking part in any related deliberation or decision. A description of the Company's policy on conflicts of interest is available for inspection at the registered office.

The Board can take independent professional advice if necessary and at the Company's expense.

## MORGAN STANLEY LIQUIDITY FUNDS

### Board of Directors' Report (continued)

#### Board Evaluation

The Board carries out an annual review of its performance.

#### *Board Composition*

The Board as a whole has a breadth of investment knowledge, financial skills, as well as legal and other experience relevant to the Company's business. Directors are elected annually by shareholders at the Annual General Meeting. The Board takes into account the nature and requirements of the fund industry and of the Company's business when making recommendation to shareholders that Directors be elected.

#### Tabular Summary of Board Composition

Director	Residence	Executive	Non-Executive	Independent non-executive	Length of service on Board
Andrew Mack	United Kingdom		X		9.3 years
William Jones	Luxembourg			X	9.3 years
Henry Kelly	Luxembourg			X	9.1 years
Diane Hosie	United Kingdom		X		3.7 years
Carine Feipel	Luxembourg			X	3.7 years
Susanne Van Dootin	Belgium			X	3.7 years
Zoe Parish	United Kingdom	X			1.7 years
Arthur Lev	United States of America		X		8 months

#### *Board Meetings*

The Board meets regularly on a quarterly basis but if necessary additional ad hoc meetings will be arranged.

At the quarterly Board meetings, the agenda includes, amongst other matters, those items highlighted under the section above called "Role and Responsibility of the Board" and the approval of the annual report and accounts.

In certain circumstances, when it may not be appropriate to wait until the next Board meeting to discuss a particular issue, authority may be delegated to one or more Board member to deal with particular business issues.

The following table captures the Directors' attendance of Board Meetings throughout the year.

Director	Number of board meetings attended
Henry Kelly	7 of 7
William Jones	7 of 7
Andrew Mack	7 of 7
Carine Feipel	7 of 7
Diane Hosie	6 of 7
Susanne Van Dootin	7 of 7
Zoë Parish	7 of 7
Arthur Lev*	4 of 7

\*Appointed to the Board with effect from 20 July 2021.

#### *Internal Control*

The Board is responsible for the oversight of the design, implementation and maintenance of internal controls comprising monitoring the services provided by the Management Company and the Depositary, including the operational and compliance controls established by them to meet the Company's obligations to shareholders as set out in the Prospectus, The Articles of Incorporation as well as all relevant regulations. The Management Company formally reports to the Board on a quarterly basis on the various activities it is responsible for and in addition shall inform the Board without delay of any material administrative or accounting matters.

# MORGAN STANLEY LIQUIDITY FUNDS

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## Board of Directors' Report (continued)

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### *Corporate Governance and ALFI Code of Conduct*

The Board is responsible for ensuring that a high level of corporate governance is met and considers that the Company has complied with the best practices in the Luxembourg funds industry.

The Board has adopted the principles set out in the ALFI Code of Conduct (the "Code"). These principles were amended in August 2013 and are set out below:

1. The Board should ensure that high standards of corporate governance are applied at all times;
2. The Board should have good professional standing and appropriate experience and ensure that it is collectively competent to fulfill its responsibilities;
3. The Board should act fairly and independently in the best interests of the investors;
4. The Board should act with due care and diligence in the performance of its duties;
5. The Board should ensure compliance with all applicable laws, regulations and with the Company's constitutional documents;
6. The Board should ensure that investors are properly informed, are fairly and equitably treated, and receive the benefits and services to which they are entitled;
7. The Board should ensure that an effective risk management process and appropriate internal controls are in place;
8. The Board should identify and manage fairly and effectively, to the best of its ability, any actual, potential or apparent conflict of interest and ensure appropriate disclosure;
9. The Board should ensure that shareholder rights are exercised in a considered way and in the best interests of the Company;
10. The Board should ensure that the remuneration of the Board members is reasonable and fair and adequately disclosed.

The Board considers that the Company has been in compliance with the principles of the Code in all material aspects throughout the year ended 31 March 2022. The Board undertakes an annual review of ongoing compliance with the principles of the Code.

### *Proxy Voting Policy*

The Board delegates responsibility for proxy voting to the Management Company. The Management Company manages the voting rights of the shares entrusted in a prudent and diligent manner, based exclusively on the reasonable judgment of what will best serve the financial interests of clients. So far, as is practicable, the Management Company will vote at all of the meetings called by companies in which the funds are invested.

A copy of the proxy voting policy is available from the Fund's registered office upon request or on the website: <http://www.morganstanley.com/im/en-gb/institutional-investor/about-us/proxy-voting-en-gb.html>

### Directors and Officers Indemnity Insurance

The Company has taken out Directors and Officers Indemnity Insurance which indemnifies the Directors against certain liabilities arising in the course of their duties and responsibilities but does not cover against any fraudulent or dishonest actions on their part.

### Independent Auditor

Ernst & Young S.A. has been the Company's Independent Auditor since inception in 2012.

### Annual General Meeting

The next Annual General Meeting of the Company will be held on 19 July 2022 at the Registered Office of the Company to consider matters relating to the year ended 31 March 2022. At this meeting shareholders will, amongst other matters, be requested to consider the usual matters at such meetings including:

1. the adoption of the financial statements and approval of the allocation of the results;
2. the approval of Directors fees;
3. the election of the Directors, all of whom wish to stand for election;
4. the election of the Auditor.



## MORGAN STANLEY LIQUIDITY FUNDS

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### Board of Directors' Report (continued)

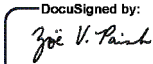
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#### COVID-19

The global Coronavirus (COVID-19) pandemic continues to create economic and social uncertainty throughout the world. Following unprecedented commitments to fiscal and monetary stimulus by governments and central banks globally in early 2020 we witnessed a strong recovery in asset values which continued throughout 2021. Progress continues to be made on the global vaccine rollout, however the emergence of further waves, particularly in developing economies, and more virulent strains remains a risk. Whilst volatility generally subsided during the period, the ultimate impact of the pandemic is difficult to predict. Economic uncertainties, which may materially affect the valuation of portfolio investments and in turn, the net asset value of the Funds remain prevalent as economies move tentatively to ease restrictions. The long-term effect of the aforementioned fiscal and monetary intervention remains unpredictable.

#### On behalf of the Board of the Company:

Director  DocuSigned by:  
E99A3A33C5EF447...

Director  DocuSigned by:  
27FD572049D4471...

Luxembourg, 16 June 2022

## **MORGAN STANLEY LIQUIDITY FUNDS**

### **Morgan Stanley Liquidity Funds Euro Liquidity Fund - Short-Term LVNAV Money Market Fund Investment Sub-Adviser's Report for the year ended 31 March 2022**

#### **Market Review**

Through the reporting period, policymaker focus centred on the continuing recovery from the coronavirus pandemic. The European Central Bank kept the deposit rate unchanged at -0.50% while maintained its Quantitative Easing programmes via the Pandemic Emergency Purchase Programme (PEPP) and its Asset Purchase Programme (APP). On 16 December 2021 the Governing Council decided to discontinue net asset purchases under the PEPP at the end of March 2022, however, would continue to re-invest maturing proceeds at least until the end of 2024. The ECB also continued to provide funding to the market via its Targeted Long Term Repurchase Operations (TLTRO) which significantly added to excess liquidity in the Eurozone, reaching a peak of €4.5tn in February 2022. Wholesale money markets consequently were awash with liquidity, and term money market yields were consequently impacted by this. Term yields remained broadly flat throughout the majority of the reporting period. Yields however did start to trend upwards as funding markets reflected the increase in risk appetite following the Russian invasion of Ukraine, which saw yields increase in the longer duration buckets from 6 month and beyond, as large amounts of precautionary US Dollar funding by banks reflected attractive yield increases in EUR. The fund has maintained a broadly neutral stance on duration throughout the reporting period, with emphasis given to maintaining adequate levels of liquidity. This was particularly true following a challenging period in Q1 2022, where after the Fund size peaked at a record high of €12bn in early January 2022 as client inflows grew AUM, subsequent outflows meant maintaining high levels of liquidity was essential. While yields were stable throughout the financial year at around -0.56%, usual calendar year end pressures in December 2021 saw the yield fall to a low of -0.86%, before returning back to around -0.58% by the end of March 2022. These calendar year-end pressures were again due to the lack of balance sheet capacity offered by banking sector for deposits and a large drop in available collateral in the main due to the scale of government bonds purchased over the last year by the ECB. However, the gross yield recovered throughout January 2022 as the expensive year end investments matured and held at circa -0.56% for the remainder of the period. Fund growth, while strong in the early part of the financial year and rising from €8.8bn to €12bn, there was a subsequent fall back as clients reduced cash balances meaning the Fund ended the period at €8.2bn, slightly down on the start of the financial year.

**MORGAN STANLEY & CO INTERNATIONAL PLC.**  
6 May 2022

## **MORGAN STANLEY LIQUIDITY FUNDS**

### **Morgan Stanley Liquidity Funds US Dollar Liquidity Fund - Short-Term LVNAV Money Market Fund & Morgan Stanley Liquidity Funds US Dollar Ultra Short Income Fund - Standard VNAV Money Market Fund Investment Adviser's Report for the year ended 31 March 2022**

#### **Market Review**

Monetary policy and shifting market sentiment was a key driver of portfolio composition and fund performance for the year ending March 31 2022. After the market normalized following the outbreak of the COVID-19 in 2020, and settled into a zero interest rate environment, 3 month LIBOR touched all-time lows of 0.11888% in September 2021 while 2 year Treasury notes touched all-time lows in May 2021 at 0.14%. With an excess of cash on the short end of the curve, spreads remained extremely tight in the wholesale funding market, and as a result the portfolios maintained a short maturity profile since there was no incentive to extend. As we approached year-end, a declining unemployment rate and elevated inflation settings caused the market to begin pricing in an active Federal Reserve (Fed) in 2022, with 3 rate hikes priced into the market for the following year. After the turn, with US CPI setting at 40 year highs due to supply shortages, the Fed began to normalize rates with a 25 basis point hike at the March Federal Open Market Committee (FOMC), while providing forward guidance through their updated dot plot projecting 6 additional hikes through the remainder of the year. Due to the relatively short maturity profiles of our money funds, and elevated exposure to daily resetting floating rate notes, we were well positioned for the changes in expectations for the path of monetary policy in 2022, and the portfolios were able to benefit from the first rate hike since 2018, positively contributing to fund performance to end the reporting period.

**MORGAN STANLEY INVESTMENT MANAGEMENT INC.**  
27 April 2022

## **MORGAN STANLEY LIQUIDITY FUNDS**

### **Morgan Stanley Liquidity Funds US Dollar Treasury Liquidity Fund - Public Debt CNAV Money Market Fund Investment Adviser's Report for the year ended 31 March 2022**

#### **Market Review**

Up until March 2022, interest rates were at the zero to 25bps Fed Funds target range during most of the reporting period. At its March 2022 meeting, the FOMC increased rates by 25 basis points, its first-rate hike since 2018. During most of 2021, the yield curve remained quite flat with the one-year treasury bill trading in single digits, from 0.05 to 0.09%. Towards the end of the year, declining unemployment rate and higher inflation rates caused the market to begin pricing in rate hike expectations in 2022. U.S. CPI hit 40 year highs due to supply chain issues and we entered 2022 in a much different environment, one of front-loaded rate hike expectations by the FOMC at each meeting. As our treasury positions matured, we started to allocate more cash to overnight repurchase agreements as the curve did not offer much yield incentive to extend. We shifted the majority of new cash inflows and maturities to overnight repos in order to benefit from the expected multiple rate hikes by the FOMC in 2022. We opportunistically invested in treasuries as the treasury curve steepened over the last few months, favoring treasury bills in 3 through 6 month maturities, which increased portfolio durations during the first quarter 2022 but remain on shorter end to benefit from a continued expected yield curve steepening.

**MORGAN STANLEY INVESTMENT MANAGEMENT INC.**

27 April 2022

## **MORGAN STANLEY LIQUIDITY FUNDS**

### **Morgan Stanley Liquidity Funds Sterling Liquidity Fund - Short-Term LVNAV Money Market Fund Investment Sub-Adviser's Report for the year ended 31 March 2022**

#### **Market Review**

As the UK continued its recovery from the coronavirus pandemic and the vaccine program rollout was deemed a success, the Bank of England established a gradually more hawkish position through the reporting period, finally rising rates by 15bps in their December 2021 meeting, taking rates to 0.25%. A subsequent hike followed in early February 2022 as inflationary pressures continued to build, and a further 0.25% followed in the March meeting, taking UK base rates back to their pre-pandemic level of 0.75%. The Bank also signaled a likely end to its QE program to be decided once rates reach 1%. The gross yield of the fund started the period at around 0.07% however as the portfolio turned over, maturities were reinvested at much higher yields particularly after year end meaning the fund ended the period at around 0.64% gross yield. Despite the low gross yield for much of the year, our decision to pass on more return to investors by reducing our fee level meant we managed to add significant asset growth in much of 2021, with only our usual tail off at year end. After starting with a fund size of around £5.3bn growth was steady through the year reaching a peak of £8.8bn in mid-December before falling back to £7.8bn at year end. The fund suffered further outflows as fees were returned to a more normal level, which meant by the end of the reporting period AUM of £5.8bn. The end of the reporting period coincided with the invasion of Ukraine by Russia which caused both yields and spreads to increase, at a time when the MPC was already in the middle of a hiking cycle, while USD yields increased due to precautionary funding by USD funding banks. The fund has therefore managed to increase the proportion of Floating Rate assets in the fund, which are now reflecting a far better spread to SONIA than previous months. Despite the lift off in rate hikes in December, year end continued to provide a severely constrained market, and yield curve which did not reflect the underlying interest rate profile of the market. While deposit yields remained stable repo levels dropped significantly negative, while term yields were deeply negative for anything maturing in the first quarter. As ever, despite the volatility in fund size we have continued to prioritize holding high levels of weekly liquid assets, which meant physically maturing assets being replaced by higher yielding SSA issuers as we entered into the steeper yield curve phase.

**MORGAN STANLEY & CO INTERNATIONAL PLC.**  
6 May 2022

## **Independent auditor's report**

To the Shareholders of  
Morgan Stanley Liquidity Funds  
6B, route de Trèves  
L-2633 Senningerberg  
Luxembourg

### **Opinion**

We have audited the financial statements of Morgan Stanley Liquidity Funds (the "Company") and of each of its sub-funds, which comprise the statement of net assets and the schedules of investments as at 31 March 2022, and the statement of operations and changes in net assets for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company and of each of its sub-funds as at 31 March 2022, and of the results of their operations and changes in their net assets for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements.

### **Basis for Opinion**

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession (the "Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the "responsibilities of the réviseur d'entreprises agréé" for the audit of the financial statements" section of our report. We are also independent of the Company in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Other information**

The Board of Directors of the Company is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our report of the "réviseur d'entreprises agréé" thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

### **Responsibilities of the Board of Directors of the Company for the financial statements**

The Board of Directors of the Company is responsible for the preparation and fair presentation of these financial statements in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements, and for such internal control as the Board of Directors of the Company determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors of the Company is responsible for assessing the Company's and of each of its sub-funds' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors of the Company either intends to liquidate the Company or any of its sub-funds or to cease operations, or has no realistic alternative but to do so.

### **Responsibilities of the “réviseur d'entreprises agréé” for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the “réviseur d'entreprises agréé” that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors of the Company.

- Conclude on the appropriateness of the Board of Directors of the Company's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's or any of its sub-funds' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "réviseur d'entreprises agréé" to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the "réviseur d'entreprises agréé". However, future events or conditions may cause the Company or any of its sub-funds to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Ernst & Young  
Société anonyme  
Cabinet de révision agréé



Kerry Nichol

Luxembourg, 16 June 2022



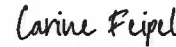
## MORGAN STANLEY LIQUIDITY FUNDS

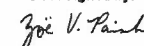
### Statement of Net Assets As of 31 March 2022

	Euro Liquidity Fund EUR	US Dollar Liquidity Fund USD	US Dollar Treasury Liquidity Fund USD	US Dollar Ultra Short Income Fund USD	Sterling Liquidity Fund GBP	Combined USD
<b>ASSETS</b>						
Investment in securities at amortised cost/market price (Note 2a)	5,905,933,454	15,122,018,439	4,352,271,142	151,909,995	4,162,584,991	31,678,107,654
Time deposits (Note 9)	2,346,675,502	1,658,000,000	–	15,000,000	1,746,556,231	6,583,633,272
Reverse repurchase agreements (Note 8)	200,000,000	605,000,000	10,787,000,000	3,000,000	–	11,617,530,056
Interest receivable (Note 2c)	676,425	1,316,492	506,916	336,431	2,685,245	6,447,993
Cash at bank (Note 2d) <sup>(1)</sup>	168,616,652	90,968,598	77,761,457	1,390,176	28,811,041	395,665,667
Receivable from investment sold	–	–	–	7,497,566	–	7,497,566
Operating fee reimbursement	352,301	520,097	366,030	146,914	284,675	1,799,846
Prepaid expense	321	2,512	3,097	158	–	6,124
Other assets	11,620	18,907	18,454	12,749	21,074	90,786
<b>TOTAL ASSETS</b>	<b>8,622,266,275</b>	<b>17,477,845,045</b>	<b>15,217,927,096</b>	<b>179,293,989</b>	<b>5,940,943,257</b>	<b>50,290,778,964</b>
<b>LIABILITIES</b>						
Payable for investment purchased	400,447,919	249,897,333	–	–	144,968,461	886,328,617
Dividends payable (Note 3)	–	2,021,709	1,380,929	19,185	1,656,886	5,603,363
Management fees payable (Note 6a)	2,200,070	6,542,688	2,991,733	98,027	1,380,469	13,897,952
Expense payable (Note 6e)	1,371,542	2,013,986	2,212,410	204,140	1,052,100	7,341,830
<b>TOTAL LIABILITIES</b>	<b>404,019,531</b>	<b>260,475,716</b>	<b>6,585,072</b>	<b>321,352</b>	<b>149,057,916</b>	<b>913,171,762</b>
<b>NET ASSET VALUE</b>	<b>8,218,246,744</b>	<b>17,217,369,329</b>	<b>15,211,342,024</b>	<b>178,972,637</b>	<b>5,791,885,341</b>	<b>49,377,607,202</b>

(1) Cash is held at the Depositary.

On behalf of the Board of the Company:

DocuSigned by:  
  
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 Director

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 Director

16 June 2022

The accompanying notes form an integral part of financial statements.

## MORGAN STANLEY LIQUIDITY FUNDS

### Statement of Net Assets As of 31 March 2021

	<b>Euro Liquidity Fund EUR</b>	<b>US Dollar Liquidity Fund USD</b>	<b>US Dollar Treasury Liquidity Fund USD</b>	<b>US Dollar Ultra Short Income Fund USD</b>	<b>Sterling Liquidity Fund GBP</b>	<b>Combined USD</b>
<b>ASSETS</b>						
Investment in securities at amortised cost/market price (Note 2a)	6,153,598,404	14,678,428,435	9,831,453,222	113,597,853	2,856,247,472	35,796,574,719
Time deposits (Note 9)	2,396,772,542	3,340,000,000	–	6,000,000	1,418,572,147	8,120,133,383
Reverse repurchase agreements (Note 8)	350,000,000	1,535,000,000	5,235,000,000	15,000,000	250,000,000	7,541,280,403
Interest receivable (Note 2c)	6,555,819	1,596,534	6,774,325	317,191	4,034,576	21,959,616
Cash at bank (Note 2d) <sup>(1)</sup>	44,472,689	100,132,669	77,001,322	1,771,471	99,422,935	368,348,120
Receivable from investment sold	–	–	–	7,002,039	–	7,002,039
Operating fee reimbursement	662,564	1,050,688	809,524	138,922	336,028	3,241,464
Other assets	17,873	16,224	16,224	16,234	12,229	86,560
<b>TOTAL ASSETS</b>	<b>8,952,079,891</b>	<b>19,656,224,550</b>	<b>15,151,054,617</b>	<b>143,843,710</b>	<b>4,628,625,387</b>	<b>51,858,626,304</b>
<b>LIABILITIES</b>						
Payable for investment purchased	105,203,024	–	749,907,298	–	65,963,732	964,562,690
Dividends payable (Note 3)	–	139,172	229,230	6,809	27,413	413,033
Management fees payable (Note 6a)	2,557,715	13,987,697	2,838,496	140,358	1,341,735	21,823,828
Expense payable (Note 6e)	796,273	1,391,961	1,072,385	148,479	414,460	4,120,516
<b>TOTAL LIABILITIES</b>	<b>108,557,012</b>	<b>15,518,830</b>	<b>754,047,409</b>	<b>295,646</b>	<b>67,747,340</b>	<b>990,920,067</b>
<b>NET ASSET VALUE</b>	<b>8,843,522,879</b>	<b>19,640,705,720</b>	<b>14,397,007,208</b>	<b>143,548,064</b>	<b>4,560,878,047</b>	<b>50,867,706,237</b>

<sup>(1)</sup> Cash is held at the Depositary.

The accompanying notes form an integral part of financial statements.

# MORGAN STANLEY LIQUIDITY FUNDS

## Statement of Net Assets Statistics As of 31 March 2022

	Currency	Outstanding Shares as at 31 March 2022	Outstanding Shares as at 31 March 2021	Outstanding Shares as at 31 March 2020
<b>Euro Liquidity Fund</b>				
Institutional Accumulation Shares	EUR	7,137,438	14,856,380	4,988,886
Institutional Accumulation D Shares	EUR	675,531	643,425	255,871
Institutional Select Accumulation D Shares	EUR	814	725	2,538
Institutional (+1) Accumulation Shares	EUR	2,267,843	2,513,933	1,417,568
MS Reserve Accumulation D Shares	EUR	58,576	45,266	44,409
Qualified Accumulation D Shares	EUR	1,888	19,368	84,334
<b>US Dollar Liquidity Fund</b>				
Advisory Shares	USD	14,529,491	61,994,479	51,834,567
Capital Shares	USD	669,069,556	722,726,999	205,580,000
Institutional Shares	USD	15,304,451,283	15,024,334,271	11,240,287,158
Institutional Accumulation Shares	USD	3,975,617	21,131,537	3,794,813
Institutional Select Shares	USD	33,874,640	5,719,603	6,125,581
MS Reserve Shares	USD	31,525,820	36,697,900	434,333,527
NR Shares	USD	80,000	80,000	80,000
NR Accumulation Shares	USD	800	800	800
Qualified Shares	USD	238,979,837	583,208,434	383,052,546
Qualified Accumulation Shares	USD	4,476,061	7,514,020	17,245,637
<b>US Dollar Treasury Liquidity Fund</b>				
Advisory Shares	USD	50,000	50,000	50,000
Capital Shares	USD	80,000	80,000	80,000
Institutional Shares	USD	10,412,485,266	8,859,943,643	6,357,329,646
Institutional Select Shares	USD	1,148,273,778	865,515,542	69,958
LF Shares	USD	80,000	80,000	80,000
MS Reserve Shares	USD	2,025,674,773	2,867,773,275	1,232,111,970
NR Shares	USD	80,000	80,000	80,000
Qualified Accumulation Shares	USD	15,784,807	17,526,110	9,807,885
<b>US Dollar Ultra Short Income Fund</b>				
Institutional Shares	USD	1,014,194	10,436	10,436
MS Reserve Accumulation Shares	USD	800	800	800
Qualified Shares	USD	2,542,333	3,335,837	4,184,043
Qualified A Shares	USD	3,439,386	4,466,025	6,815,892
Qualified A Accumulation Shares	USD	6,810	5,577	3,911
Qualified Accumulation Shares	USD	4,068	970	2,981
<b>Sterling Liquidity Fund</b>				
Institutional Shares	GBP	5,221,361,549	3,792,216,614	2,350,760,969
Institutional Accumulation Shares	GBP	508,560	728,926	902,922
Institutional Plus Shares	GBP	471,107,833	641,566,871	309,106,473
Institutional Plus Accumulation Shares (Note 1)	GBP	5,507	28,569	–
Institutional Select Shares	GBP	1,420,200	1,070,200	1,070,200
Qualified Shares	GBP	41,206,191	39,065,807	38,653,118

# MORGAN STANLEY LIQUIDITY FUNDS

## Statement of Net Assets Statistics As of 31 March 2022 (continued)

	Currency	Net Asset Value per Share as at 31 March 2022	Net Asset Value per Share as at 31 March 2021	Net Asset Value per Share as at 31 March 2020
<b>Euro Liquidity Fund</b>				
Institutional Accumulation Shares	EUR	106.02	106.73	107.33
Institutional Accumulation D Shares	EUR	9,824.76	9,890.63	9,945.89
Institutional Select Accumulation D Shares	EUR	9,810.62	9,880.96	9,943.36
Institutional (+1) Accumulation Shares	EUR	97.59	98.24	98.79
MS Reserve Accumulation D Shares	EUR	9,846.10	9,903.92	9,952.39
Qualified Accumulation D Shares	EUR	9,822.06	9,888.61	9,944.87
<b>US Dollar Liquidity Fund</b>				
Advisory Shares	USD	1.00	1.00	1.00
Capital Shares	USD	1.00	1.00	1.00
Institutional Shares	USD	1.00	1.00	1.00
Institutional Accumulation Shares	USD	113.74	113.77	113.38
Institutional Select Shares	USD	1.00	1.00	1.00
MS Reserve Shares	USD	1.00	1.00	1.00
NR Shares	USD	1.00	1.00	1.00
NR Accumulation Shares	USD	100.88	100.85	100.43
Qualified Shares	USD	1.00	1.00	1.00
Qualified Accumulation Shares	USD	106.43	106.45	106.09
<b>US Dollar Treasury Liquidity Fund</b>				
Advisory Shares	USD	1.00	1.00	1.00
Capital Shares	USD	1.00	1.00	1.00
Institutional Shares	USD	1.00	1.00	1.00
Institutional Select Shares	USD	1.00	1.00	1.00
LF Shares	USD	1.00	1.00	1.00
MS Reserve Shares	USD	1.00	1.00	1.00
NR Shares	USD	1.00	1.00	1.00
Qualified Accumulation Shares	USD	102.92	102.90	102.88
<b>US Dollar Ultra Short Income Fund</b>				
Institutional Shares	USD	9.96	9.97	9.88
MS Reserve Accumulation Shares	USD	100.76	100.52	99.03
Qualified Shares	USD	9.96	9.96	9.87
Qualified A Shares	USD	9.96	9.96	9.87
Qualified A Accumulation Shares	USD	10,022.75	10,022.42	9,909.57
Qualified Accumulation Shares	USD	10,072.14	10,059.02	9,920.06
<b>Sterling Liquidity Fund</b>				
Institutional Shares	GBP	1.00	1.00	1.00
Institutional Accumulation Shares	GBP	115.46	115.40	115.34
Institutional Plus Shares	GBP	1.00	1.00	1.00
Institutional Plus Accumulation Shares (Note 1)	GBP	100.09	100.04	—
Institutional Select Shares	GBP	1.00	1.00	1.00
Qualified Shares	GBP	1.00	1.00	1.00

# MORGAN STANLEY LIQUIDITY FUNDS

## Statement of Net Assets Statistics As of 31 March 2022 (continued)

	Currency	Net Assets as at 31 March 2022	Net Assets as at 31 March 2021	Net Assets as at 31 March 2020
<b>Euro Liquidity Fund</b>				
Institutional Accumulation Shares	EUR	756,729,389	1,585,671,547	535,456,254
Institutional Accumulation D Shares	EUR	6,636,926,495	6,363,878,342	2,544,863,562
Institutional Select Accumulation D Shares	EUR	7,987,024	7,161,228	25,236,236
Institutional (+1) Accumulation Shares	EUR	221,317,642	246,978,323	140,045,663
MS Reserve Accumulation D Shares	EUR	576,747,048	448,311,339	441,975,768
Qualified Accumulation D Shares	EUR	18,539,146	191,522,100	838,690,845
<b>US Dollar Liquidity Fund</b>				
Advisory Shares	USD	14,524,973	62,015,220	51,757,263
Capital Shares	USD	668,962,885	722,737,584	205,257,350
Institutional Shares	USD	15,300,868,351	15,026,100,928	11,222,211,581
Institutional Accumulation Shares	USD	452,204,661	2,404,064,444	430,238,121
Institutional Select Shares	USD	33,857,722	5,720,683	6,114,718
MS Reserve Shares	USD	31,518,365	36,701,148	433,536,900
NR Shares	USD	79,981	80,015	79,866
NR Accumulation Shares	USD	80,700	80,676	80,347
Qualified Shares	USD	238,901,194	583,355,314	382,421,270
Qualified Accumulation Shares	USD	476,370,497	799,849,708	1,829,554,564
<b>US Dollar Treasury Liquidity Fund</b>				
Advisory Shares	USD	50,000	50,000	50,000
Capital Shares	USD	80,001	80,000	80,000
Institutional Shares	USD	10,412,513,708	8,859,948,382	6,357,308,175
Institutional Select Shares	USD	1,148,277,769	865,516,059	69,958
LF Shares	USD	80,001	80,000	80,000
MS Reserve Shares	USD	2,025,687,639	2,867,774,021	1,232,107,808
NR Shares	USD	80,001	80,000	80,000
Qualified Accumulation Shares	USD	1,624,572,907	1,803,478,746	1,009,007,082
<b>US Dollar Ultra Short Income Fund</b>				
Institutional Shares	USD	10,105,934	104,018	103,063
MS Reserve Accumulation Shares	USD	80,609	80,418	79,220
Qualified Shares	USD	25,318,177	33,230,076	41,296,937
Qualified A Shares	USD	34,245,669	44,480,875	67,261,402
Qualified A Accumulation Shares	USD	68,253,129	55,894,421	38,751,770
Qualified Accumulation Shares	USD	40,969,120	9,758,256	29,573,675
<b>Sterling Liquidity Fund</b>				
Institutional Shares	GBP	5,219,132,589	3,792,233,151	2,350,994,020
Institutional Accumulation Shares	GBP	58,718,704	84,120,858	104,138,634
Institutional Plus Shares	GBP	470,875,275	641,534,717	309,119,435
Institutional Plus Accumulation Shares (Note 1)	GBP	551,146	2,857,932	–
Institutional Select Shares	GBP	1,419,631	1,070,099	1,070,373
Qualified Shares	GBP	41,187,996	39,061,290	38,654,234

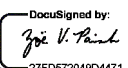
# MORGAN STANLEY LIQUIDITY FUNDS

## Statement of Operations and Changes in Net Assets For the year ended to 31 March 2022

	Euro Liquidity Fund EUR	US Dollar Liquidity Fund USD	US Dollar Treasury Liquidity Fund USD	US Dollar Ultra Short Income Fund USD	Sterling Liquidity Fund GBP	Combined USD
<b>INCOME</b>						
Interest (Note 2c)	(55,105,532)	31,189,817	10,848,282	415,587	9,543,217	(8,568,107)
<b>Total Positive/(Negative) Income</b>	<b>(55,105,532)</b>	<b>31,189,817</b>	<b>10,848,282</b>	<b>415,587</b>	<b>9,543,217</b>	<b>(8,568,107)</b>
<b>EXPENSES</b>						
Management fees (Note 4,6)	17,699,389	36,537,483	27,689,706	594,747	13,286,597	103,554,274
Less: Management fees waived (Note 6)	(10,341,599)	(9,354,537)	(20,947,508)	(319,804)	(9,086,576)	(55,061,142)
Management fees - Net	7,357,790	27,182,946	6,742,198	274,943	4,200,021	48,493,132
Taxe d'Abonnement (Note 5)	7,050	85,110	155,161	13,357	4,081	267,401
Legal fees (Note 6c)	61,333	65,020	65,020	65,020	48,587	332,756
Director's fees, director's liability insurance premium and expenses (Note 6b)	65,865	78,065	78,065	78,065	55,258	386,276
Ratings fees (Note 6c)	66,996	79,075	80,207	—	57,512	315,757
Tax charges (excluding Taxe d'Abonnement) (Note 5)	15,543	15,924	15,924	15,923	11,985	82,218
Other fees (Note 6c)	34,900	38,880	35,787	34,092	26,259	185,214
Audit fees (Note 6c)	13,414	14,245	14,245	14,245	10,589	72,799
Professional fees (Note 6c)	53,446	71,415	71,415	71,415	52,850	348,597
Distribution fees (Note 6c)	8,246	8,998	8,998	8,569	7,325	46,161
Less: Operating fee reimbursement (Note 6)	(319,208)	(374,415)	(396,952)	(285,458)	(275,955)	(1,805,009)
<b>Total Expenses</b>	<b>7,365,375</b>	<b>27,265,263</b>	<b>6,870,068</b>	<b>290,171</b>	<b>4,198,512</b>	<b>48,725,302</b>
Investments	(3,674)	(420,558)	40,806	20,080	(414,390)	(930,204)
<b>Net realised (depreciation)/appreciation</b>	<b>(3,674)</b>	<b>(420,558)</b>	<b>40,806</b>	<b>20,080</b>	<b>(414,390)</b>	<b>(930,204)</b>
<b>Net Investment Income/(Expense)</b>	<b>(62,474,581)</b>	<b>3,503,996</b>	<b>4,019,020</b>	<b>145,496</b>	<b>4,930,315</b>	<b>(58,223,613)</b>
<b>Change in net unrealised appreciation/(depreciation)</b>						
Investments	(483,028)	(5,742,184)	—	(74,066)	(2,069,543)	(9,205,807)
<b>Total change in net unrealised appreciation/(depreciation)</b>	<b>(483,028)</b>	<b>(5,742,184)</b>	<b>—</b>	<b>(74,066)</b>	<b>(2,069,543)</b>	<b>(9,205,807)</b>
Less: Distribution paid from income (Note 3)	—	(3,647,379)	(3,726,747)	(64,464)	(5,290,154)	(14,667,549)
<b>Net Increase/(Decrease) in Net Assets resulting from operations</b>	<b>(62,957,609)</b>	<b>(5,885,567)</b>	<b>292,273</b>	<b>6,966</b>	<b>(2,429,382)</b>	<b>(82,096,969)</b>
Proceeds from issuance of shares	49,372,114,148	120,264,433,019	133,353,527,589	155,980,541	35,090,610,695	359,122,207,741
Shares redeemed	(49,934,432,674)	(122,681,883,843)	(132,539,485,046)	(120,562,934)	(33,857,174,019)	(359,658,435,002)
<b>Increase/(Decrease) in Net Assets from share transactions</b>	<b>(562,318,526)</b>	<b>(2,417,450,824)</b>	<b>814,042,543</b>	<b>35,417,607</b>	<b>1,233,436,676</b>	<b>(536,227,261)</b>
<b>Increase/(Decrease) in Net Assets</b>	<b>(625,276,135)</b>	<b>(2,423,336,391)</b>	<b>814,334,816</b>	<b>35,424,573</b>	<b>1,231,007,294</b>	<b>(618,324,230)</b>
Net Assets at the beginning of the year	8,843,522,879	19,640,705,720	14,397,007,208	143,548,064	4,560,878,047	50,867,706,237
Foreign exchange adjustment on translation	—	—	—	—	—	(871,774,805)
<b>NET ASSETS AT THE END OF THE YEAR</b>	<b>8,218,246,744</b>	<b>17,217,369,329</b>	<b>15,211,342,024</b>	<b>178,972,637</b>	<b>5,791,885,341</b>	<b>49,377,607,202</b>

On behalf of the Board of the Company:

Director   
E99A3A33C5EF447...

Director   
22FD572049D4471...

16 June 2022

The accompanying notes form an integral part of financial statements.

# MORGAN STANLEY LIQUIDITY FUNDS

## Statement of Operations and Changes in Net Assets For the year ended to 31 March 2021

	Euro Liquidity Fund EUR	US Dollar Liquidity Fund USD	US Dollar Treasury Liquidity Fund USD	US Dollar Ultra Short Income Fund USD	Sterling Liquidity Fund GBP	Combined USD
<b>INCOME</b>						
Interest (Note 2c)	(38,929,658)	55,729,082	16,964,771	1,138,864	7,360,666	38,079,754
<b>Total Positive/(Negative) Income</b>	<b>(38,929,658)</b>	<b>55,729,082</b>	<b>16,964,771</b>	<b>1,138,864</b>	<b>7,360,666</b>	<b>38,079,754</b>
<b>EXPENSES</b>						
Management fees (Note 4,6)	14,089,299	37,935,697	11,205,749	718,039	6,286,972	74,486,163
Less: Management fees waived (Note 6)	(9,151,544)	(9,960,685)	–	(202,208)	(1,450,607)	(22,720,973)
Management fees - Net	4,937,755	27,975,012	11,205,749	515,831	4,836,365	51,765,190
Taxe d'Abonnement (Note 5)	50,440	181,966	86,618	20,312	4,047	352,956
Legal fees (Note 6c)	76,516	94,644	94,644	94,768	67,464	461,305
Director's fees, director's liability insurance premium and expenses (Note 6b)	48,649	56,105	56,105	56,161	44,103	282,645
Ratings fees (Note 6c)	64,983	81,552	83,060	–	55,654	313,002
Tax charges (excluding Taxe d'Abonnement) (Note 5)	11,060	15,782	15,782	27,662	11,598	87,257
Other fees (Note 6c)	31,228	38,519	37,717	40,357	26,454	187,523
Audit fees (Note 6c)	13,776	10,484	17,271	22,875	12,598	83,132
Professional fees (Note 6c)	21,399	33,800	33,800	33,101	25,545	158,990
Distribution fees (Note 6c)	8,103	9,767	9,767	11,111	7,647	50,072
Less: Operating fee reimbursement (Note 6)	(279,043)	(247,692)	(346,528)	(286,142)	(251,416)	(1,533,793)
<b>Total Expenses</b>	<b>4,984,866</b>	<b>28,249,939</b>	<b>11,293,985</b>	<b>536,036</b>	<b>4,840,059</b>	<b>52,208,279</b>
Investments	271,907	21,638,813	35,461	(222,497)	(7,715)	21,758,549
<b>Net realised appreciation/(depreciation)</b>	<b>271,907</b>	<b>21,638,813</b>	<b>35,461</b>	<b>(222,497)</b>	<b>(7,715)</b>	<b>21,758,549</b>
<b>Net Investment Income/(Expense)</b>	<b>(43,642,617)</b>	<b>49,117,956</b>	<b>5,706,247</b>	<b>380,331</b>	<b>2,512,892</b>	<b>7,630,024</b>
<b>Change in net unrealised appreciation/(depreciation)</b>						
Investments	763,837	3,519,651	–	1,733,787	(259,881)	5,804,194
<b>Total change in net unrealised appreciation/(depreciation)</b>	<b>763,837</b>	<b>3,519,651</b>	<b>–</b>	<b>1,733,787</b>	<b>(259,881)</b>	<b>5,804,194</b>
Less: Distribution paid from income (Note 3)	–	(23,158,593)	(5,453,877)	(396,184)	(2,446,931)	(32,203,574)
<b>Net Increase/(Decrease) in Net Assets resulting from operations</b>	<b>(42,878,780)</b>	<b>29,479,014</b>	<b>252,370</b>	<b>1,717,934</b>	<b>(193,920)</b>	<b>(18,769,356)</b>
Proceeds from issuance of shares	45,251,636,767	121,598,092,875	89,961,663,099	257,164,646	25,088,506,586	297,305,095,222
Shares redeemed	(40,891,503,436)	(116,548,118,149)	(84,163,691,284)	(292,400,583)	(23,331,411,315)	(279,117,427,880)
<b>Increase/(Decrease) in Net Assets from share transactions</b>	<b>4,360,133,331</b>	<b>5,049,974,726</b>	<b>5,797,971,815</b>	<b>(35,235,937)</b>	<b>1,757,095,271</b>	<b>18,187,667,342</b>
<b>Increase/(Decrease) in Net Assets</b>	<b>4,317,254,551</b>	<b>5,079,453,740</b>	<b>5,798,224,185</b>	<b>(33,518,003)</b>	<b>1,756,901,351</b>	<b>18,168,897,986</b>
Net Assets at the beginning of the year	4,526,268,328	14,561,251,980	8,598,783,023	177,066,067	2,803,976,696	31,780,347,158
Foreign exchange adjustment on translation	–	–	–	–	–	918,461,093
<b>NET ASSETS AT THE END OF THE YEAR</b>	<b>8,843,522,879</b>	<b>19,640,705,720</b>	<b>14,397,007,208</b>	<b>143,548,064</b>	<b>4,560,878,047</b>	<b>50,867,706,237</b>

The accompanying notes form an integral part of financial statements.

# MORGAN STANLEY LIQUIDITY FUNDS

## Euro Liquidity Fund

### Schedule of Investments

As of 31 March 2022

(Expressed in EUR)

ISSUE	DENOMINATION CURRENCY	HOLDINGS	COUPON RATE	MATURITY DATE	MARKET PRICE/AMORTISED COST*	PERCENTAGE OF NET ASSETS
<b>TRANSFERABLE SECURITIES AND MONEY MARKET INSTRUMENTS</b>						
<b>COMMERCIAL PAPER 33.71%</b>						
AGENCE CENTRALE DES ORGANISMES	EUR	75,000,000	-	06-Apr-22	75,006,028	0.91
AGENCE CENTRALE DES ORGANISMES	EUR	150,000,000	-	25-Apr-22	150,058,965	1.82
AGENCE CENTRALE DES ORGANISMES	EUR	75,000,000	-	30-May-22	75,072,652	0.91
AUSTRALIA AND NEW ZEALAND BANKING	EUR	100,000,000	-	14-Jun-22	100,043,421	1.22
BANK NEDERLANDSE GEMEENTEN	EUR	100,000,000	-	14-Apr-22	100,020,421	1.22
BARCLAYS BANK PLC	EUR	150,000,000	-	07-Apr-22	150,016,269	1.82
BARCLAYS BANK PLC	EUR	100,000,000	-	11-May-22	100,061,454	1.22
BARCLAYS BANK PLC	EUR	100,000,000	-	07-Jul-22	100,118,313	1.22
BRED BANQUE POPULAIRE	EUR	200,000,000	-	13-Apr-22	200,040,210	2.43
COLGATE-PALMOLIVE CO	EUR	12,000,000	-	28-Apr-22	12,004,598	0.15
DEKABANK DEUTSCHE GIROZENTRALE	EUR	100,000,000	-	04-Jul-22	100,118,947	1.22
HSBC BANK PLC	EUR	25,000,000	-	09-May-22	25,014,589	0.30
ING BANK NV	EUR	100,000,000	-	07-Jun-22	100,089,599	1.22
LINDE AG	EUR	10,000,000	-	10-May-22	10,005,532	0.12
LLOYDS BANK CORPORATE MARKETS	EUR	100,000,000	-	07-Apr-22	100,010,434	1.21
LLOYDS BANK CORPORATE MARKETS	EUR	100,000,000	-	24-May-22	100,075,982	1.22
L'OREAL SA	EUR	73,000,000	-	03-Jun-22	73,062,734	0.89
MACQUARIE BANK LTD	EUR	65,000,000	-	08-Jul-22	65,077,471	0.79
NATIXIS SA	EUR	150,000,000	-	05-Jul-22	150,187,236	1.83
NESTLE SA	EUR	100,000,000	-	04-Apr-22	100,006,058	1.22
NORDEA BANK AB	EUR	100,000,000	-	05-Apr-22	100,007,703	1.22
OESTERREICHISCHE KONTROLLBANK AG	EUR	50,000,000	-	14-Apr-22	50,011,700	0.61
OESTERREICHISCHE KONTROLLBANK AG	EUR	100,000,000	-	06-Jun-22	100,099,189	1.22
OP CORPORATE BANK PLC	EUR	31,000,000	-	22-Aug-22	31,047,060	0.38
PROCTER & GAMBLE COMPANY	EUR	133,000,000	-	13-Apr-22	133,029,142	1.62
SOCIETE DE FINANCEMENT LOCAL SA	EUR	30,000,000	-	25-May-22	30,027,304	0.36
SOCIETE DE FINANCEMENT LOCAL SA	EUR	25,000,000	-	30-May-22	25,022,926	0.30
SOCIETE DE FINANCEMENT LOCAL SA	EUR	45,000,000	-	07-Jul-22	45,063,973	0.55
SOCIETE DE FINANCEMENT LOCAL SA	EUR	75,000,000	-	25-Jul-22	75,119,638	0.91
SOCIETE DE FINANCEMENT LOCAL SA	EUR	50,000,000	-	16-Aug-22	50,088,514	0.61
SUMITOMO MITSUI BANKING CORPORATION	EUR	100,000,000	-	22-Apr-22	100,031,273	1.22
SVENSKA HANDELSBANKEN AB	EUR	45,000,000	-	06-Jun-22	45,044,635	0.55
SVENSKA HANDELSBANKEN AB	EUR	100,000,000	-	21-Jul-22	100,155,897	1.22
<b>Total Commercial Paper</b>					<b>2,770,839,867</b>	<b>33.71</b>
<b>CERTIFICATES OF DEPOSIT 33.35%</b>						
BANK OF AMERICA NA	EUR	48,000,000	-	11-Aug-22	48,083,235	0.58
BANK OF MONTREAL	EUR	100,000,000	-	06-Sep-22	100,149,596	1.22
CITIBANK NA	EUR	35,000,000	-	07-Apr-22	35,003,796	0.42
CITIBANK NA	EUR	100,000,000	-	09-May-22	100,058,355	1.22
CITIBANK NA	EUR	100,000,000	-	01-Jun-22	100,082,491	1.22
CITIBANK NA	EUR	50,000,000	-	13-Jun-22	50,047,589	0.61
CITIBANK NA	EUR	100,000,000	-	06-Jul-22	100,117,432	1.22
CREDIT AGRICOLE SA	EUR	50,000,000	-	27-Jun-22	50,057,261	0.61
CREDIT AGRICOLE SA	EUR	100,000,000	-	01-Jul-22	100,118,947	1.22
DNB BANK ASA	EUR	100,000,000	-	07-Sep-22	100,254,307	1.22
EUROCLEAR BANK SA/NV	EUR	65,000,000	-	07-Apr-22	65,007,619	0.79
EUROCLEAR BANK SA/NV	EUR	35,000,000	-	07-Jul-22	35,049,757	0.43
GOLDMAN SACHS INTERNATIONAL BANK	EUR	75,000,000	-	09-May-22	75,043,766	0.91
GOLDMAN SACHS INTERNATIONAL BANK	EUR	50,000,000	-	13-Jun-22	50,047,589	0.61
GOLDMAN SACHS INTERNATIONAL BANK	EUR	100,000,000	-	07-Jul-22	100,118,313	1.22
GOLDMAN SACHS INTERNATIONAL BANK	EUR	50,000,000	-	18-Jul-22	50,063,774	0.61
GOLDMAN SACHS INTERNATIONAL BANK	EUR	50,000,000	-	14-Sep-22	50,081,582	0.61
ING BANK NV	EUR	100,000,000	-	01-Jul-22	100,112,930	1.22

The accompanying notes form an integral part of financial statements.



# MORGAN STANLEY LIQUIDITY FUNDS

## Euro Liquidity Fund

### Schedule of Investments (continued)

As of 31 March 2022

(Expressed in EUR)

ISSUE	DENOMINATION CURRENCY	HOLDINGS	COUPON RATE	MATURITY DATE	MARKET PRICE/AMORTISED COST*	PERCENTAGE OF NET ASSETS
<b>TRANSFERABLE SECURITIES AND MONEY MARKET INSTRUMENTS</b>						
<b>CERTIFICATES OF DEPOSIT 33.35%</b>						
LLOYDS BANK CORPORATE MARKETS	EUR	50,000,000	-	14-Jun-22	50,051,883	0.61
MIZUHO BANK LTD	EUR	100,000,000	-	01-Jul-22	100,108,813	1.22
NORDEA BANK AB	EUR	100,000,000	-	04-Apr-22	100,006,230	1.22
NORDEA BANK AB	EUR	100,000,000	-	05-May-22	100,053,339	1.22
RAIFFEISEN SCHWEIZ GENOSSENSCH	EUR	50,000,000	-	13-Apr-22	50,008,669	0.61
RAIFFEISEN SCHWEIZ GENOSSENSCH	EUR	100,000,000	-	01-Jul-22	100,101,213	1.22
ROYAL BANK OF CANADA	EUR	100,000,000	-	18-Jul-22	100,139,286	1.22
SUMITOMO MITSUI BANKING CORPORATION	EUR	100,000,000	-	07-Apr-22	100,010,434	1.22
SUMITOMO MITSUI BANKING CORPORATION	EUR	100,000,000	-	25-May-22	100,076,923	1.22
SUMITOMO MITSUI TRUST BANK LTD	EUR	50,000,000	-	07-Apr-22	50,005,217	0.61
SUMITOMO MITSUI TRUST BANK LTD	EUR	50,000,000	-	14-Apr-22	50,010,511	0.61
SUMITOMO MITSUI TRUST BANK LTD	EUR	75,000,000	-	06-May-22	75,042,076	0.91
SUMITOMO MITSUI TRUST BANK LTD	EUR	75,000,000	-	09-May-22	75,045,148	0.91
UBS AG	EUR	50,000,000	-	14-Jul-22	50,062,142	0.61
ZUERCHER KANTONALBANK	EUR	50,000,000	-	01-Apr-22	50,000,979	0.61
ZUERCHER KANTONALBANK	EUR	25,000,000	-	08-Apr-22	25,003,601	0.30
ZUERCHER KANTONALBANK	EUR	30,000,000	-	19-May-22	30,025,471	0.36
ZUERCHER KANTONALBANK	EUR	75,000,000	-	23-May-22	75,066,776	0.91
ZUERCHER KANTONALBANK	EUR	75,000,000	-	31-May-22	75,076,974	0.91
ZUERCHER KANTONALBANK	EUR	75,000,000	-	03-Jun-22	75,079,236	0.91
<b>Total Certificates of Deposit</b>					<b>2,740,473,260</b>	<b>33.35</b>
<b>ASSET BACKED COMMERCIAL PAPER 2.74%</b>						
COLLATERALIZED COMMERCIAL PAPER CO III	EUR	40,000,000	-	13-Jun-22	40,030,418	0.49
COLLATERALIZED COMMERCIAL PAPER CO III	EUR	50,000,000	-	17-Jun-22	50,039,737	0.61
COLLATERALIZED COMMERCIAL PAPER CO III	EUR	60,000,000	-	13-Jul-22	60,058,045	0.73
COLLATERALIZED COMMERCIAL PAPER CO III	EUR	75,000,000	-	25-Aug-22	75,087,245	0.91
<b>Total Asset Backed Commercial Paper</b>					<b>225,215,445</b>	<b>2.74</b>
<b>TREASURY BILLS 1.19%</b>						
EUROPEAN UNION BILL	EUR	98,000,000	-	08-Apr-22	98,012,564	1.19
<b>Total Treasury Bills</b>					<b>98,012,564</b>	<b>1.19</b>
<b>CORPORATE BONDS 0.87%</b>						
ING BANK NV	EUR	10,000,000	-	08-Apr-22	10,000,880	0.12
UBS AG	EUR	15,458,000	4.00%	08-Apr-22	15,472,791	0.19
WESTPAC SECURITIES NZ LTD	EUR	45,913,000	0.25%	06-Apr-22	45,918,647	0.56
<b>Total Corporate Bonds</b>					<b>71,392,318</b>	<b>0.87</b>
<b>Total Transferable Securities and Money Market Instruments</b>					<b>5,905,933,454</b>	<b>71.86</b>
<b>Total Investments</b>					<b>5,905,933,454</b>	<b>71.86</b>

The accompanying notes form an integral part of financial statements.

# MORGAN STANLEY LIQUIDITY FUNDS

## Euro Liquidity Fund

### Schedule of Investments (continued)

As of 31 March 2022

(Expressed in EUR)

ISSUE	DENOMINATION CURRENCY	HOLDINGS	COUPON RATE	MATURITY DATE	MARKET PRICE/AMORTISED COST*	PERCENTAGE OF NET ASSETS
TRANSFERABLE SECURITIES AND MONEY MARKET INSTRUMENTS						
Other assets in excess of liabilities					2,312,313,290	28.14
Total Net Assets					8,218,246,744	100.00

\*Securities with residual maturity days up to 75 days or with Mark to Market deviance under 10bps are valued at Amortised Cost (applicable for a Sub-Fund qualifying as an LVNAV Money Market Fund).

The accompanying notes form an integral part of financial statements.

# MORGAN STANLEY LIQUIDITY FUNDS

## US Dollar Liquidity Fund

### Schedule of Investments

As of 31 March 2022

(Expressed in USD)

ISSUE	DENOMINATION CURRENCY	HOLDINGS	COUPON RATE	MATURITY DATE	MARKET PRICE/AMORTISED COST*	PERCENTAGE OF NET ASSETS
<b>TRANSFERABLE SECURITIES AND MONEY MARKET INSTRUMENTS</b>						
<b>COMMERCIAL PAPER 49.98%</b>						
AGENCE CENTRALE DES ORGANISMES	USD	200,000,000	-	04-Apr-22	199,991,748	1.16
AGENCE CENTRALE DES ORGANISMES	USD	200,000,000	-	07-Apr-22	199,986,152	1.16
AGENCE CENTRALE DES ORGANISMES	USD	145,000,000	-	02-May-22	144,907,774	0.84
AGENCE CENTRALE DES ORGANISMES	USD	125,000,000	-	04-May-22	124,938,056	0.73
AGENCE CENTRALE DES ORGANISMES	USD	100,000,000	-	04-May-22	99,954,424	0.58
ANZ NEW ZEALAND INT'L LTD	USD	100,000,000	-	22-Jun-22	99,801,031	0.58
BANK NEDERLANDSE GEMEENTEN	USD	300,000,000	-	05-Apr-22	299,990,559	1.74
BANK NEDERLANDSE GEMEENTEN	USD	450,000,000	-	07-Apr-22	449,965,274	2.61
BANK OF AMERICA NA	USD	195,000,000	-	10-Jun-22	194,680,883	1.13
BANK OF MONTREAL	USD	155,000,000	-	15-Jun-22	154,764,073	0.90
BANK OF NOVA SCOTIA	USD	225,000,000	-	15-Jun-22	224,595,225	1.31
BARCLAYS BANK PLC	USD	100,000,000	-	16-Jun-22	99,814,131	0.58
BARCLAYS BANK PLC	USD	80,000,000	-	17-Jun-22	79,847,814	0.46
BNP PARIBAS	USD	30,000,000	-	05-Apr-22	29,998,625	0.18
BNZ INTERNATIONAL FUNDING LTD	USD	35,000,000	-	15-Jun-22	34,941,702	0.20
CAISSE D'AMORTISSEMENT DE LA DETTE	USD	200,000,000	-	02-May-22	199,917,030	1.16
CAISSE D'AMORTISSEMENT DE LA DETTE	USD	199,000,000	-	03-May-22	198,918,189	1.16
CAISSE D'AMORTISSEMENT DE LA DETTE	USD	300,000,000	-	15-Jun-22	299,481,300	1.74
CDP FINANCIAL INC	USD	100,000,000	-	01-Jun-22	99,865,840	0.58
CDP FINANCIAL INC	USD	350,000,000	-	14-Jun-22	349,420,312	2.03
CDP FINANCIAL INC	USD	60,000,000	-	15-Jun-22	59,899,300	0.35
DEPOSITORY TRUST & CLEARING CO	USD	250,000,000	-	01-Apr-22	249,996,875	1.45
DEPOSITORY TRUST & CLEARING CO	USD	300,000,000	-	04-Apr-22	299,985,000	1.74
DEPOSITORY TRUST & CLEARING CO	USD	50,000,000	-	06-Apr-22	49,996,250	0.29
DZ PRIVATBANK SA	USD	250,000,000	-	01-Apr-22	249,997,387	1.45
ERSTE ABWICKLUNGSANSTALT	USD	110,000,000	-	04-Apr-22	109,996,444	0.64
ERSTE ABWICKLUNGSANSTALT	USD	350,000,000	-	15-Jun-22	349,436,227	2.03
ERSTE GROUP BANK AG	USD	500,000,000	-	07-Apr-22	499,974,305	2.90
FEDERATION DES CAISSES DESJARDINS	USD	250,000,000	-	04-Apr-22	249,991,387	1.45
FMS WERTMANAGEMENT ANSTALT DES OFF	USD	100,000,000	-	04-May-22	99,961,907	0.58
FMS WERTMANAGEMENT ANSTALT DES OFF	USD	150,000,000	-	05-May-22	149,941,035	0.87
JYSKE BANK A/S	USD	350,000,000	-	04-Apr-22	349,981,139	2.03
KREDITANSTALT FUR WIEDERAUFBAU	USD	500,000,000	-	07-Apr-22	499,956,515	2.90
KREDITANSTALT FUR WIEDERAUFBAU	USD	100,000,000	-	04-May-22	99,956,801	0.58
NRW.BANK	USD	500,000,000	-	05-Apr-22	499,979,690	2.91
OESTERREICHISCHE KONTROLLBANK AG	USD	185,000,000	-	05-May-22	184,900,966	1.07
ONTARIO TEACHER FIN TRST	USD	55,000,000	-	02-Jun-22	54,930,409	0.32
OVERSEA-CHINESE BANKING CORP	USD	165,000,000	-	22-Jun-22	164,654,962	0.96
ROYAL BANK OF CANADA	USD	225,000,000	-	15-Jun-22	224,555,400	1.31
SKANDINAVISKA ENSKILDA BANKEN AB	USD	130,000,000	-	15-Jun-22	129,787,306	0.75
SKANDINAVISKA ENSKILDA BANKEN AB	USD	200,000,000	-	22-Jun-22	199,627,884	1.16
ST ENGINEERING	USD	50,000,000	-	15-Jun-22	49,922,628	0.29
SUMITOMO MITSUI TRUST BANK LTD	USD	15,000,000	-	04-May-22	14,992,011	0.09
SUMITOMO MITSUI TRUST BANK LTD	USD	32,600,000	-	05-May-22	32,581,617	0.19
SUMITOMO MITSUI TRUST BANK LTD	USD	145,000,000	-	06-May-22	144,920,250	0.84
<b>Total Commercial Paper</b>					<b>8,605,703,837</b>	<b>49.98</b>
<b>CERTIFICATES OF DEPOSIT 20.52%</b>						
BANK OF AMERICA NA	USD	300,000,000	0.55%	03-Jan-23	299,272,287	1.74
BANK OF MONTREAL	USD	245,000,000	1.00%	15-Jun-22	245,149,597	1.42
BANK OF MONTREAL	USD	110,000,000	0.64%	15-Jun-22	109,983,669	0.64
BANK OF NOVA SCOTIA	USD	100,000,000	0.38%	23-Jun-22	99,951,508	0.58

The accompanying notes form an integral part of financial statements.

# MORGAN STANLEY LIQUIDITY FUNDS

## US Dollar Liquidity Fund

### Schedule of Investments (continued)

As of 31 March 2022

(Expressed in USD)

ISSUE	DENOMINATION CURRENCY	HOLDINGS	COUPON RATE	MATURITY DATE	MARKET PRICE/AMORTISED COST*	PERCENTAGE OF NET ASSETS
<b>TRANSFERABLE SECURITIES AND MONEY MARKET INSTRUMENTS</b>						
<b>CERTIFICATES OF DEPOSIT 20.52%</b>						
BANK OF NOVA SCOTIA	USD	80,000,000	0.81%	21-Sep-22	80,057,834	0.46
BANK OF NOVA SCOTIA	USD	100,000,000	0.47%	08-Nov-22	99,874,500	0.58
BARCLAYS BANK PLC	USD	200,000,000	1.05%	17-Jun-22	200,073,426	1.16
BELFIUS BANK SA/NV	USD	250,000,000	-	05-Apr-22	249,979,282	1.45
CANADIAN IMPERIAL BANK OF COMMERCE	USD	200,000,000	0.31%	06-Apr-22	200,000,000	1.16
COMMONWEALTH BANK OF AUSTRALIA	USD	65,000,000	0.47%	31-Aug-22	64,947,873	0.38
EUROCLEAR BANK SA/NV	USD	140,000,000	-	04-May-22	139,937,591	0.81
GOLDMAN SACHS INTERNATIONAL BANK	USD	100,000,000	-	14-Jul-22	99,723,000	0.58
GOLDMAN SACHS INTERNATIONAL BANK	USD	175,000,000	0.81%	03-Oct-22	175,095,725	1.02
GOLDMAN SACHS INTERNATIONAL BANK	USD	125,000,000	0.46%	14-Oct-22	124,856,035	0.73
GOLDMAN SACHS INTERNATIONAL BANK	USD	200,000,000	0.81%	17-Oct-22	200,107,600	1.16
GOLDMAN SACHS INTERNATIONAL BANK	USD	50,000,000	0.46%	19-Oct-22	49,939,840	0.29
MIZUHO BANK LTD	USD	200,000,000	-	05-May-22	199,913,434	1.16
MIZUHO BANK LTD	USD	200,000,000	-	18-May-22	199,872,424	1.16
SUMITOMO MITSUI TRUST BANK LTD	USD	370,000,000	0.31%	04-Apr-22	370,000,000	2.15
SUMITOMO MITSUI TRUST BANK LTD	USD	100,000,000	-	06-May-22	99,954,520	0.58
SVENSKA HANDELSBANKEN AB	USD	125,000,000	0.48%	23-Aug-22	124,905,527	0.73
SVENSKA HANDELSBANKEN AB	USD	100,000,000	0.47%	27-Oct-22	99,866,139	0.58
<b>Total Certificates of Deposit</b>					<b>3,533,461,811</b>	<b>20.52</b>
<b>COMMERCIAL PAPER - INTEREST BEARING 14.75%</b>						
BANK OF MONTREAL	USD	150,000,000	0.53%	22-Dec-22	149,835,309	0.87
BANK OF NOVA SCOTIA	USD	50,000,000	0.64%	27-Sep-22	50,000,000	0.29
BARCLAYS BANK PLC	USD	90,000,000	0.43%	17-Jun-22	89,959,349	0.52
BARCLAYS BANK PLC	USD	100,000,000	0.43%	21-Jun-22	99,950,843	0.58
BARCLAYS BANK PLC	USD	100,000,000	0.43%	22-Jun-22	99,928,600	0.58
CANADIAN IMPERIAL BANK OF COMMERCE	USD	130,000,000	0.49%	02-Sep-22	129,942,435	0.75
FEDERATION DES CAISSES DESJARDINS	USD	115,000,000	0.77%	26-Sep-22	115,012,544	0.67
FEDERATION DES CAISSES DESJARDINS	USD	275,000,000	0.67%	03-Oct-22	274,886,590	1.60
MACQUARIE BANK LTD	USD	70,000,000	0.46%	10-May-22	70,005,525	0.41
MACQUARIE BANK LTD	USD	175,000,000	0.46%	05-May-22	175,000,000	1.02
MACQUARIE BANK LTD	USD	120,000,000	0.46%	06-May-22	119,996,352	0.70
NATIONAL AUSTRALIA BANK LTD	USD	110,000,000	0.47%	23-Aug-22	109,927,887	0.64
ROYAL BANK OF CANADA	USD	185,000,000	0.52%	01-Dec-22	184,661,080	1.07
ROYAL BANK OF CANADA	USD	100,000,000	0.52%	01-Dec-22	99,816,800	0.58
TORONTO DOMINION BANK	USD	250,000,000	0.49%	03-Jun-22	249,910,000	1.45
UBS AG	USD	150,000,000	0.47%	14-Jun-22	149,942,258	0.87
UBS AG	USD	200,000,000	0.47%	15-Jun-22	199,924,164	1.16
UBS AG	USD	170,000,000	0.47%	16-Jun-22	169,934,647	0.99
<b>Total Commercial Paper - Interest Bearing</b>					<b>2,538,634,383</b>	<b>14.75</b>
<b>ASSET BACKED COMMERCIAL PAPER 2.58%</b>						
COLLATERALIZED COMMERCIAL PAPER PROGRAM	USD	60,000,000	0.26%	12-Jul-22	59,854,267	0.35
COLLATERALIZED COMMERCIAL PAPER PROGRAM	USD	150,000,000	0.52%	09-Nov-22	149,754,388	0.87
COLLATERALIZED COMMERCIAL PAPER PROGRAM	USD	150,000,000	0.51%	12-Dec-22	149,694,450	0.87

The accompanying notes form an integral part of financial statements.

# MORGAN STANLEY LIQUIDITY FUNDS

## US Dollar Liquidity Fund

Schedule of Investments (continued)

As of 31 March 2022

(Expressed in USD)

ISSUE	DENOMINATION CURRENCY	HOLDINGS	COUPON RATE	MATURITY DATE	MARKET PRICE/AMORTISED COST*	PERCENTAGE OF NET ASSETS
TRANSFERABLE SECURITIES AND MONEY MARKET INSTRUMENTS						
ASSET BACKED COMMERCIAL PAPER 2.58%						
COLLATERALIZED COMMERCIAL PAPER V CO LLC	USD	60,000,000	-	06-May-22	59,972,884	0.35
COLLATERALIZED COMMERCIAL PAPER V CO LLC	USD	25,000,000	-	22-Jun-22	24,942,419	0.14
<b>Total Asset Backed Commercial Paper</b>					<b>444,218,408</b>	<b>2.58</b>
<b>Total Transferable Securities and Money Market Instruments</b>					<b>15,122,018,439</b>	<b>87.83</b>
<b>Total Investments</b>					<b>15,122,018,439</b>	<b>87.83</b>
<b>Other assets in excess of liabilities</b>					<b>2,095,350,890</b>	<b>12.17</b>
<b>Total Net Assets</b>					<b>17,217,369,329</b>	<b>100.00</b>

\*Securities with residual maturity days up to 75 days or with Mark to Market deviance under 10bps are valued at Amortised Cost (applicable for a Sub-Fund qualifying as an LVNAV Money Market Fund).

The accompanying notes form an integral part of financial statements.

# MORGAN STANLEY LIQUIDITY FUNDS

## US Dollar Treasury Liquidity Fund

### Schedule of Investments

As of 31 March 2022

(Expressed in USD)

ISSUE	DENOMINATION CURRENCY	HOLDINGS	COUPON RATE	MATURITY DATE	AMORTISED COST	PERCENTAGE OF NET ASSETS
<b>TRANSFERABLE SECURITIES AND MONEY MARKET INSTRUMENTS</b>						
<b>TREASURY BILLS 26.73%</b>						
GOVERNMENT OF THE UNITED STATES	USD	900,000,000	-	16-Jun-22	899,166,111	5.91
GOVERNMENT OF THE UNITED STATES	USD	100,000,000	-	23-Jun-22	99,889,333	0.66
GOVERNMENT OF THE UNITED STATES	USD	300,000,000	-	05-Jul-22	299,575,545	1.97
GOVERNMENT OF THE UNITED STATES	USD	395,000,000	-	12-Jul-22	394,378,493	2.59
GOVERNMENT OF THE UNITED STATES	USD	390,000,000	-	19-Jul-22	389,217,653	2.56
GOVERNMENT OF THE UNITED STATES	USD	100,000,000	-	26-Jul-22	99,771,222	0.66
GOVERNMENT OF THE UNITED STATES	USD	550,000,000	-	01-Sep-22	548,410,134	3.60
GOVERNMENT OF THE UNITED STATES	USD	950,000,000	-	08-Sep-22	946,985,556	6.22
GOVERNMENT OF THE UNITED STATES	USD	90,000,000	-	15-Sep-22	89,657,650	0.59
GOVERNMENT OF THE UNITED STATES	USD	200,000,000	-	22-Sep-22	199,175,917	1.31
GOVERNMENT OF THE UNITED STATES	USD	100,000,000	-	06-Oct-22	99,956,917	0.66
<b>Total Treasury Bills</b>					<b>4,066,184,531</b>	<b>26.73</b>
<b>TREASURY NOTES 1.88%</b>						
GOVERNMENT OF THE UNITED STATES	USD	50,000,000	0.13%	30-Nov-22	49,609,615	0.32
GOVERNMENT OF THE UNITED STATES	USD	50,000,000	0.13%	31-Dec-22	49,724,140	0.33
GOVERNMENT OF THE UNITED STATES	USD	75,000,000	2.00%	15-Feb-23	75,653,427	0.50
GOVERNMENT OF THE UNITED STATES	USD	85,000,000	2.63%	28-Feb-23	86,288,725	0.57
GOVERNMENT OF THE UNITED STATES	USD	25,000,000	0.13%	28-Feb-23	24,810,704	0.16
<b>Total Treasury Notes</b>					<b>286,086,611</b>	<b>1.88</b>
<b>Total Transferable Securities and Money Market Instruments</b>					<b>4,352,271,142</b>	<b>28.61</b>
<b>Total Investments</b>					<b>4,352,271,142</b>	<b>28.61</b>
<b>Other assets in excess of liabilities</b>					<b>10,859,070,882</b>	<b>71.39</b>
<b>Total Net Assets</b>					<b>15,211,342,024</b>	<b>100.00</b>

The accompanying notes form an integral part of financial statements.

# MORGAN STANLEY LIQUIDITY FUNDS

## US Dollar Ultra Short Income Fund

### Schedule of Investments

As of 31 March 2022

(Expressed in USD)

ISSUE	DENOMINATION CURRENCY	HOLDINGS	COUPON RATE	MATURITY DATE	MARKET PRICE/AMORTISED COST*	PERCENTAGE OF NET ASSETS
<b>TRANSFERABLE SECURITIES AND MONEY MARKET INSTRUMENTS</b>						
<b>COMMERCIAL PAPER 28.31%</b>						
AMERICAN HONDA FINANCE	USD	7,000,000	-	10-Jun-22	6,983,696	3.90
BANK OF AMERICA NA	USD	5,000,000	-	10-Jun-22	4,992,476	2.79
CATHOLIC HEALTH INITIATIVES	USD	7,000,000	-	11-May-22	6,990,712	3.90
EI DU PONT DE NEMOURS & CO	USD	5,000,000	-	17-Jun-22	4,986,783	2.79
NUTRIEN LTD	USD	2,000,000	-	06-May-22	1,997,976	1.12
OVERSEA-CHINESE BANKING CORP	USD	3,000,000	-	22-Jun-22	2,993,727	1.67
TELUS CORP	USD	750,000	-	09-May-22	749,197	0.42
TELUS CORP	USD	1,000,000	-	26-May-22	998,322	0.56
TELUS CORP	USD	5,000,000	-	15-Jun-22	4,987,154	2.79
UNITEDHEALTH GROUP INC	USD	7,000,000	-	04-Apr-22	6,999,684	3.91
VERIZON COMMUNICATIONS INC	USD	8,000,000	-	24-May-22	7,987,184	4.46
<b>Total Commercial Paper</b>					<b>50,666,911</b>	<b>28.31</b>
<b>CORPORATE BONDS 21.13%</b>						
AMERICAN EXPRESS CO	USD	1,930,000	2.75%	20-May-22	1,931,372	1.08
ASTRAZENECA PLC	USD	648,000	2.38%	12-Jun-22	648,949	0.36
AT&T INC	USD	6,992,000	3.00%	30-Jun-22	7,000,057	3.91
BARCLAYS BANK PLC	USD	2,250,000	1.70%	12-May-22	2,251,135	1.26
CANADIAN IMPERIAL BANK OF COMMERCE	USD	2,500,000	2.55%	16-Jun-22	2,506,883	1.40
DBS BANK LTD	USD	400,000	2.85%	16-Apr-22	400,048	0.23
RECKITT BENCKISER GROUP PLC	USD	8,100,000	2.38%	24-Jun-22	8,113,948	4.54
SUMITOMO MITSUI FINANCIAL GROU	USD	1,147,000	2.78%	12-Jul-22	1,151,704	0.64
SUNCORP-METWAY LTD	USD	2,704,000	2.80%	04-May-22	2,707,658	1.51
VOLKSWAGEN GROUP AMERICA	USD	8,083,000	2.90%	13-May-22	8,093,265	4.52
WASTE MANAGEMENT INC	USD	3,000,000	2.90%	15-Sep-22	3,007,379	1.68
<b>Total Corporate Bonds</b>					<b>37,812,398</b>	<b>21.13</b>
<b>FLOATING RATE NOTES 16.06%</b>						
DBS BANK LTD	USD	5,075,000	0.88%	25-Jul-22	5,081,077	2.84
NEW YORK LIFE GLOBAL FUNDING	USD	8,000,000	0.48%	30-Jun-23	7,972,941	4.45
ROYAL BANK OF CANADA	USD	3,065,000	0.73%	26-Oct-23	3,055,790	1.71
ROYAL BANK OF CANADA	USD	4,705,000	0.58%	19-Jan-24	4,670,900	2.61
TORONTO DOMINION BANK	USD	3,000,000	0.73%	28-Sep-23	2,988,756	1.67
TORONTO DOMINION BANK	USD	5,000,000	0.64%	04-Mar-24	4,971,400	2.78
<b>Total Floating Rate Notes</b>					<b>28,740,864</b>	<b>16.06</b>
<b>CERTIFICATES OF DEPOSIT 12.80%</b>						
BANK OF MONTREAL	USD	5,000,000	1.00%	15-Jun-22	5,003,053	2.79
BANK OF MONTREAL	USD	1,000,000	0.57%	09-Jan-23	999,096	0.56
BANK OF NOVA SCOTIA	USD	5,000,000	0.84%	21-Oct-22	5,004,862	2.80
CANADIAN IMPERIAL BANK OF COMMERCE	USD	5,000,000	0.89%	21-Dec-22	5,009,906	2.80
GOLDMAN SACHS INTERNATIONAL BANK	USD	2,000,000	0.81%	03-Oct-22	2,001,094	1.12
SUMITOMO MITSUI TRUST BANK LTD	USD	1,400,000	0.48%	01-Sep-22	1,399,031	0.78

The accompanying notes form an integral part of financial statements.

# MORGAN STANLEY LIQUIDITY FUNDS

## US Dollar Ultra Short Income Fund

Schedule of Investments (continued)

As of 31 March 2022

(Expressed in USD)

ISSUE	DENOMINATION CURRENCY	HOLDINGS	COUPON RATE	MATURITY DATE	MARKET PRICE/AMORTISED COST*	PERCENTAGE OF NET ASSETS
<b>TRANSFERABLE SECURITIES AND MONEY MARKET INSTRUMENTS</b>						
<b>CERTIFICATES OF DEPOSIT 12.80%</b>						
WESTPAC BANKING CORP	USD	3,500,000	0.41%	11-Oct-22	3,494,937	1.95
<b>Total Certificates of Deposit</b>					<b>22,911,979</b>	<b>12.80</b>
<b>COMMERCIAL PAPER - INTEREST BEARING 5.47%</b>						
AUSTRALIA AND NEW ZEALAND BANKING	USD	5,000,000	0.53%	09-Dec-22	4,989,150	2.79
JP MORGAN SECURITIES LLC	USD	1,300,000	0.48%	24-Jan-23	1,296,998	0.72
NATIONAL AUSTRALIA BANK LTD	USD	2,000,000	0.77%	29-Mar-23	2,000,020	1.12
UBS AG	USD	1,500,000	0.28%	20-Jul-22	1,496,282	0.84
<b>Total Commercial Paper - Interest Bearing</b>					<b>9,782,450</b>	<b>5.47</b>
<b>ASSET BACKED COMMERCIAL PAPER 1.11%</b>						
COLLATERALIZED COMMERCIAL PAPER V CO LLC	USD	2,000,000	-	22-Jun-22	1,995,393	1.11
<b>Total Asset Backed Commercial Paper</b>					<b>1,995,393</b>	<b>1.11</b>
<b>Total Transferable Securities and Money Market Instruments</b>					<b>151,909,995</b>	<b>84.88</b>
<b>Total Investments</b>					<b>151,909,995</b>	<b>84.88</b>
<b>Other assets in excess of liabilities</b>					<b>27,062,642</b>	<b>15.12</b>
<b>Total Net Assets</b>					<b>178,972,637</b>	<b>100.00</b>

The accompanying notes form an integral part of financial statements.



# MORGAN STANLEY LIQUIDITY FUNDS

## Sterling Liquidity Fund

### Schedule of Investments

As of 31 March 2022

(Expressed in GBP)

ISSUE	DENOMINATION CURRENCY	HOLDINGS	COUPON RATE	MATURITY DATE	MARKET PRICE/AMORTISED COST*	PERCENTAGE OF NET ASSETS
<b>TRANSFERABLE SECURITIES AND MONEY MARKET INSTRUMENTS</b>						
<b>CERTIFICATES OF DEPOSIT 40.72%</b>						
ABN AMRO BANK	GBP	50,000,000	-	01-Apr-22	49,999,468	0.86
BANK OF NOVA SCOTIA	GBP	50,000,000	-	29-Jul-22	49,811,671	0.86
BELFIUS BANK SA/NV	GBP	75,000,000	-	01-Apr-22	74,998,688	1.30
BELFIUS BANK SA/NV	GBP	50,000,000	-	05-May-22	49,960,489	0.86
BNP PARIBAS	GBP	100,000,000	0.33%	06-Apr-22	99,999,145	1.73
BNP PARIBAS	GBP	50,000,000	0.67%	09-May-22	49,993,750	0.86
BNP PARIBAS	GBP	75,000,000	0.42%	12-May-22	74,969,376	1.30
COMMONWEALTH BANK OF AUSTRALIA	GBP	50,000,000	0.32%	23-May-22	49,981,977	0.86
COOPERATIEVE RABOBANK UA	GBP	50,000,000	-	06-Jun-22	49,915,419	0.86
COOPERATIEVE RABOBANK UA	GBP	50,000,000	-	06-Jul-22	49,857,107	0.86
COOPERATIEVE RABOBANK UA	GBP	20,000,000	-	04-Aug-22	19,910,400	0.34
COOPERATIEVE RABOBANK UA	GBP	50,000,000	0.95%	08-Aug-22	49,953,198	0.86
COOPERATIEVE RABOBANK UA	GBP	50,000,000	1.70%	03-Jan-23	50,000,000	0.86
DNB BANK ASA	GBP	50,000,000	1.69%	06-Sep-22	50,228,680	0.87
DNB BANK ASA	GBP	50,000,000	0.94%	08-Sep-22	50,000,000	0.86
DNB BANK ASA	GBP	50,000,000	1.64%	21-Sep-22	50,081,021	0.87
GOLDMAN SACHS INTERNATIONAL BANK	GBP	50,000,000	-	22-Apr-22	49,987,125	0.87
GOLDMAN SACHS INTERNATIONAL BANK	GBP	50,000,000	-	28-Apr-22	49,979,385	0.86
GOLDMAN SACHS INTERNATIONAL BANK	GBP	50,000,000	-	03-May-22	49,975,704	0.86
GOLDMAN SACHS INTERNATIONAL BANK	GBP	75,000,000	-	08-Aug-22	74,659,370	1.29
ING BANK NV	GBP	50,000,000	-	12-Sep-22	49,718,718	0.86
NATIONAL AUSTRALIA BANK LTD	GBP	15,000,000	0.45%	20-Apr-22	15,000,685	0.26
NATIONAL AUSTRALIA BANK LTD	GBP	100,000,000	0.51%	29-Apr-22	100,001,784	1.73
NATIONAL AUSTRALIA BANK LTD	GBP	50,000,000	0.42%	09-May-22	49,992,444	0.86
NATIONAL AUSTRALIA BANK LTD	GBP	50,000,000	0.39%	05-Jul-22	49,907,917	0.86
NORDEA BANK AB	GBP	75,000,000	0.08%	06-May-22	74,959,801	1.29
NORDEA BANK AB	GBP	50,000,000	0.99%	22-Jun-22	50,000,000	0.86
NORDEA BANK AB	GBP	50,000,000	-	01-Jul-22	49,868,514	0.86
OVERSEA-CHINESE BANKING CORP	GBP	100,000,000	-	01-Jul-22	99,732,230	1.72
ROYAL BANK OF CANADA	GBP	50,000,000	1.69%	20-Dec-22	50,215,277	0.87
SKANDINAVISKA ENSKILDA BANKEN AB	GBP	50,000,000	0.15%	20-May-22	49,968,846	0.86
SKANDINAVISKA ENSKILDA BANKEN AB	GBP	50,000,000	0.23%	01-Jul-22	49,904,372	0.86
SOCIETE GENERALE	GBP	75,000,000	0.29%	11-May-22	74,969,665	1.30
SUMITOMO MITSUI BANKING CORPORATION	GBP	45,000,000	-	03-May-22	44,968,460	0.78
SUMITOMO MITSUI BANKING CORPORATION	GBP	50,000,000	0.78%	04-May-22	50,000,000	0.87
SUMITOMO MITSUI TRUST BANK LTD	GBP	50,000,000	0.40%	09-May-22	49,982,643	0.86
SVENSKA HANDELSBANKEN AB	GBP	35,000,000	-	20-Jun-22	34,927,342	0.60
TORONTO DOMINION BANK	GBP	50,000,000	0.79%	16-May-22	50,000,000	0.87
TORONTO DOMINION BANK	GBP	25,000,000	0.30%	15-Jun-22	24,969,474	0.43
TORONTO DOMINION BANK	GBP	50,000,000	0.18%	27-Jul-22	49,849,434	0.86
UBS AG	GBP	25,000,000	0.16%	11-Apr-22	24,998,626	0.43
UBS AG	GBP	50,000,000	-	18-May-22	49,963,091	0.86
UBS AG	GBP	20,000,000	0.43%	15-Jul-22	19,963,616	0.35
UBS AG	GBP	50,000,000	1.11%	05-Sep-22	49,957,773	0.86
UBS AG	GBP	50,000,000	1.64%	19-Sep-22	50,062,583	0.87
<b>Total Certificates of Deposit</b>					<b>2,358,145,268</b>	<b>40.72</b>
<b>COMMERCIAL PAPER 23.15%</b>						
AGENCE CENTRALE DES ORGANISMES	GBP	100,000,000	-	01-Jul-22	99,751,689	1.72
AUSTRALIA AND NEW ZEALAND BANKING	GBP	75,000,000	-	09-May-22	74,951,984	1.29
BARCLAYS BANK PLC	GBP	50,000,000	-	07-Apr-22	49,997,671	0.86
BARCLAYS BANK PLC	GBP	50,000,000	-	11-Apr-22	49,995,768	0.86
BARCLAYS BANK PLC	GBP	50,000,000	-	09-May-22	49,959,567	0.86
ERSTE ABWICKLUNGSANSTALT	GBP	100,000,000	-	05-Sep-22	99,463,843	1.72
HSBC BANK PLC	GBP	35,000,000	-	13-Apr-22	34,994,160	0.60
JP MORGAN SECURITIES LLC	GBP	75,000,000	-	25-Apr-22	74,961,210	1.30
KFW	GBP	50,000,000	-	02-Aug-22	49,827,979	0.86
KFW	GBP	70,000,000	-	27-Sep-22	69,601,687	1.20
LANDESBANK BADEN-WURTTENBERG	GBP	75,000,000	-	20-Apr-22	74,983,703	1.30
LANDESBANK BADEN-WURTTENBERG	GBP	50,000,000	-	06-Sep-22	49,758,555	0.86

The accompanying notes form an integral part of financial statements.

# MORGAN STANLEY LIQUIDITY FUNDS

## Sterling Liquidity Fund

Schedule of Investments (continued)

As of 31 March 2022

(Expressed in GBP)

ISSUE	DENOMINATION CURRENCY	HOLDINGS	COUPON RATE	MATURITY DATE	MARKET PRICE/AMORTISED COST*	PERCENTAGE OF NET ASSETS
<b>TRANSFERABLE SECURITIES AND MONEY MARKET INSTRUMENTS</b>						
<b>COMMERCIAL PAPER 23.15%</b>						
MACQUARIE BANK LTD	GBP	70,000,000	-	11-Apr-22	69,990,472	1.21
MACQUARIE BANK LTD	GBP	100,000,000	-	29-Apr-22	99,944,944	1.73
NATIXIS SA	GBP	50,000,000	-	07-Apr-22	49,997,048	0.86
NATIXIS SA	GBP	75,000,000	-	31-May-22	74,873,504	1.29
NEDERLANDSE WATERSCHAPSBANK NV	GBP	44,000,000	-	15-Aug-22	43,826,846	0.76
NEDERLANDSE WATERSCHAPSBANK NV	GBP	50,000,000	-	19-Sep-22	49,730,532	0.86
NRW.BANK	GBP	100,000,000	-	23-Sep-22	99,343,130	1.72
SKANDINAVISKA ENSKILDA BANKEN AB	GBP	75,000,000	-	09-May-22	74,950,222	1.29
<b>Total Commercial Paper</b>					<b>1,350,904,514</b>	<b>23.15</b>
<b>FLOATING RATE NOTES 6.55%</b>						
BANK OF MONTREAL	GBP	55,000,000	1.69%	18-Jan-23	55,259,839	0.95
CANADIAN IMPERIAL BANK OF COMMERCE	GBP	25,000,000	1.69%	16-Jun-22	25,046,341	0.43
ROYAL BANK OF CANADA	GBP	22,500,000	1.69%	05-Aug-22	22,560,075	0.39
ROYAL BANK OF CANADA	GBP	120,614,000	1.02%	08-Dec-22	120,667,794	2.08
ROYAL BANK OF CANADA	GBP	43,000,000	1.69%	25-Jan-23	43,207,260	0.75
TORONTO DOMINION BANK	GBP	112,725,000	1.16%	24-Jun-22	112,796,467	1.95
<b>Total Floating Rate Notes</b>					<b>379,537,776</b>	<b>6.55</b>
<b>CORPORATE BONDS 1.45%</b>						
BANK OF NOVA SCOTIA	GBP	10,000,000	1.25%	08-Jun-22	9,995,279	0.17
FMS WERTMANAGEMENT ANSTALT DES OFF	GBP	50,000,000	0.63%	15-Jun-22	49,979,000	0.87
NORDEA BANK AB	GBP	8,800,000	2.38%	02-Jun-22	8,813,175	0.15
OP CORPORATE BANK PLC	GBP	4,200,000	2.50%	20-May-22	4,206,217	0.07
SVENSKA HANDELSBANKEN AB	GBP	11,000,000	1.63%	18-Jun-22	11,003,762	0.19
<b>Total Corporate Bonds</b>					<b>83,997,433</b>	<b>1.45</b>
<b>Total Transferable Securities and Money Market Instruments</b>					<b>4,162,584,991</b>	<b>71.87</b>
<b>Total Investments</b>					<b>4,162,584,991</b>	<b>71.87</b>
<b>Other assets in excess of liabilities</b>					<b>1,629,300,350</b>	<b>28.13</b>
<b>Total Net Assets</b>					<b>5,791,885,341</b>	<b>100.00</b>

\*Securities with residual maturity days up to 75 days or with Mark to Market deviance under 10bps are valued at Amortised Cost (applicable for a Sub-Fund qualifying as an LVNAV Money Market Fund).

The accompanying notes form an integral part of financial statements.

# MORGAN STANLEY LIQUIDITY FUNDS

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## Notes to the Financial Statements 31 March 2022

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### 1. General information:

Capital terms used and not defined herein shall have the same meaning as included in the Prospectus of Morgan Stanley Liquidity Sub-Fund (the “Company”). 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.

Each Sub-Fund (with the exception of the VNAV Fund, US Dollar Ultra Short Income Fund which is qualified as a standard Money Market Fund) qualified as a short-term Money Market Fund pursuant to the Money Market Fund (MMF) Regulation. The MMF Regulation describes three different types of Money Market Funds as below:

#### **Public Debt CNAV Money Market Fund**

Seeks to maintain a Stable NAV and at least 99.5% of the assets are invested in Money Market Instruments issued or guaranteed by International Public Entities, reverse repurchase agreements secured with government debt and in cash. The US Dollar Treasury Liquidity Fund is a Public Debt CNAV fund.

#### **Low Volatility NAV (LVNAV) Money Market Fund**

Seeks to maintain a Stable NAV under the condition that the Stable NAV does not deviate from the Net Asset Value per Share by more than 20 basis points. In case of a deviation of more than 20 basis points between the Stable NAV and the Net Asset Value per Share, the following redemption or issue of Shares will be undertaken at a price that is equal to the Net Asset Value per Share. The Euro Liquidity Fund, Sterling Liquidity Fund and US Dollar Liquidity Fund are LVNAV funds.

#### **Variable NAV (VNAV) Money Market Fund**

Shares are issued or redeemed at a price that is equal to the Fund’s Net Asset Value per Share. The US Dollar Ultra Short Income Fund is a VNAV fund.

MSIM Fund Management (Ireland) Limited (“MSIM (Ireland)”) was appointed as Management Company to provide collective portfolio management services to the Company. MSIM (Ireland) is an indirect wholly owned subsidiary of Morgan Stanley and was incorporated as a company limited by shares under the laws of Ireland on 5 December 2017 and is regulated in Ireland by the Central Bank of Ireland.

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 does not rely on external support for guaranteeing the liquidity of the funds or stabilising the NAV per share.

The Company currently offers five Sub-Funds: the Euro Liquidity Fund, the US Dollar Liquidity Fund, the US Dollar Treasury Liquidity Fund, the US Dollar Ultra Short Income Fund and the Sterling Liquidity Fund. The Euro Liquidity Fund was launched on 10 January 2013, the US Dollar Liquidity Fund, the US Dollar Treasury Liquidity Fund and the Sterling Liquidity Fund were launched on 17 June 2013 and the US Dollar Ultra Short Income Fund was launched on 25 April 2019.

# MORGAN STANLEY LIQUIDITY FUNDS

## Notes to the Financial Statements (continued) 31 March 2022

### 1. General information: (continued)

The Class of Shares that are active (except footnoted differently) as at 31 March 2022 are detailed in the table below:

Name of the Sub-Fund	Class of Shares	Launch date
Euro Liquidity Fund	Institutional Accumulation Shares	17 June 2013
	Institutional Accumulation D Shares	18 March 2019
	Institutional Select Accumulation D Shares	18 March 2019
	Institutional (+1) Accumulation Shares	24 May 2016
	MS Reserve Accumulation D Shares	18 March 2019
	Qualified Accumulation D Shares	18 March 2019
US Dollar Liquidity Fund	Advisory Shares	16 August 2016
	Capital Shares	1 April 2019
	Institutional Shares	17 June 2013
	Institutional Accumulation Shares	17 June 2013
	Institutional Select Shares	16 January 2014
	MS Reserve Shares	17 June 2013
	NR Shares	1 April 2019
	NR Accumulation Shares	25 November 2019
	Qualified Shares	12 April 2018
US Dollar Treasury Liquidity Fund	Qualified Accumulation Shares	15 March 2016
	Advisory Shares	16 August 2016
	Capital Shares	1 April 2019
	Institutional Shares	17 June 2013
	Institutional Select Shares	16 January 2014
	LF Shares	1 April 2019
	MS Reserve Shares	17 June 2013
	NR Shares	1 April 2019
	Qualified Accumulation Shares	26 September 2018
US Dollar Ultra Short Income Fund	Institutional Shares	25 April 2019
	MS Reserve Accumulation Shares	13 January 2020
	Qualified Shares	25 April 2019
	Qualified A Shares	25 April 2019
	Qualified A Accumulation Shares	11 December 2019
	Qualified Accumulation Shares	11 December 2019
Sterling Liquidity Fund	Institutional Shares	17 June 2013
	Institutional Accumulation Shares	17 June 2013
	Institutional Plus Shares	1 April 2019
	Institutional Plus Accumulation Shares	28 April 2020
	Institutional Select Shares	26 June 2014
	Qualified Shares	17 June 2013

There were no share class launches or closures during the year.

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 (with the exception of the VNAV Fund, US Dollar Ultra Short Income Fund which is qualified as a standard Money Market Fund) in accordance with European Money Market Fund (MMF) Regulation.

# MORGAN STANLEY LIQUIDITY FUNDS

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## Notes to the Financial Statements (continued) 31 March 2022

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### 1. General information: (continued)

The following share classes were listed on the Luxembourg Stock Exchange Securities Official List from 15 October 2020:

US Dollar Liquidity Fund Institutional Accumulation Shares  
US Dollar Liquidity Fund Institutional Distributing Shares  
US Dollar Treasury Fund Liquidity Institutional Distributing Shares

### 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

Pursuant to the MMF Regulation, the Company's investments are valued on each Business Day using the Mark-to-Market Method. Where the use of the Mark-to-Market Method is not relevant or possible, the Company values the relevant assets of each Sub-Fund conservatively by using the Mark-to-Model Method. A Net Asset Value per share is then calculated.

By way of derogation for a Sub-Fund qualifying as a Public Debt CNAV Money Market Fund, 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. A stable Net Asset Value per share is then calculated.

By way of derogation for a Sub-Fund qualifying as an LVNAV Money Market Fund, the securities, money market instruments and other instruments are valued based on marked-to-market / market-to-model pricing with the permitted use of "Amortised cost accounting" where there is a residual maturity of up to seventy-five (75) days and the deviation between the amortised cost price versus the mark-to-market / mark-to-model price is below 0.10%. A stable Net Asset Value per share is then calculated.

For a Sub-Fund qualifying as a VNAV Money Market Fund, the securities, money market instruments and other instruments are valued based on marked-to-market / market-to-model pricing. A variable Net Asset Value per share is then calculated.

The Management Company may adjust the value of any investment if taking into account currency, marketability and/or such other considerations as is deemed relevant (such as, applicable rate of interest, anticipated rate of dividend, maturity or liquidity) if it is considered that such adjustment is required to reflect the fair value thereof.

The Administrator determines and publishes, at least daily, the extent to which the Stable NAV per Share of each class of Stable NAV deviates from the Net Asset Value per Share of such class. For LVNAV Money Market Funds, a Stable NAV per Share may only be applied for subscription and/or redemption if such Stable NAV, including part of the assets valued in accordance with Mark-to-Market Method or Mark-to-Model Method, does not deviate by more than 0.20% from the relevant Net Asset Value. Should the deviation exceed 0.20%, the subscriptions and redemptions will be undertaken at a price equal to the Net Asset Value per Share with no obligation to revert back to a Stable NAV per Share once the deviation falls back under 0.20%. There were no deviations in excess of 0.20% as at 31 March 2022.

#### (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

## MORGAN STANLEY LIQUIDITY FUNDS

### Notes to the Financial Statements (continued) 31 March 2022

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

##### (c) Interest Income (continued)

has been recovered or is receivable. It is possible for the interest income of a Sub-Fund to be negative depending on market conditions.

##### (d) Cash

Cash and other liquid assets are valued at their face value plus interest accrued, where applicable. It is possible for the interest accrual of a Sub-Fund to be negative depending on market conditions. Cash owed to bank is shown in current liabilities in the Statement of Net Assets.

##### (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 31 March 2022	as of 31 March 2021
1 USD = 0.898755 EUR	1 USD = 0.850846 EUR
1 USD = 0.759503 GBP	1 USD = 0.724795 GBP

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

as of 31 March 2022	as of 31 March 2021
1 USD = 0.860183 EUR	1 USD = 0.858168 EUR
1 USD = 0.731800 GBP	1 USD = 0.765882 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, US Dollar Treasury Liquidity Fund, US Dollar Ultra Short Income Fund and Sterling Liquidity Fund with the exception of Institutional Accumulation Shares, Institutional Plus Accumulation Shares, Institutional Select Accumulation Shares, Institutional (+1) Accumulation Shares, Qualified Accumulation Shares, Administrative Accumulation Shares, Advisory Accumulation Shares, Advantage Accumulation Shares, and MS Reserve 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, US\$1.00 in the case of the US Dollar Treasury Liquidity Fund and £1.00 in the case of the Sterling 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 earned by each Sub-Fund and realised profits on the disposal/valuation of investments as may be lawfully distributed less realised losses (including fees and expenses) of each Sub-Fund.

There was no receipt from the Compulsory Redemption of shares made during the year.

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

## MORGAN STANLEY LIQUIDITY FUNDS

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### Notes to the Financial Statements (continued) 31 March 2022

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#### 3. Dividends and Distributions: (continued)

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, such negative net investment income will be retained in the value of the Share classes.

#### 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 Management Company is responsible for providing collective portfolio management services (including investment advisory services, administrative and distribution 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 January 2019 (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 The Bank of New York Mellon SA/NV, Luxembourg Branch (the "Depositary") 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 Depositary Agreement dated 7 March 2016, amended and novated effective 18 March 2019 for an unlimited period of time from the date of its signature.

The Management Company has delegated to The Bank of New York Mellon SA/NV, Luxembourg Branch (the "Administrator") the function of Administrator pursuant to the Administration Agreement dated 7 March 2016, amended and novated effective 18 March 2019. 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 Bank of New York Mellon SA/NV, Luxembourg Branch the function of registrar, transfer agent and paying agent of the Company pursuant to the Administration Agreement dated 7 March 2016, amended and novated effective 18 March 2019. The registrar and transfer agent of the company processes all subscriptions, redemptions and transfers of Shares and will register these transactions in the share register of the Company while the paying agent of the Company assists in the payment of dividends declared by the Company to its Shareholders.

Pursuant to a Domiciliary Agreement, the Company has appointed MSIM Fund Management (Ireland) 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.

MSIM Fund Management (Ireland) Limited (FMIL) has been appointed to act as Distributor. 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.

## MORGAN STANLEY LIQUIDITY FUNDS

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### Notes to the Financial Statements (continued) 31 March 2022

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#### 5. Taxation: (continued)

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

Under the aforementioned legislation and regulations prevailing in Luxembourg, Qualified A Shares, Qualified A Accumulation Shares, Qualified Accumulation D Shares, Qualified Shares, 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 listed within the Company's prospectus 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).

In respect of any Sub-Fund or Class of Shares the Management Company may choose (in the event that the TER as outlined in Appendix 1 is exceeded) to waive all or any portion of its subscription tax ("taxe d'abonnement") and/or absorb some or all other expenses in its absolute discretion for any period of time. This waiver is entirely voluntary and may be discontinued at any time without notice at the sole discretion of the Management Company.

#### 6. Fees and expenses:

##### (a) Service Provider Fees

The Company shall pay the Management Company a Management Fee in respect of each Sub-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 Sub-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 Sub-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. This waiver is entirely voluntary and may be discontinued at any time without notice at the sole discretion of the Management Company.



# MORGAN STANLEY LIQUIDITY FUNDS

## Notes to the Financial Statements (continued) 31 March 2022

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

#### (a) Service Provider Fees (continued)

The maximum and effective actual chargeable Management fee rates as at 31 March 2022 were as follows:

Name of the Sub-Fund	Class of Shares	Management Fee Rate
Euro Liquidity Fund	Institutional Accumulation Shares	0.20% per annum of the NAV
	Institutional Accumulation D Shares	0.20% per annum of the NAV
	Institutional Select Accumulation D Shares	0.25% per annum of the NAV
	Institutional (+1) Accumulation Shares	0.20% per annum of the NAV
	MS Reserve Accumulation D Shares	Nil
	Qualified Accumulation D Shares	0.20% per annum of the NAV
US Dollar Liquidity Fund	Advisory Shares	0.45% per annum of the NAV
	Capital Shares	0.15% 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	0.25% per annum of the NAV
	MS Reserve Shares	Nil
	NR Shares	0.10% per annum of the NAV
	NR Accumulation Shares	0.10% per annum of the NAV
	Qualified Shares	0.20% per annum of the NAV
US Dollar Treasury Liquidity Fund	Qualified Accumulation Shares	0.20% per annum of the NAV
	Advisory Shares	0.45% per annum of the NAV
	Capital Shares	0.15% per annum of the NAV
	Institutional Shares	0.20% per annum of the NAV
	Institutional Select Shares	0.25% per annum of the NAV
	LF Shares	0.06% per annum of the NAV
	MS Reserve Shares	Nil
	NR Shares	0.10% per annum of the NAV
	Qualified Accumulation Shares	0.20% per annum of the NAV
US Dollar Ultra Short Income Fund	Institutional Shares	0.20% per annum of the NAV
	MS Reserve Accumulation Shares	Nil
	Qualified Shares	0.20% per annum of the NAV
	Qualified A Shares	0.50% per annum of the NAV
	Qualified A Accumulation Shares	0.50% per annum of the NAV
	Qualified Accumulation Shares	0.20% per annum of the NAV
Sterling Liquidity Fund	Institutional Shares	0.20% per annum of the NAV
	Institutional Accumulation Shares	0.20% per annum of the NAV
	Institutional Plus Shares	0.10% per annum of the NAV
	Institutional Plus Accumulation Shares	0.10% per annum of the NAV
	Institutional Select Shares	0.25% per annum of the NAV
	Qualified Shares	0.20% per annum of the NAV

#### (b) Director's Remuneration

The Directors are paid an annual fee of Euro 35,000 by the Company for their services as Directors. The Chairman of the Board receives an additional Euro 5,000 in respect of their chairman duties. 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.

Directors who are executive directors or employees of the Investment Adviser, the Management Company or its affiliate will not be entitled to remuneration from the Company for their services as Directors of the Company.

## MORGAN STANLEY LIQUIDITY FUNDS

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### Notes to the Financial Statements (continued) 31 March 2022

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

##### (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.

The Management Company has chosen to reimburse these expenses to all the share classes in the Sub-Funds in order to reduce the impact the fees may have on the net returns of the Sub-Fund. This reimbursement is entirely voluntary and may be discontinued at any time without notice at the sole discretion of the Management 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 Sub-Fund.

##### (e) Expenses Payable

Expenses payable comprise of other miscellaneous expenses payable by the Sub-Fund.

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

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) into Luxembourg legislation.

A number of 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 31 March 2022 were as follows:

Emerging Europe, Middle East and Africa Equity Fund  
Euro Bond Fund  
Euro Corporate Bond-Duration Hedged Fund  
Euro Corporate Bond Fund  
Euro Strategic Bond Fund  
European Fixed Income Opportunities Fund  
European High Yield Bond Fund  
European Opportunity Fund  
European Property Fund  
Global Balanced Risk Control Fund of Funds  
Global Bond Fund  
Global Multi-Asset Opportunities Fund  
Short Maturity Euro Bond Fund

## MORGAN STANLEY LIQUIDITY FUNDS

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### Notes to the Financial Statements (continued) 31 March 2022

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

The Sub-Funds of Morgan Stanley Investment Funds that held shares in the Company's US Dollar Liquidity Fund as at 31 March 2022 were as follows:

Emerging Europe, Middle East and Africa Equity Fund  
Emerging Leaders Equity Fund  
Latin American Equity Fund  
Liquid Alpha Capture Fund  
US Permanence Fund  
Sustainable Asia Equity Fund  
Sustainable Emerging Markets Equity Fund

The Sub-Funds of Morgan Stanley Investment Funds that held shares in the Company's US Dollar Treasury Liquidity Fund as at 31 March 2022 were as follows:

Asia Opportunity Fund  
Asian Property Fund  
Developing Opportunity Fund  
Emerging Markets Corporate Debt Fund  
Emerging Markets Debt Fund  
Emerging Markets Domestic Debt Fund  
Emerging Markets Fixed Income Opportunities Fund  
Euro Corporate Bond Fund  
Euro Strategic Bond Fund  
European High Yield Bond Fund  
Global Asset Backed Securities Fund  
Global Bond Fund  
Global Brands Equity Income Fund  
Global Brands Fund  
Global Convertible Bond Fund  
Global Endurance Fund  
Global Fixed Income Opportunities Fund  
Global High Yield Bond Fund  
Global Infrastructure Fund  
Global Infrastructure Unconstrained Fund  
Global Insight Fund  
Global Opportunity Fund  
Global Permanence Fund  
Global Property Fund  
Global Quality Fund  
Global Sustain Fund  
International Equity (ex US) Fund  
Sustainable Global Credit Fund  
US Advantage Fund  
US Dollar Short Duration Bond 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 and US Dollar Ultra Short Income Fund.

The affiliations of the Board of Directors of the Company are as follows:

All the Directors of Morgan Stanley Liquidity Funds are also Directors of Morgan Stanley Investment Funds.

Mr. Andrew Mack, Director of Morgan Stanley Liquidity Funds, was also non-executive Director of the Management Company MSIM Fund Management (Ireland) Limited up to 30 June 2021, the date of resignation.

## MORGAN STANLEY LIQUIDITY FUNDS

### Notes to the Financial Statements (continued) 31 March 2022

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

Diane Hosie, Director of Morgan Stanley Liquidity Funds, is also non-executive Director of the Management Company MSIM Fund Management (Ireland) Limited.

The Investment Adviser, the Sub-Investment Adviser, the Management Company, the Domiciliary Agent and the Distributor are related parties to the Company following the contractual arrangement disclosed in note 4.

#### 8. Reverse Repurchase Transactions:

As at 31 March 2022, the Sub-Funds Euro Liquidity Fund, US Dollar Liquidity Fund, US Dollar Treasury Liquidity Fund and US Dollar Ultra Short Income Fund had entered into reverse repurchase transactions. The total value of the reverse repurchase agreements is as follows:

Name of the Sub-Fund	Description	Tri-Party Agent	Reverse Repurchase Transactions	CCY	Market Value of Collateral Received	CCY
Euro Liquidity Fund	Citigroup Global Markets / - 0.77% / 01/04/2022	Euroclear	200,000,000	EUR	205,660,405	EUR
	<b>Total</b>		<b>200,000,000</b>	<b>EUR</b>	<b>205,660,405</b>	<b>EUR</b>
US Dollar Liquidity Fund	RBC Dominion Securities / 0.30% / 01/04/2022	Bank of New York	5,000,000	USD	5,100,056	USD
	Sumitomo Mitsui Banking Corporation / 0.31% / 01/04/2022	Bank of New York	600,000,000	USD	612,000,046	USD
	<b>Total</b>		<b>605,000,000</b>	<b>USD</b>	<b>617,100,102</b>	<b>USD</b>
US Dollar Treasury Liquidity Fund	ABN Amro Securities LLC / 0.30% / 01/04/2022	Bank of New York	1,100,000,000	USD	1,122,009,448	USD
	Bank of Montreal / 0.24% / 01/04/2022	Bank of New York	200,000,000	USD	204,001,365	USD
	Bank of Nova Scotia / 0.29% / 01/04/2022	Bank of New York	1,200,000,000	USD	1,224,009,901	USD
	Barclays Capital Inc / 0.30% / 01/04/2022	Bank of New York	100,000,000	USD	102,000,928	USD
	BNP Paribas / 0.29% / 01/04/2022	Bank of New York	1,900,000,000	USD	1,938,015,617	USD
	BOFA Securities Inc / 0.27% / 01/04/2022	Bank of New York	1,747,000,000	USD	1,781,940,000	USD
	CIBC / 0.30% / 01/04/2022	Bank of New York	150,000,000	USD	153,001,317	USD
	Credit Suisse AG / 0.30% / 01/04/2022	Bank of New York	200,000,000	USD	204,001,731	USD
	Credit Agricole Corporate / 0.30% / 01/04/2022	Bank of New York	385,000,000	USD	392,703,377	USD
	Deutsche Bank Securities / 0.30% / 01/04/2022	Bank of New York	750,000,000	USD	765,006,391	USD
	MUFG Securities (Canada) / 0.30% / 01/04/2022	Bank of New York	100,000,000	USD	102,000,913	USD
	MUFG Securities / 0.30% / 01/04/2022	Bank of New York	300,000,000	USD	306,002,554	USD
	RBC Dominion Securities / 0.30% / 01/04/2022	Bank of New York	5,000,000	USD	5,100,015	USD
	Sumitomo Mitsui Banking Corporation / 0.31% / 01/04/2022	Bank of New York	1,850,000,000	USD	1,887,000,069	USD
	Toronto Dominion Bank / 0.28% / 01/04/2022	Bank of New York	800,000,000	USD	816,006,398	USD
	<b>Total</b>		<b>10,787,000,000</b>	<b>USD</b>	<b>11,002,800,024</b>	<b>USD</b>
US Dollar Ultra Short Income Fund	BOFA Securities Inc / 0.27% / 01/04/2022	Bank of New York	3,000,000	USD	3,060,012	USD
	<b>Total</b>		<b>3,000,000</b>	<b>USD</b>	<b>3,060,012</b>	<b>USD</b>

## MORGAN STANLEY LIQUIDITY FUNDS

### Notes to the Financial Statements (continued) 31 March 2022

#### 8. Reverse Repurchase Transactions: (continued)

The collateral received by the Sub-Funds in respect of reverse repurchase transactions as at 31 March 2022 is outlined in section II of Appendix 2: Securities Financing Transaction Regulations (Unaudited).

During the financial year, interest received by and charged to the Sub-Funds in relation to reverse repurchase transactions was recorded under the heading "Interest" within the Statement of Operations and Changes in Net Assets. These values are outlined in section V of Appendix 2. There are no other direct or indirect costs relating to reverse repurchase transactions.

#### 9. Time Deposits:

As at 31 March 2022, the Sub-Funds Euro Liquidity Fund, US Dollar Liquidity Fund, US Dollar Ultra Short Income Fund and Sterling Liquidity Fund held time deposits as follows:

Name of the Sub-Fund	Counterparty	Currency	Holdings	Interest (%)	Maturity Date
Euro Liquidity Fund	LA BANQUE POSTALE	EUR	650,027,932	(0.62)	1-Apr-22
	ERSTE GROUP BANK AG	EUR	649,547,743	(0.57)	1-Apr-22
	DZ BANK AG DEUTSCHE ZENTRAL-GENOSS	EUR	350,449,324	(0.60)	1-Apr-22
	NATIXIS SA	EUR	250,692,285	(0.59)	1-Apr-22
	MIZUHO BANK LTD	EUR	125,545,143	(0.60)	1-Apr-22
	BNP PARIBAS	EUR	99,998,333	(0.60)	1-Apr-22
	SUMITOMO MITSUI BANKING CORPORATION	EUR	99,974,725	(0.65)	1-Apr-22
	CREDIT AGRICOLE CIB	EUR	70,440,878	(0.57)	1-Apr-22
	BRED BANQUE POPULAIRE	EUR	49,999,139	(0.62)	1-Apr-22
	<b>Total</b>	<b>EUR</b>	<b>2,346,675,502</b>		

Name of the Sub-Fund	Counterparty	Currency	Holdings	Interest (%)	Maturity Date
US Dollar Liquidity Fund	AUSTRALIA AND NEW ZEALAND BANKING	USD	600,000,000	0.32	1-Apr-22
	NATIONAL BANK OF CANADA	USD	560,000,000	0.30	1-Apr-22
	SKANDINAVISKA ENSKILDA BANKEN AB	USD	440,000,000	0.30	1-Apr-22
	CREDIT AGRICOLE CIB	USD	43,000,000	0.31	1-Apr-22
	CANADIAN IMPERIAL BANK OF COMMERCE	USD	5,000,000	0.31	1-Apr-22
	COOPERATIEVE RABOBANK UA	USD	5,000,000	0.30	1-Apr-22
	MIZUHO BANK LTD	USD	5,000,000	0.32	1-Apr-22
	<b>Total</b>	<b>USD</b>	<b>1,658,000,000</b>		

Name of the Sub-Fund	Counterparty	Currency	Holdings	Interest (%)	Maturity Date
US Dollar Ultra Short Income Fund					
	MIZUHO BANK LTD	USD	8,000,000	0.32	1-Apr-22
	CREDIT AGRICOLE CIB	USD	7,000,000	0.31	1-Apr-22
	<b>Total</b>	<b>USD</b>	<b>15,000,000</b>		

## MORGAN STANLEY LIQUIDITY FUNDS

### Notes to the Financial Statements (continued) 31 March 2022

#### 9. Time Deposits: (continued)

Name of the Sub-Fund	Counterparty	Currency	Holdings	Interest (%)	Maturity Date
Sterling Liquidity Fund	SUMITOMO MITSUI TRUST BANK LTD	GBP	300,359,838	0.69	1-Apr-22
	BELFIUS BANK SA/NV	GBP	300,118,521	0.70	1-Apr-22
	COMMONWEALTH BANK OF AUSTRALIA	GBP	250,932,577	0.75	1-Apr-22
	MIZUHO BANK LTD	GBP	250,011,288	0.69	1-Apr-22
	ROYAL BANK OF CANADA	GBP	245,029,190	0.69	1-Apr-22
	COOPERATIEVE RABOBANK UA	GBP	200,095,687	0.70	1-Apr-22
	BRED BANQUE POPULAIRE	GBP	200,009,131	0.69	1-Apr-22
	<b>Total</b>	<b>GBP</b>	<b>1,746,556,231</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, willful default, or fraud.

#### 11. Transaction Costs:

There were no transaction costs charged to the Sub-Funds during the year ended 31 March 2022.

#### 12. Statement of Portfolios and latest Prospectus changes:

The list of changes in the portfolio for the year and latest prospectus are available free of charge at the registered office of the Management Company.

#### 13. 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.

#### 14. Investment Risk:

A Money Market Fund is not a guaranteed investment therefore investment in any Sub-Fund carries with it a degree of financial risk, which may vary among Sub-Funds. Investments in Money Market Funds is different from investments in deposits, the value of Investor shares and the return generated from them may go up or down, and investors may not recover the amount initially invested.

#### 15. Epidemics/Pandemics/Outbreaks Risk:

The performance of the Shares depends on the performance of the investments of the Funds, which could also be adversely affected by the effects of epidemics, pandemics or outbreaks of communicable diseases. In response to intensifying efforts to contain epidemics, pandemics or outbreaks of communicable diseases, governments around the world may take a number of actions, such as prohibiting residents' freedom of movement, encouraging or ordering employees to work remotely from home, and banning public activities and events, among others. Any prolonged disruption of businesses could negatively impact financial conditions. The performance of the Shares could be adversely affected to the extent that any of these epidemics, pandemics or outbreaks harms the economy in general.

#### 16. Significant events:

Michael Hodson was appointed to the Board of Directors of the Management Company effective 14 April 2021.

## MORGAN STANLEY LIQUIDITY FUNDS

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### Notes to the Financial Statements (continued) 31 March 2022

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#### 16. Significant events: (continued)

Andrew Mack resigned from the Board of Directors of the Management Company effective 30 June 2021.

Arthur Lev was appointed to the Board of Directors of the Company effective 21 July 2021.

An updated prospectus was issued on 28 February 2022.

#### **COVID-19:**

The global Coronavirus (COVID-19) pandemic continues to create economic and social uncertainty throughout the world. Following unprecedented commitments to fiscal and monetary stimulus by governments and central banks globally in early 2020 we witnessed a strong recovery in asset values which continued throughout 2021. Progress continues to be made on the global vaccine rollout, however the emergence of further waves, particularly in developing economies, and more virulent strains remains a risk. Whilst volatility generally subsided during the period, the ultimate impact of the pandemic is difficult to predict. Economic uncertainties, which may materially affect the valuation of portfolio investments and in turn, the net asset value of the Funds remain prevalent as economies move tentatively to ease restrictions. The long-term effect of the aforementioned fiscal and monetary intervention remains unpredictable.

#### **Russian invasion of Ukraine**

On 24th February 2022 Russia invaded Ukraine. The international community responded by imposing blocking sanctions on individuals, corporations and the Russian Central Bank. Prices of Russian and Ukrainian securities declined significantly following the invasion.

While the Company's performance (including that of its sub-funds), operations and going concern assessment have not been significantly or directly impacted by the above as at the date of this report, the Board of Directors continues to monitor the evolving situation and its impact on the financial position of the Company and each of its sub-funds.

There were no other significant events during the year.

#### 17. Post balance sheet events:

There were no post balance sheet events after the year end.

## MORGAN STANLEY LIQUIDITY FUNDS

### Appendix 1: Total Expense Ratio (Unaudited)

The below table discloses the total expense ratios (TER) attributable to the Classes of Shares of the Sub-Funds as at 31 March 2022. All total expense ratios disclosed are net of waived investment management fees and reimbursed operating fees.

Name of the Sub-Fund	Class of Shares	TER (%) As at 31 March 2022	TER (%) As at 31 March 2021
Euro Liquidity Fund	Institutional Accumulation D Shares	0.08%	0.07%
	Institutional Accumulation Shares	0.08%	0.07%
	Institutional Select Accumulation D Shares	0.13%	0.12%
	Institutional (+1) Accumulation Shares	0.08%	0.07%
	MS Reserve Accumulation D Shares	–	–
	Qualified Accumulation D Shares	0.09%	0.08%
US Dollar Liquidity Fund	Institutional Shares	0.15%	0.14%
	Institutional Accumulation Shares	0.15%	0.14%
	Institutional Select Shares	0.15%	0.14%
	Qualified Shares	0.15%	0.15%
	Qualified Accumulation Shares	0.15%	0.15%
	MS Reserve Shares	–	–
	NR Accumulation Shares	0.10%	0.07%
	NR Shares	0.10%	0.07%
	Capital Shares	0.14%	0.13%
	Advisory Shares	0.15%	0.22%
US Dollar Treasury Liquidity Fund	Institutional Shares	0.05%	0.13%
	Capital Shares	0.05%	0.11%
	NR Shares	0.04%	0.09%
	Institutional Select Shares	0.05%	0.11%
	MS Reserve Shares	–	–
	Advisory Shares	0.05%	0.14%
	LF Shares	0.04%	0.06%
	Qualified Accumulation Shares	0.05%	0.13%
US Dollar Ultra Short Income Fund	Institutional Shares	0.10%	0.10%
	Qualified Shares	0.11%	0.11%
	Qualified A Shares	0.23%	0.38%
	Qualified Accumulation Shares	0.11%	0.11%
	Qualified A Accumulation Shares	0.24%	0.38%
	MS Reserve Accumulation Shares	–	–
Sterling Liquidity Fund	Institutional Shares	0.06%	0.12%
	Institutional Accumulation Shares	0.06%	0.12%
	Institutional Plus Shares	0.06%	0.09%
	Institutional Plus Accumulation Shares	0.05%	0.09%
	Institutional Select Shares	0.08%	0.14%
	Qualified Shares	0.06%	0.12%



## MORGAN STANLEY LIQUIDITY FUNDS

### Appendix 2: Securities Financing Transactions Regulation (Unaudited)

The Company engages in Securities Financing Transactions (as defined in Article 3 of Regulation (EU) 2015/2365, securities financing transactions include reverse repurchase transactions, securities or commodities lending and securities or commodities borrowing, buy-sell back transactions or sell-buy back transactions and margin lending transactions). In accordance with Article 13 of the Regulation, the Company's only involvement in and exposures related to securities financing transactions is its engagement in reverse repurchase activity for the year ended 31 March 2022 as detailed below:

#### I. Global Data

*Amount of assets engaged in Reverse Repurchase Transactions*

The following table details the total value of assets engaged in reverse repurchase transactions as at 31 March 2022:

Sub-Fund Name	Sub-Fund Currency	Market Value in Sub-Fund Currency	% of Total Net Assets Value
Euro Liquidity Fund	EUR	200,000,000	2.43%
US Dollar Liquidity Fund	USD	605,000,000	3.51%
US Dollar Treasury Liquidity Fund	USD	10,787,000,000	70.91%
US Dollar Ultra Short Income Fund	USD	3,000,000	1.68%

#### II. Concentration Data

*Collateral Issuers*

The following table lists the issuers by value of non-cash collateral received by the Sub-Funds in respect of reverse repurchase transactions as at 31 March 2022:

Issuer Name	COLLATERAL MARKET VALUE (In Sub-Fund Currency)			
	Euro Liquidity Fund	US Dollar Liquidity Fund	US Dollar Treasury Liquidity Fund	US Dollar Ultra Short Income Fund
	EUR	USD	USD	USD
Government of the Kingdom of Spain	205,660,405	–	–	–
Government of the United States of America	–	617,100,102	11,002,800,024	3,060,012
<b>Total</b>	<b>205,660,405</b>	<b>617,100,102</b>	<b>11,002,800,024</b>	<b>3,060,012</b>

## MORGAN STANLEY LIQUIDITY FUNDS

### Appendix 2: Securities Financing Transactions Regulation (Unaudited) (continued)

#### II. Concentration Data (continued)

##### *Counterparties*

The following table lists the counterparties by value of assets engaged in reverse repurchase transactions as at 31 March 2022:

Sub-Fund Name	Counterparty	Incorporation Country	Settlement and Clearing	Currency	Market Value of Reverse Repurchase Transactions
Euro Liquidity Fund	Citigroup Global Markets	United States of America	Tri-party	EUR	200,000,000
US Dollar Liquidity Fund	RBC Dominion Securities	Canada	Tri-party	USD	5,000,000
US Dollar Liquidity Fund	Sumitomo Mitsui Banking Corporation	Japan	Tri-party	USD	600,000,000
US Dollar Treasury Liquidity Fund	ABN Amro Securities LLC	Netherlands	Tri-party	USD	1,100,000,000
US Dollar Treasury Liquidity Fund	Bank of Montreal	Canada	Tri-party	USD	200,000,000
US Dollar Treasury Liquidity Fund	Bank of Nova Scotia	Canada	Tri-party	USD	1,200,000,000
US Dollar Treasury Liquidity Fund	Barclays Capital Inc	United States of America	Tri-party	USD	100,000,000
US Dollar Treasury Liquidity Fund	BNP Paribas	France	Tri-party	USD	1,900,000,000
US Dollar Treasury Liquidity Fund	BOFA Securities Inc	United States of America	Tri-party	USD	1,747,000,000
US Dollar Treasury Liquidity Fund	Canadian Imperial Bank of Commerce	Canada	Tri-party	USD	150,000,000
US Dollar Treasury Liquidity Fund	Credit Suisse AG	Switzerland	Tri-party	USD	200,000,000
US Dollar Treasury Liquidity Fund	Credit Agricole	France	Tri-party	USD	385,000,000
US Dollar Treasury Liquidity Fund	Deutsche Bank Securities Inc	Germany	Tri-party	USD	750,000,000
US Dollar Treasury Liquidity Fund	MUFG Securities (Canada)	Japan	Tri-party	USD	100,000,000
US Dollar Treasury Liquidity Fund	MUFG Securities	Japan	Tri-party	USD	300,000,000
US Dollar Treasury Liquidity Fund	RBC Dominion Securities	Canada	Tri-party	USD	5,000,000
US Dollar Treasury Liquidity Fund	Sumitomo Mitsui Banking Corporation	Japan	Tri-party	USD	1,850,000,000
US Dollar Treasury Liquidity Fund	Toronto Dominion Bank	Canada	Tri-party	USD	800,000,000
US Dollar Ultra Short Income Fund	BOFA Securities Inc	United States of America	Tri-party	USD	3,000,000

## MORGAN STANLEY LIQUIDITY FUNDS

### Appendix 2: Securities Financing Transactions Regulation (Unaudited) (continued)

#### III. Aggregate Transaction Data

##### *Type, currency and quality of collateral*

Non-cash collateral received by the Sub-Fund in respect of reverse repurchase transactions as at the reporting date is in the form of fixed income instruments issued by governments of the following countries: Spain and United States.

All collateral received is denominated in the same currency as each respective Sub-Fund.

All of the Sub-Funds' securities collateral have a credit rating of investment grade. Quality of collateral has been interpreted as pertaining to fixed income instruments, which have been assessed and reported in accordance with whether they are considered investment grade, below investment grade or not-rated.

These designations are derived from the credit rating issued to the security or its issuer by at least one globally recognised credit rating agency, such as Standard & Poor's and Moody's. Fixed income instruments with a credit rating between 'AAA' and 'BBB' are deemed as investment grade. Credit ratings for fixed income instruments below these designations are considered below investment grade.

Sub-Fund Name	Sub-Fund Currency	Type of Collateral	Quality of Collateral	COLLATERAL MARKET VALUE (in Sub-Fund Currency) Total
Euro Liquidity Fund	EUR	Fixed Income	Investment grade	205,660,405
US Dollar Liquidity Fund	USD	Fixed Income	Investment grade	617,100,102
US Dollar Treasury Liquidity Fund	USD	Fixed Income	Investment grade	11,002,800,024
US Dollar Ultra Short Income Fund	USD	Fixed Income	Investment grade	3,060,012

##### *Maturity tenure of collateral*

The following table provides an analysis of the maturity tenor of collateral received in relation to the reverse repurchase transactions as at the reporting date:

COLLATERAL MARKET VALUE (in Sub-Fund Currency)								
Sub-Fund Name	Sub-Fund Currency	1 day	2 to 6 days	1 to 4 weeks	1 to 3 months	3 to 12 months	more than 1 year	open maturity
Euro Liquidity Fund	EUR	–	–	–	–	–	205,660,405	–
US Dollar Liquidity Fund	USD	–	–	13,940,018	–	217,960,521	385,199,563	–
US Dollar Treasury Liquidity Fund	USD	–	898,881	49,249,893	21,707,773	333,539,191	10,597,404,286	–
US Dollar Ultra Short Income Fund	USD	–	–	–	–	509,999	2,550,013	–

##### *Maturity tenure of reverse repurchase transactions*

All transactions as at 31 March 2022 were entered into for a duration of one business day of the respective Sub-Fund.

#### IV. Re-use of Collateral

Non-cash collateral received by a Sub-Fund may not be sold, re-invested or pledged. As the collateral in receipt for reverse repurchase transactions is entirely in the form of securities, there is no re-use of this collateral.

## MORGAN STANLEY LIQUIDITY FUNDS

### Appendix 2: Securities Financing Transactions Regulation (Unaudited) (continued)

#### V. Safekeeping of Collateral

##### *Collateral Received*

Whilst there are several Tri-Party Agents who hold the collateral received by the Sub-Funds, it is the Depositary, The Bank of New York Mellon SA/NV, Luxembourg Branch, who is ultimately responsible for the safekeeping of the collateral on behalf of these Sub-Funds. All collaterals are held in segregated accounts.

##### *Collateral Granted*

No collateral is granted by the Company as part of the reverse repurchase transactions.

##### *Return and Cost*

All returns from reverse repurchase transactions will accrue to the Sub-Funds and are not subject to any returns sharing arrangements with the Management Company, the Investment Adviser or any other third parties.

The following table provides an analysis of return and cost in respect of the reverse repurchase transactions for the year ended 31 March 2022:

Sub-Fund Name		In Sub-Fund Currency		% Return by Sub-Funds*
		Interest received by Sub-Funds	Interest charged to Sub-Funds	
Euro Liquidity Fund	EUR	–	2,384,390	-1.19%
US Dollar Liquidity Fund	USD	200,767	–	0.03%
US Dollar Treasury Liquidity Fund	USD	4,914,597	–	0.05%
US Dollar Ultra Short Income Fund	USD	632	–	0.02%

\* % Return by Sub-Funds reflects reverse repurchase transaction interest as a % of the annualised notional value.

There are no other direct or indirect costs relating to reverse repurchase transactions.

## **MORGAN STANLEY LIQUIDITY FUNDS**

### **Appendix 3: UCITS 2021 Remuneration Disclosure by MSIM Fund Management (Ireland) Limited (FMIL) to Morgan Stanley Liquidity Funds (Unaudited)**

#### **1. Legal background**

This remuneration disclosure has been prepared as required by, and in accordance with, the guidance provided in (1) EU Commission Recommendation on remuneration policies in the financial services sector (2009/384 EC) dated 30 April 2004 ; (2) EU Directive 2009/65/EC (as amended by Directive 2014/91/EU) ("the UCITS Directive"); (3) the European Securities and Markets Authority's (ESMA) "Guidelines on sound remuneration policies under the UCITS Directive", (ESMA/2016/575) dated 14 October 2016 ("the Guidelines") and in particular with section 14.1 (headed "External Disclosure").

The data used in the analysis for this disclosure relates to the financial year ending 31 December 2021 of Morgan Stanley ("the Firm") and to the remuneration of staff of MSIM Fund Management (Ireland) Limited (FMIL) ("the UCITS Management Company") and its senior management team and other members of its staff whose actions have a material impact on the risk profile of the UCITS it manages or on the UCITS Management Company itself ("Identified Staff").

#### **2. The "Identified Staff" for the purposes of this disclosure**

The Guidelines define "Identified Staff" as follows:

- a) "categories of staff, including senior management, risk takers, control functions, staff responsible for heading the investment management, administration, marketing, and any employee receiving total remuneration that falls into the remuneration bracket of senior management and risk takers, whose professional activities have a material impact on the management company's risk profile or the risk profiles of UCITS that it manages" ("Group A"); and
- b) "categories of staff of the entity(ies) to which investment management activities have been delegated by the management company and whose professional activities have a material impact on the UCITS management company's risk profile or the risk profiles of UCITS that the UCITS management company manages" ("Group B").

References in this disclosure letter to "Identified Staff" or to staff in Group A or Group B, should be construed accordingly.

No Identified Staff are employed or paid by the UCITS Management Company itself (as it has no employees). All of the Identified Staff are employees of other Morgan Stanley entities whose professional activities are considered to have a material impact on the risk profile of the UCITS managed by the UCITS Management Company, taking into consideration the internal organisation, nature, scope and complexity of the UCITS Management Company and the UCITS it manages.

The Identified Staff within Group A are staff who have been seconded to the UCITS Management Company and who are therefore subject to the Guidelines as adopted by the Central Bank of Ireland (CBI).

The Identified Staff in Group B are staff of one of the Morgan Stanley group entities to which the portfolio management of one or more of the UCITS Management Company's Funds has been delegated pursuant to Article 13 of the UCITS Directive. They are not seconded to, or performing a function of, the UCITS Management Company. Accordingly they are not staff of the UCITS Management Company. They are subject to rules which are as equally as effective as UCITS rules on remuneration.

## MORGAN STANLEY LIQUIDITY FUNDS

### **Appendix 3: UCITS 2021 Remuneration Disclosure by MSIM Fund Management (Ireland) Limited (FMIL) to Morgan Stanley Liquidity Funds (Unaudited) (continued)**

#### **3. Process for determining remuneration policies and principles**

The UCITS Management Company, as an affiliate of Morgan Stanley, benefits from the resources available within the Firm and is subject to the remuneration policies and practices that are applied on a Firm-wide level, including the Global Incentive Compensation Discretion Policy and the Global Compensation Policy.

In determining, maintaining and implementing remuneration policies and practices applicable to the UCITS Management Company, including Identified Staff, the UCITS Management Company is subject to the remuneration policies and practices that apply to all Morgan Stanley International Limited (MSI) group entities as well as those applying to Morgan Stanley globally and may consult, or receive guidance from, the Firm's control functions and relevant remuneration committees to ensure consistency. Remuneration policy is designed to satisfy four key Firm-wide remuneration objectives: (i) deliver pay for sustainable performance, (ii) align remuneration with shareholders' interests, (iii) attract and retain top talent, and (iv) mitigate excessive risk-taking.

In support of these objectives, annual compensation (i.e. remuneration) for the majority of the Firm's employees, including Identified Staff, is comprised of two key elements: fixed remuneration and variable remuneration (variable incentive remuneration) that is discretionary based on, among other factors, Firm performance measured against risk-adjusted metrics and individual and business segment performance.

The committee that manages remuneration for the Firm is the Compensation, Management Development and Succession Committee (CMDS Committee) of the Morgan Stanley Board of Directors. As of 31 December 2021, it consisted of four directors, all of whom are independent under the New York Stock Exchange listing standards. Each year, the CMDS Committee's mandate is to review the Firm-wide aggregate variable remuneration pool for variable incentive remuneration and to review and approve the design and structure of Morgan Stanley's Firm-wide deferred incentive remuneration programs, including the form of deferred incentive remuneration awards to be granted, the portion of variable incentive remuneration to be deferred, and the vesting, payment, cancellation and clawback provisions of deferred incentive remuneration awards. The CMDS Committee has adopted the Global Incentive Compensation Discretion Policy, which applies to all Firm entities worldwide and sets forth guidance for managers on the use of discretion and considerations for assessing risk management and outcomes when making variable incentive remuneration decisions, and considerations for assessing risk management and outcomes. It has also approved the Global Compensation Policy which covers compensation philosophy and objectives, framework and governance.

In addition, the Board of the UCITS Management Company has adopted a remuneration policy (the "MSIM Fund Management (Ireland) Limited Remuneration Policy") in compliance with UCITS and the Guidelines as adopted by the CBI.

The policy is also appropriate to the UCITS Management Company's size, internal organization and the nature, scope and complexity of its activities. As well as complying with all of the UCITS management company's legal obligations, the principles of the MSIM Fund Management (Ireland) Limited Remuneration.

Policy support the business strategy, objectives, values and long-term interests of its clients, including the Fund. In particular, the MSIM Fund Management (Ireland) Limited Remuneration Policy is designed to ensure that remuneration is consistent with and promotes sound and effective risk management and does not encourage risk taking that is inconsistent with the risk profile of the UCITS managed by the UCITS Management Company.

## **MORGAN STANLEY LIQUIDITY FUNDS**

### **Appendix 3: UCITS 2021 Remuneration Disclosure by MSIM Fund Management (Ireland) Limited (FMIL) to Morgan Stanley Liquidity Funds (Unaudited) (continued)**

#### **3. Process for determining remuneration policies and principles (continued)**

When determining its own remuneration decisions or influencing the decisions made by other Morgan Stanley entities, the UCITS Management Company takes fully into account and complies with (1) Irish, UK and EU legislation; (2) the MSIM Fund Management (Ireland) Limited Remuneration Policy and CBI requirements; and (3) the requirements of other remuneration policies set by the Firm. In doing so, it applies consistent principles with the objective of aligning the incentivisation of Identified Staff with business objectives, supporting the delivery of the UCITS Management Company's business plans and corporate values, avoiding conflicts of interest and enabling the right calibre of staff to be recruited. The UCITS Management Company always seeks to ensure, therefore, that the remuneration principles applied by it and the Firm are consistent with and promote sound and effective risk management and do not encourage risk-taking that is inconsistent with the risk profiles, rules or instruments of incorporation of the UCITS managed by the UCITS Management Company.

The following considerations are taken into account in the design, implementation and oversight of the UCITS Management Company's remuneration policies and practices:

- Overall corporate governance principles and structures as well as their interactions with the remuneration system;
- The inputs provided by all control functions (i.e. human resources, risk management, compliance, internal audit, etc.), which will be properly involved in the design of the Remuneration Policy, as further described below; and
- The clear distinction between operating and control functions, the safeguards for preventing conflicts of interests and the internal reporting system.

#### **4. Involvement of control functions in risk management and the remuneration of those control functions**

The control functions of the Firm assist the UCITS Management Company in implementing its overall remuneration strategy, having regard to operational, liquidity, market and counterparty risks.

In particular:

- a. The Risk Management function helps to ensure that the structure and design of remuneration arrangements does not encourage risk taking that is inconsistent with the risk profile of the UCITS managed by the UCITS Management Company;
- b. The Human Resources and Compliance functions analyse how the remuneration structure affects the UCITS Management Company's compliance with legislation, regulations and internal policies;
- c. The Internal Audit function periodically carries out an independent audit of the design, implementation and effects of Morgan Stanley's remuneration policies;
- d. The EMEA Remuneration Oversight Committee (EROC) provides formal oversight of EMEA remuneration matters to ensure remuneration practices in EMEA are compliant with relevant UK and EU legislation and follow good practice standards. The membership of the EROC is made up of the EMEA control function heads as well as the EMEA Chief Executive Officer. The EROC reviews activities of the UCITS Management Company that may lead to individual or collective adjustments of remuneration for its employees; and

## MORGAN STANLEY LIQUIDITY FUNDS

### Appendix 3: UCITS 2021 Remuneration Disclosure by MSIM Fund Management (Ireland) Limited (FMIL) to Morgan Stanley Liquidity Funds (Unaudited) (continued)

#### 4. Involvement of control functions in risk management and the remuneration of those control functions (continued)

- e. The MSI Remuneration Committee was established with effect from 1 January 2017. It is appointed by the Board of Directors of MSI to assist in discharging its obligations in relation to remuneration matters of MSI and its subsidiaries (the MSI Group) and identified material risk takers. Its remit includes reviewing the remuneration policies and practices of the UCITS Management Company in accordance with the Guidelines.

The Control Functions, including Risk Management, Compliance, Finance, Internal Audit, and Human Resources, along with Legal, are independent from the businesses they monitor. Those engaged in control functions are remunerated in accordance with objectives linked to their functions. Their objectives are independent of the financial performance of the UCITS of the UCITS Management Company. Potential conflicts that may arise in relation to individual compensation decisions are mitigated by the independent role of Human Resources in the year end compensation process.

#### 5. Design and structure of remuneration

Remuneration paid to Identified Staff is awarded in accordance with Morgan Stanley principles relating to remuneration. Annual compensation is comprised of two key elements: fixed remuneration and variable remuneration. Staff eligibility for annual incentive compensation (variable remuneration) is discretionary and subject to a multi-dimensional performance measurement, which considers, as applicable, the performance of the individual, the UCITS Management Company, the business segment and the Firm.

Identified Staff receive a total annual remuneration package consisting of fixed pay that is comprised of base salary and, in certain circumstances, one or more allowances that are reviewed at least annually; and variable remuneration<sup>1</sup>, payable partially as a cash bonus and partially in the form of deferred incentive remuneration awards. The amount of variable incentive remuneration is discretionary and is determined on the basis of, but not limited to, a variety of factors, including performance measured against risk-adjusted metrics and individual performance. It is possible that an individual could be awarded no variable incentive remuneration. Deferred incentive remuneration awards are typically subject to vesting over a multi-year period and are subject to cancellation until the payment date for competition, cause (i.e., any act or omission that constitutes a breach of obligation to the Company, including failure to comply with internal compliance, ethics or risk management standards, and failure or refusal to perform duties satisfactorily, including supervisory and management duties), disclosure of proprietary information, and solicitation of employees or clients. Awards are also subject to malus until the payment date if an employee's act or omission (including with respect to direct supervisory responsibilities) causes a restatement of the Firm's consolidated financial results, constitutes a violation of the Firm's global risk management principles, policies and standards, or causes a loss of revenue associated with a position on which the employee was paid and the employee operated outside of internal control policies.

The UCITS Management Company competes for access to talent globally with investment management firms, private equity firms, hedge funds, investment banks, brokerage firms and other companies offering financial services, and the UCITS Management Company's ability to sustain or improve its position in this highly competitive environment depends substantially on its ability to continue to attract and retain the most qualified individuals. In support of the UCITS Management Company's recruitment and retention objectives, the Firm continually monitors competitive pay levels and structures its incentive awards to include, among other things, vesting, deferred payment and cancellation provisions that protect the UCITS Management Company's interests and align the interests of Identified Staff with those of the UCITS' investors.

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<sup>1</sup> The Firm does not award variable remuneration to a non-executive director for their non-executive director role.



## MORGAN STANLEY LIQUIDITY FUNDS

### Appendix 3: UCITS 2021 Remuneration Disclosure by MSIM Fund Management (Ireland) Limited (FMIL) to Morgan Stanley Liquidity Funds (Unaudited) (continued)

#### 5. Design and structure of remuneration (continued)

The Firm's Global Incentive Compensation Discretion Policy requires compensation managers to consider only legitimate, business related factors when exercising discretion in determining variable incentive compensation, including adherence to Morgan Stanley's core values, conduct, disciplinary actions in the current performance year, risk management and risk outcomes. The policy specifically provides that all managers must consider whether or not an individual managed risk appropriately and effectively managed and supervised the risk control practices of his or her reports during the performance year. Compensation managers are trained on the Global Incentive Compensation Discretion Policy and are required to certify that they have followed the requirements of that policy and have escalated situations potentially requiring attention.

Other performance criteria that may be taken into account in deciding whether to award, and the amount of any variable incentive remuneration to award, includes (but is not limited to):

- business and market conditions;
- individual conduct, including but not limited to, adherence to Morgan Stanley's code of conduct and policies;
- contribution to the performance and profitability of the business unit, the UCITS Management Company and the Firm;
- contribution to the strategic objectives of the UCITS Management Company, business unit, the Firm and the team;
- revenue and profitability of funds managed by a portfolio manager;
- assets managed by a portfolio manager; and
- contribution to client objectives.

#### 6. Quantitative remuneration disclosure<sup>2</sup>: scope of disclosure

We are required to disclose and include in this report certain aggregate remuneration details for (1) the entire staff of the UCITS Management Company<sup>3</sup>, (2) the UCITS Management Company's senior management team and other members of its staff whose actions have a material impact on the risk profile of the UCITS the UCITS Management Company manages or on the UCITS Management Company itself<sup>4</sup>, and (3) the staff of the delegate of the UCITS Management Company to whom investment management functions (including risk management) have been delegated.

As explained above, however, the UCITS Management Company has no employees. Its staff are all secondees.

#### 7. Quantitative remuneration disclosure: financial information

The requisite remuneration information in respect of the 2021 financial year ending 31 December 2021, was as follows:

- a. The total fixed remuneration paid to all staff of the UCITS Management Company was USD 106,671.
- b. The total variable remuneration (variable incentive compensation) paid to all staff of the UCITS Management Company was USD 125,722.
- c. The number of individuals included as UCITS Management Company's staff was 84.

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<sup>2</sup> Identified Staff and their associated remuneration are not allocated to individual UCITS so a breakdown by UCITS Fund does not exist and is not readily available.

<sup>3</sup> Article 69 (3) (a) of the UCITS Directive.

<sup>4</sup> Article 69 (3) (b) of the UCITS Directive and section 14 of the Guidelines.

## **MORGAN STANLEY LIQUIDITY FUNDS**

### **Appendix 3: UCITS 2021 Remuneration Disclosure by MSIM Fund Management (Ireland) Limited (FMIL) to Morgan Stanley Liquidity Funds (Unaudited) (continued)**

#### **7. Quantitative remuneration disclosure: financial information (continued)**

- d. The total remuneration (fixed and variable combined) paid to senior management and other members of staff whose actions have a material impact on the risk profile of the UCITS or on the UCITS Management Company itself was USD 217,325.

#### **8. Quantitative remuneration disclosure: rationale for apportionment**

In calculating the "remuneration paid" to the staff in a) to d) above, we have, in accordance with the UCITS Directive and the Guidelines, adopted a proportionate approach and included a relevant proportion of staff's total remuneration. The apportionment method takes in to account a number of factors including, but not limited to; number of accounts managed by investment managers, number of accounts of the contracting entity, headcount of the Investment Management business as a proportion of the Institutional Securities Group and Investment Management Group overall headcount.

MSIM Fund Management (Ireland) Limited (FMIL)

16 June 2022

## **MORGAN STANLEY LIQUIDITY FUNDS**

### **Appendix 4: Determination of Global Exposure (unaudited)**

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.

## **MORGAN STANLEY LIQUIDITY FUNDS**

### **Appendix 5: Sustainable Finance Disclosure Regulation (Unaudited)**

The Company has been categorised as an Article 6 financial product for the purposes of the Sustainable Finance Disclosure Regulation. For the purpose of the Taxonomy Regulation, it should be noted that the investments underlying the Fund do not take into account the EU criteria for environmentally sustainable economic activities.