

MORGAN STANLEY QUALITY MUNICIPAL SECURITIES

Form DEF 14A

May 14, 2008

Schedule 14A Information required in proxy statement.  
Schedule 14A Information  
Proxy Statement Pursuant to Section 14(a) of the  
Securities and Exchange Act of 1934 (Amendment No. )

Filed by the Registrant [X]  
Filed by a Party other than the Registrant [ ]

Check the appropriate box:

- Preliminary Proxy Statement
- Preliminary Additional Materials
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6 (e) (2) )
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to Section 240.149-11 (c) or Section 240.14

Morgan Stanley Quality Municipal Securities  
Morgan Stanley California Quality Municipal Securities  
Morgan Stanley New York Quality Municipal Securities

-----  
(Name of Registrant as Specified in its Charter)

Debra Rubano

-----  
(Name of Person(s) Filing Proxy Statement)

Payment of Filing Fee (check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(j) (4) and 0-11.

- 1) Title of each class of securities to which transaction applies:
- 2) Aggregate number of securities to which transaction applies:
- 3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11:

Set forth the amount on which the filing fee is calculated and state how it was determined.

- 4) Proposed maximum aggregate value of transaction:

Edgar Filing: MORGAN STANLEY QUALITY MUNICIPAL SECURITIES - Form DEF 14A

5) Fee previously paid:

[ ] Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a) (2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

1) Amount Previously paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

MORGAN STANLEY QUALITY MUNICIPAL SECURITIES  
MORGAN STANLEY CALIFORNIA QUALITY MUNICIPAL SECURITIES  
MORGAN STANLEY NEW YORK QUALITY MUNICIPAL SECURITIES

NOTICE OF ANNUAL MEETINGS OF SHAREHOLDERS

to be held June 19, 2008

Annual Meetings of Shareholders (“Meeting(s)”) of Morgan Stanley Quality Municipal Securities, Morgan Stanley California Quality Municipal Securities and Morgan Stanley New York Quality Municipal Securities (individually, a “Trust” and, collectively, the “Trusts”), unincorporated business trusts organized under the laws of the Commonwealth of Massachusetts, will be held jointly in Conference Room O, 3rd Floor, at 522 Fifth Avenue, New York, New York 10036, on June 19, 2008 at 10:10 a.m. New York City time, for the following purposes:

Matters to be Voted on by All Shareholders

1. For each Trust, to elect four Trustees to serve until the year 2011 Annual Meeting of each Trust, or in each case, until their successors shall have been elected and qualified.
2. To transact such other business as may properly come before the Meetings or any adjournments thereof.

Matters to be Voted on only by Preferred Shareholders

For each Trust, to elect one Trustee to serve until the year 2011 Annual Meeting of each Trust, or in each case, until his successor shall have been elected and qualified.

Shareholders of record of each Trust as of the close of business on April 11, 2008 are entitled to notice of and to vote at the Meeting. If you cannot be present in person, your management would greatly appreciate your filling in, signing and returning the enclosed proxy promptly in the envelope provided for that purpose. Alternatively, if you are eligible to vote telephonically by touchtone telephone or electronically on the Internet (as discussed in the enclosed Joint Proxy Statement) you may do so in lieu of attending the Meetings in person.

In the event that holders of a majority of each Trust’s shares issued and outstanding and entitled to vote (a “Quorum”) are not present at the Meeting in person or by proxy, or the vote required to approve or reject any proposal is not obtained at the Meeting of any Trust, the persons named as proxies may propose one or more adjournments of the Meeting to permit further solicitation of proxies. Any such adjournment will require the affirmative vote of the holders of a majority of the applicable Trust’s shares present in person or by proxy at the Meeting. The persons named as proxies will vote in favor of such adjournment those proxies which have been received by the date of the Meetings.

Mary E. Mullin

Secretary  
May 14, 2008  
New York, New York

IMPORTANT

You can help avoid the necessity and expense of sending follow-up letters to ensure a Quorum by promptly returning the enclosed Proxy. If you are unable to be present in person, please fill in, sign and return the enclosed Proxy in order that the necessary Quorum may be represented at the Meetings. The enclosed envelope requires no postage if mailed

in the United States. Certain shareholders will be able to vote telephonically by touchtone telephone or electronically on the Internet by following instructions contained on their proxy cards or on the enclosed Voting Information Card.

---

(This page has been left blank intentionally.)

---

MORGAN STANLEY QUALITY MUNICIPAL SECURITIES  
MORGAN STANLEY CALIFORNIA QUALITY MUNICIPAL SECURITIES  
MORGAN STANLEY NEW YORK QUALITY MUNICIPAL SECURITIES

522 Fifth Avenue, New York, New York 10036

JOINT PROXY STATEMENT

Annual Meetings of Shareholders  
June 19, 2008

This Joint Proxy Statement is furnished in connection with the solicitation of proxies by the Board of Trustees (the “Board(s)”) of Morgan Stanley Quality Municipal Securities (“IQM”), Morgan Stanley California Quality Municipal Securities (“IQC”) and Morgan Stanley New York Quality Municipal Securities (“IQN”) (individually, a “Trust” and, collectively, the “Trusts”) for use at the Annual Meetings of Shareholders of the Trusts to be held jointly on June 19, 2008 (the “Meeting(s)”), and at any adjournments thereof. The first mailing of this Joint Proxy Statement is expected to be made on or about May 14, 2008.

If the enclosed form of proxy is properly executed and returned in time to be voted at the Meetings, the proxies named therein will vote the shares represented by the proxy in accordance with the instructions marked thereon. Unmarked proxies submitted by shareholders of a Trust (“Shareholders”) will be voted for the nominees for election as Trustee to be elected by all Shareholders of that Trust, and, if the Shareholder holds preferred shares of the Trust, for the nominee for election as Trustee to be elected by only the preferred shareholders (“Preferred Shareholders”), with respect to that Trust set forth in the attached Notice of Annual Meetings of Shareholders. A proxy may be revoked at any time prior to its exercise by any of the following: written notice of revocation to the Secretary of the Trust, execution and delivery of a later dated proxy to the Secretary of the Trust (whether by mail or, as discussed below, by touchtone telephone or the Internet) (if returned and received in time to be voted), or attendance and voting at the Meetings. Attendance at the Meetings will not in and of itself revoke a proxy.

Shareholders of record of each Trust as of the close of business on April 11, 2008, the record date for the determination of Shareholders entitled to notice of and to vote at the Meetings (the “Record Date”), are entitled to one vote for each share held and a fractional vote for a fractional share. No person was known to own as much as 5% of the outstanding shares of any of the Trusts on that date. The percentage ownership of shares of each Trust changes from time to time depending on purchases and sales by Shareholders and the total number of shares outstanding.

The table below sets forth the total number of Common Shares and Preferred Shares outstanding for each Trust as of the Record Date:

of Trust	Number of Common Shares Outstanding as of April 11, 2008 (Record Date)	Number of Preferred Shares Outstanding as of April 11, 2008 (Record Date)	Name
IQM	13,454,167	1,940 IQC	8,886,531
1,100 IQN	4,036,154	480	

The cost of soliciting proxies for the Meeting for each Trust, consisting principally of printing and mailing expenses, will be borne by each respective Trust. The solicitation of proxies will be by mail, telephone or otherwise through Trustees, officers of the Trusts, or officers and regular employees of Morgan Stanley Investment Advisors Inc. (“Morgan Stanley Investment Advisors” or the “Investment Adviser”), Morgan Stanley Trust, Morgan Stanley Services Company Inc. (“Morgan Stanley Services” or the “Administrator”) and/or Morgan Stanley & Co. Incorporated (“Morgan Stanley & Co.”), without special compensation therefor. In addition, each Trust may employ Computershare Fund Services, Inc. (“Computershare”) for certain mailing and tabulating services and may also employ Computershare to make telephone calls to Shareholders to remind them to vote. Each Trust may also employ Computershare as proxy solicitor if it appears that the required number of votes to achieve a Quorum will not be received. As of September 27, 2007, the transfer agent services previously provided to each Trust by Morgan Stanley Trust were assumed by Computershare Trust Company, N.A. (the “Transfer Agent”).

Shareholders will be able to vote their shares by touchtone telephone or by Internet by following the instructions on the proxy card or on the Voting Information Card accompanying this Joint Proxy Statement. To vote by touchtone telephone or by Internet, Shareholders can access the website or call the toll-free number listed on the proxy card or noted in the enclosed voting instructions. To vote by touchtone telephone or by Internet, Shareholders will need the number that appears on the proxy card in the shaded box.

In certain instances, the Transfer Agent and/or Computershare, if retained, may call Shareholders to ask if they would be willing to have their votes recorded by telephone. The telephone voting procedure is designed to authenticate Shareholders’ identities, to allow Shareholders to authorize the voting of their shares in accordance with their instructions and to confirm that their instructions have been recorded properly. No recommendation will be made as to how a Shareholder should vote on any proposal other than to refer to the recommendations of the Board. The Trusts have been advised by counsel that these procedures are consistent with the requirements of applicable law. Shareholders voting by telephone in this manner will be asked for their social security number or other identifying information and will be given an opportunity to authorize proxies to vote their shares in accordance with their instructions. To ensure that the Shareholders’ instructions have been recorded correctly, they will receive a confirmation of their instructions in the mail. A special toll-free number set forth in the confirmation will be available in case the information contained in the confirmation is incorrect. Although a Shareholder’s vote may be taken by telephone, each Shareholder will receive a copy of this Joint Proxy Statement and may vote by mail using the enclosed proxy card or by touchtone telephone or the Internet as set forth above. The last proxy vote received in time to be voted, whether by proxy card, touchtone telephone or Internet, will be the vote that is counted and will revoke all previous votes by the Shareholder. In the event that Computershare is retained as proxy solicitor, Computershare will

be paid a project management fee as well as telephone solicitation expenses incurred for reminder calls, outbound telephone voting,

2

---



confirmation of telephone votes, inbound telephone contact, obtaining Shareholders' telephone numbers, and providing additional materials upon Shareholder request, at an estimated cost of \$2,000, which will be borne by each respective Trust.

This Joint Proxy Statement is being used in order to reduce the preparation, printing, handling and postage expenses that would result from the use of a separate proxy statement for each Trust and, because Shareholders may own shares of more than one Trust, to potentially avoid burdening Shareholders with more than one proxy statement. Shares of a Trust are entitled to one vote each at the respective Trust's Meeting. To the extent information relating to common ownership is available to the Trusts, a Shareholder that owns record shares in two or more of the Trusts will receive a package containing a Joint Proxy Statement and proxy cards for the Trusts in which such Shareholder is a record owner. If the information relating to common ownership is not available to the Trusts, a Shareholder that beneficially owns shares in two or more Trusts may receive two or more packages each containing a Joint Proxy Statement and a proxy card for each Trust in which such Shareholder is a beneficial owner. If the proposed election of Trustees is approved by Shareholders of one Trust and disapproved by Shareholders of other Trusts, the proposal will be implemented for the Trust that approved the proposal and will not be implemented for any Trust that did not approve the proposal. Thus, it is essential that Shareholders complete, date, sign and return each enclosed proxy card or vote by touchtone telephone or Internet as indicated in each Trust's proxy card.

Only one copy of this Joint Proxy Statement will be delivered to multiple Shareholders sharing an address unless we have received contrary instructions from one or more of the Shareholders. Upon written or oral request, we will deliver a separate copy of this Joint Proxy Statement to a Shareholder at a shared address to which a single copy of this Joint Proxy Statement was delivered. Should any Shareholder wish to receive a separate proxy statement or should Shareholders sharing an address wish to receive a single proxy statement in the future, please contact (888) 421-4015 (toll-free).

#### (1) ELECTION OF TRUSTEES FOR EACH TRUST

The number of Trustees of each Trust has been fixed by the Trustees, pursuant to each Trust's Declaration of Trust, at ten. There are presently ten Trustees for each Trust. At the Meetings, pursuant to each Trust's Declaration of Trust, three nominees (Kathleen A. Dennis, Joseph J. Kearns and Fergus Reid) are standing for election to each Trust's Board of Trustees to serve until the year 2011 Annual Meeting by the holders of the Common Shares and the Preferred Shares of each respective Trust voting together as a single class. Additionally, pursuant each Trust's Declaration of Trust and the Investment Company Act of 1940, as amended (the "1940 Act"), one Trustee (Manuel H. Johnson) is to be elected to the Board of Trustees of each Trust to serve until the year 2011 Annual Meeting by the holders of the Preferred Shares of each Trust voting separately as a single class.

Nine of the current ten Trustees (Frank L. Bowman, Michael Bozic, Kathleen A. Dennis, Manuel H. Johnson, Joseph J. Kearns, Michael F. Klein, Michael E. Nugent, W. Allen Reed and Fergus Reid) are "Independent Trustees," that is, Trustees who are not "interested persons" of the Trusts, as that term is defined in the 1940 Act. The other current Trustee, James F. Higgins, is an "Interested Trustee," that is, a Trustee who is an "interested person" (as that term is defined in the 1940 Act) of the Trusts and Morgan Stanley Investment Advisors and thus, is not an Independent Trustee. The nominees for election as Trustee have been proposed by the Trustees now serving, or, in the case of the nominees for positions as Independent Trustees, by the Independent Trustees now serving. All of the members of the Boards have previously been elected by the Shareholders of the Trusts.

The nominees of the Board for election as Trustee of each Trust are listed below. It is the intention of the persons named in the enclosed form of proxy, unless instructed by proxy to withhold authority to



vote for the nominees, to vote all validly executed proxies for the election of these nominees for each Trust: Kathleen A. Dennis, Manuel H. Johnson, Joseph J. Kearns and Fergus Reid. Should any of the nominees become unable or unwilling to accept nomination or election, the persons named in the proxy will exercise their voting power in favor of such person or persons as the Boards may recommend or, in the case of an Independent Trustee nominee, as the Independent Trustees of each Trust may recommend. All of the nominees have consented to being named in this Joint Proxy Statement and to serve if elected. The Trusts know of no reason why any of the said nominees would be unable or unwilling to accept nomination or election. With respect to each Trust, the election of the nominees listed above to be elected by all Shareholders requires the approval of a majority of the shares of the Trust represented and entitled to vote at the Meeting (Common Shares and Preferred Shares voting together as a single class). The election of the nominee listed above to be elected by only the Preferred Shareholders of each Trust requires the approval of a majority of the Preferred Shares of the Trust represented and entitled to vote at the Meeting (voting separately as a single class).

Pursuant to the provisions of the Declaration of Trust of each Trust, in certain cases as amended, the Trustees are divided into three separate classes, each class having a term of three years. The term of office of one of each of the three classes will expire each year.

The Board of each Trust previously determined that any nominee for election as Trustee for each Trust will stand for election as Trustee and serve as Trustee in one of the three classes of Trustees as follows: Class I—Messrs. Bowman, Bozic and Higgins; Class II—Ms. Dennis and Messrs. Johnson, Kearns and Reid; and Class III—Messrs. Klein, Nugent and Reed. Each nominee will, if elected, serve a term of up to approximately three years running for the period assigned to that class and terminating at the date of the Annual Meeting of Shareholders so designated by the Boards, or any adjournments thereof. In addition, pursuant to each Trust's Declaration of Trust and the 1940 Act, the Board of each Trust previously determined that one each of the Class II Trustees and the Class III Trustees will be designated to be elected by the Preferred Shareholders voting separately. In this regard, Manuel H. Johnson and Michael E. Nugent serve as Trustees of each Trust's Board of Trustees on behalf of the Preferred Shareholders, the terms of each to expire with his designated Class. As a consequence of this method of election, the replacement of a majority of each of the Boards could be delayed for up to two years. In accordance with the above, the Trustees in Class II for each Trust are standing for election at the Meetings and will, if elected, serve until the year 2011 Annual Meetings for each Trust as set forth above or, in each case, until their successors shall have been elected and qualified.

The current Trustees of each Trust also serve as trustees for certain of the funds advised by the Investment Adviser (the "Retail Funds") and certain of the funds advised by Morgan Stanley Investment Management Inc. and Morgan Stanley AIP GP LP (the "Institutional Funds"). The table below sets forth the following information, as of December 31, 2007, regarding the nominees for election as Trustee, and each of the other Trustees (both the Independent Trustees and the Interested Trustees), as well as the executive officers of the Trusts, their age, address, term of office and length of time served, their principal business occupations during the past five years, the number of portfolios in the Fund Complex (defined below) overseen by each Trustee or nominee Trustee, and other directorships, if any, held by the Trustees. The Fund Complex includes all open-end and closed-end funds (including all of their portfolios) advised by the Investment Adviser and any funds that have an investment adviser that is an affiliated person of the Investment Adviser (including, but not limited to, Morgan Stanley Investment Management Inc.).

Independent Trustees

Name, Age and Address of  
 Independent Trustee Position(s)  
 Held with  
 the Trusts Length of  
 Time  
 Served\* Principal Occupation(s) During  
 Past 5 Years Number of  
 Portfolios  
 in Fund  
 Complex  
 Overseen by  
 Independent  
 Trustee Other Directorships Held  
 by Independent Trustee Frank L. Bowman (63)  
 c/o Kramer Levin Naftalis & Frankel LLP  
 Counsel to the Independent Trustees  
 1177 Avenue of the Americas  
 New York, NY 10036 Trustee Since  
 August 2006 President and Chief Executive Officer, Nuclear Energy Institute (policy organization) (since  
 February 2005); Director or Trustee of various Retail Funds and Institutional Funds (since August 2006); Chairperson  
 of the Insurance Sub-Committee of the Insurance, Valuation and Compliance Committee (since February 2007);  
 formerly, variously, Admiral in the U.S. Navy, Director of Naval Nuclear Propulsion Program and Deputy  
 Administrator – Naval Reactors in the National Nuclear Security Administration at the U.S. Department of Energy  
 (1996-2004). Honorary Knight Commander of the Most Excellent Order of the British Empire. 180 Director of the  
 National Energy Foundation, the U.S. Energy Association, the American Council for Capital Formation and the  
 Armed Services YMCA of the USA. Michael Bozic (67)  
 c/o Kramer Levin Naftalis & Frankel LLP  
 Counsel to the  
 Independent Trustees  
 1177 Avenue of the Americas  
 New York, NY 10036  
 Trustee Since  
 April 1994 Private Investor; Chairperson of the Insurance, Valuation and Compliance Committee (since October  
 2006); Director or Trustee of the Retail Funds (since April 1994) and the Institutional Funds (since July 2003);  
 formerly, Chairperson of the Insurance Committee (July 2006 - September 2006); Vice Chairman of Kmart  
 Corporation (December 1998- October 2000), Chairman and Chief Executive Officer of Levitz Furniture Corporation  
 (November 1995- November 1998) and President and Chief Executive Officer of Hills Department Stores (May  
 1991-July 1995); variously Chairman, Chief Executive Officer, President and Chief Operating Officer (1987-1991) of  
 the Sears Merchandise Group of Sears, Roebuck & Co. 182 Director of various business organizations. Kathleen  
 A. Dennis (54)  
 c/o Kramer Levin Naftalis & Frankel LLP  
 Counsel to the Independent Trustees  
 1177 Avenue of the Americas

New York, NY 10036 Nominee/Trustee Since  
August 2006 President, Cedarwood Associates (mutual fund and investment management) (since July 2006);  
Chairperson of the Money Market and Alternatives Sub-Committee of the Investment Committee (since October  
2006) and Director or Trustee of various Retail Funds and Institutional Funds (since August 2006); formerly, Senior  
Managing Director of Victory Capital Management (1993-2006). 180 Director of various non-profit organizations.

\* This is  
the earliest date the Trustee began serving the Retail Funds or Institutional Funds. Trustees are elected every three  
years or until his or her successor is elected.

5

---

Name, Age and Address of  
 Independent Trustee Position(s)  
 Held with  
 the Trusts Length of  
 Time  
 Served\* Principal Occupation(s) During  
 Past 5 Years Number of  
 Portfolios  
 in Fund  
 Complex  
 Overseen by  
 Independent  
 Trustee Other Directorships Held  
 by Independent Trustee Dr. Manuel H. Johnson (59)  
 c/o Johnson Smick Group, Inc.  
 888 16th Street, N.W.  
 Suite 740  
 Washington, D.C. 20006  
 Nominee/Trustee Since  
 July 1991  
 Senior Partner, Johnson Smick  
 International, Inc. (consulting firm); Chairperson of the Investment Committee (since October 2006) and Director or  
 Trustee of the Retail Funds (since July 1991) and the Institutional Funds (since July 2003); Co-Chairman and a  
 founder of the Group of Seven Council (G7C) (international economic commission); formerly, Chairperson of the  
 Audit Committee (July 1991 - September 2006); Vice Chairman of the Board of Governors of the Federal Reserve  
 System and Assistant Secretary of the U.S. Treasury. 182 Director of NVR, Inc.  
 (home construction); Director of Evergreen Energy. Joseph J. Kearns (65)  
 c/o Kearns & Associates LLC  
 PMB754  
 23852 Pacific Coast Highway  
 Malibu, CA 90265  
 Nominee/Trustee Since  
 August 1994 President, Kearns & Associates  
 LLC (investment consulting); Chairperson of the Audit Committee (since October 2006) and Director or Trustee of  
 the Retail Funds (since July 2003) and the Institutional Funds (since August 1994); formerly, Deputy Chairperson of  
 the Audit Committee (July 2003 - September 2006) and Chairperson of the Audit Committee of the Institutional  
 Funds (October 2001-July 2003); CFO of the J. Paul Getty Trust. 183 Director of Electro Rent  
 Corporation (equipment  
 leasing) and The Ford Family Foundation.  
 Michael F. Klein (49)  
 c/o Kramer Levin Naftalis & Frankel LLP  
 Counsel to the Independent Trustees  
 1177 Avenue of the Americas  
 New York, NY 10036 Trustee Since  
 August 2006 Managing Director, Aetos Capital, LLC (since March 2000) and Co-President, Aetos Alternatives  
 Management, LLC (since January 2004); Chairperson of the Fixed Income Sub-Committee of the Investment  
 Committee (since October 2006) and Director or Trustee of various Retail Funds and Institutional Funds (since

August 2006); formerly, Managing Director, Morgan Stanley & Co. Inc. and Morgan Stanley Dean Witter Investment Management, President, Morgan Stanley Institutional Funds (June 1998-March 2000) and Principal, Morgan Stanley & Co. Inc. and Morgan Stanley Dean Witter Investment Management (August 1997 - December 1999). 180  
Director of certain investment funds managed or sponsored by Aetos Capital, LLC. Director of Sanitized AG and Sanitized Marketing AG (specialty chemicals). Michael E. Nugent (71)

c/o Triumph Capital, L.P.

445 Park Avenue

New York, NY 10022

Chairperson of the Boards

and Trustee Chairperson of the

Boards

since July 2006 and

Trustee

since July 1991

General Partner, Triumph

Capital, L.P. (private investment partnership); Chairperson of the Boards of the Retail Funds and Institutional Funds (since July 2006); Director or Trustee of the Retail Funds (since July 1991) and the Institutional Funds (since July 2001); formerly, Chairperson of the Insurance Committee (until July 2006). 182 None.

\* This is

the earliest date the Trustee began serving the Retail Funds or Institutional Funds. Trustees are elected every three years or until his or her successor is elected.

Name, Age and Address of  
 Independent Trustee Position(s)  
 Held with  
 the Trusts Length of  
 Time  
 Served\* Principal Occupation(s) During  
 Past 5 Years Number of  
 Portfolios  
 in Fund  
 Complex  
 Overseen by  
 Independent  
 Trustee Other Directorships Held  
 by Independent Trustee W. Allen Reed (61)  
 c/o Kramer Levin Naftalis & Frankel LLP  
 Counsel to the Independent Trustees  
 1177 Avenue of the Americas  
 New York, NY 10036 Trustee Since  
 August 2006 Chairperson of the Equity Sub-Committee of the Investment Committee (since October 2006) and  
 Director or Trustee of various Retail Funds and Institutional Funds (since August 2006); President and CEO of  
 General Motors Asset Management; Chairman and Chief Executive Officer of the GM Trust Bank and Corporate Vice  
 President of General Motors Corporation (August 1994 - December 2005). 180 Director of Temple-Inland  
 Industries (packaging and forest products); Director of Legg Mason, Inc. and Director of the Auburn University  
 Foundation. Fergus Reid (75)  
 c/o Lumelite Plastics  
 Corporation  
 85 Charles Colman Blvd.  
 Pawling, NY 12564  
 Nominee/Trustee Since  
 June 1992 Chairman of Lumelite Plastics  
 Corporation; Chairperson of the Governance Committee and Director or Trustee of the Retail Funds (since July 2003)  
 and the Institutional Funds (since June 1992). 183 Trustee and Director of  
 certain investment  
 companies in the  
 JPMorgan Funds complex  
 managed by J.P. Morgan  
 Investment Management  
 Inc.

\* This is

the earliest date the Trustee began serving the Retail Funds or Institutional Funds. Trustees are elected every three  
 years or until his or her successor is elected.

The Trustee who is affiliated with the Investment Adviser or affiliates of the Investment Adviser (as set forth below)  
 and executive officers of the Trusts, their age, address, term of office and length of time served, their principal  
 business occupations during the past five years, the number of portfolios in the Fund Complex overseen by the  
 Interested Trustee (as of December 31, 2007) and the other directorships, if any, held by the Interested Trustee, are  
 shown below.



Interested Trustee:

Name, Age and Address of  
Interested Trustee Position(s)  
Held with  
the Trusts Length of  
Time  
Served\* Principal Occupation(s) During  
Past 5 Years Number of  
Portfolios  
in Fund  
Complex  
Overseen By  
Interested  
Trustee Other Directorships Held  
by Interested Trustee James F. Higgins (60)  
c/o Morgan Stanley Trust  
Harborside Financial  
Center  
Plaza Two  
Jersey City, NJ 07311  
Trustee Since  
June  
2000

Director or Trustee of the Retail Funds (since June 2000) and the Institutional Funds (since July 2003); Senior Advisor of Morgan Stanley (since August 2000). 181 Director of AXA Financial, Inc. and The Equitable Life Assurance Society of the United States (financial services).

\* This is the earliest date the Trustee began serving the Retail Funds or Institutional Funds. Trustees are elected every three years or until his or her successor is elected.

Officers of the Trusts

Name, Age and Address of

Executive Officer Position(s)

Held with

the Trusts Length

of Time

Served\* Principal Occupation(s) During

Past 5 Years Ronald E. Robison (69)

522 Fifth Avenue

New York, NY 10036

President and

Principal Executive

Officer

President since September 2005

and Principal

Executive Officer

since May 2003

President (since September 2005) and Principal Executive Officer (since May 2003) of funds in the Fund Complex; President (since September 2005) and Principal Executive Officer (since May 2003) of the Van Kampen Funds; Managing Director, Director and/or Officer of the Investment Adviser and various entities affiliated with the Investment Adviser; Director of Morgan Stanley SICAV (since May 2004). Formerly, Executive Vice President (July 2003 to September 2005) of funds in the Fund Complex and the Van Kampen Funds; President and Director of the Institutional Funds (March 2001 to July 2003); Chief Administrative Officer of the Investment Adviser; Chief Administrative Officer of Morgan Stanley Services Company Inc. Dennis F. Shea (54)

522 Fifth Avenue

New York, NY 10036 Vice President Since February 2006 Managing Director and (since February 2006) Chief Investment Officer – Global Equity of Morgan Stanley Investment Management; Vice President of the Retail Funds and Institutional Funds (since February 2006). Formerly, Managing Director and Director of Global Equity Research at Morgan Stanley. Amy R. Doberman (46)

522 Fifth Avenue

New York, NY 10036 Vice President Since July 2004 Managing Director and General Counsel, U.S. Investment Management of Morgan Stanley Investment Management (since July 2004); Vice President of the Retail Funds and Institutional Funds (since July 2004); Vice President of the Van Kampen Funds (since August 2004); Secretary (since February 2006) and Managing Director (since July 2004) of the Investment Adviser and various entities affiliated with the Investment Adviser. Formerly, Managing Director and General Counsel – Americas, UBS Global Asset Management (July 2000 to July 2004). Carsten Otto (44)

522 Fifth Avenue

New York, NY 10036 Chief Compliance

Officer Since October

2004 Managing Director and Global Head of Compliance for Morgan Stanley Investment Management (since April 2007) and Chief Compliance Officer of Retail Funds and Institutional Funds (since October 2004). Formerly, U.S. Director of Compliance (October 2004 - April 2007) and Assistant Secretary and Assistant General Counsel of the Retail Funds. Stefanie V. Chang Yu (41)

522 Fifth Avenue

New York, NY 10036

Vice President

Since December 1997 Managing Director of the Investment Adviser and various entities affiliated with the Investment Adviser; Vice President of the Retail Funds (since July 2002) and the Institutional Funds (since December 1997). Formerly, Secretary of various entities affiliated with the Investment Adviser. Francis J. Smith (42)

c/o Morgan Stanley Trust

Harborside Financial Center

Plaza Two

Jersey City, NJ 07311 Treasurer and

Chief Financial

Officer Treasurer since

July 2003 and

Chief Financial

Officer since

September 2002 Executive Director of the Investment Adviser and various entities affiliated with the Investment Adviser; Treasurer and Chief Financial Officer of the Retail Funds (since July 2003). Formerly, Vice President of the Retail Funds (September 2002 to July 2003). Mary E. Mullin (41)

522 Fifth Avenue

New York, NY 10036

Secretary Since June 1999

Executive Director of the Investment Adviser and various entities affiliated with the Investment Adviser; Secretary of the Retail Funds (since July 2003) and the Institutional Funds (since June 1999).

\* This is the earliest date the Officer began serving the Retail Funds or Institutional Funds. Each Officer serves an indefinite term, until his or her successor is elected.

For each Trustee, the dollar range of equity securities beneficially owned by the Trustee in the Trusts and in the Family of Investment Companies (Family of Investment Companies includes all of the registered investment companies advised by the Investment Adviser, Morgan Stanley Investment Management Inc. and Morgan Stanley AIP GP LP) for the calendar year ended December 31, 2007, is shown below.

of Trustee Dollar Range of Equity Securities in each Trust (As of December 31, 2007) Aggregate Dollar Range of Equity Securities in All Registered Investment Companies Overseen by Trustee in Family of Investment Companies (As of December 31, 2007)	Independent:	Frank L. Bowman(1)	None	over \$100,000	Michael Bozic	None	over \$100,000	Kathleen A. Dennis	None	over \$100,000	Manuel H. Johnson	None	over \$100,000	Joseph J. Kearns(1)	None	over \$100,000	Michael F. Klein	None	over \$100,000	Michael E. Nugent	None	over \$100,000	W. Allen Reed(1)	None	over \$100,000	Fergus Reid(1)	None	over \$100,000	Interested:	James F. Higgins	None	over \$100,000
--	--------------	--------------------	------	----------------	------------------	------	----------------	--------------------	------	----------------	-------------------	------	-------------------	---------------------	------	----------------	------------------	------	----------------	----------------------	------	----------------	------------------	------	----------------	----------------	------	-------------------	-------------	------------------	------	----------------

(1)

Includes the total amount of compensation deferred by the Trustee at his election pursuant to a deferred compensation plan. Such deferred compensation is placed in a deferral account and deemed to be invested in one or more of the Retail Funds or Institutional Funds (or portfolio thereof) that are offered as investment options under the plan.

As to each Independent Trustee and his immediate family members, no person owned beneficially or of record securities in an investment adviser or principal underwriter of the Trusts, or a person (other than a registered investment company) directly or indirectly controlling, controlled by or under common control with an investment adviser or principal underwriter of the Trusts.

#### Independent Trustees and the Committees

Law and regulation establish both general guidelines and specific duties for the Independent Trustees. The Retail Funds seek as Independent Trustees individuals of distinction and experience in business and finance, government service or academia; these are people whose advice and counsel are in demand by others and for whom there is often competition. To accept a position on the Retail Funds' Boards, such individuals may reject other attractive assignments because the Retail Funds make substantial demands on their time. The Boards have four Committees: (1) Audit Committee, (2) Governance Committee, (3) Insurance, Valuation and Compliance Committee and (4) Investment Committee. Three of the Independent Trustees serve as members of the Audit Committee, three Independent Trustees serve as members of the Governance Committee, four Trustees, including three Independent Trustees, serve as members of the Insurance, Valuation and Compliance Committee and all of the Trustees serve as members of the Investment Committee.

The Independent Trustees are charged with recommending to the full Board approval of management, advisory and administration contracts and distribution and underwriting agreements; continually reviewing fund performance; checking on the pricing of portfolio securities, brokerage commissions,



transfer agent costs and performance and trading among funds in the same complex; and approving fidelity bond and related insurance coverage and allocations, as well as other matters that arise from time to time.

The Board of Trustees of each Trust has a separately-designated standing Audit Committee established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended (“Exchange Act”). The Audit Committee is charged with recommending to the full Board the engagement or discharge of the Trusts’ independent registered public accounting firm; directing investigations into matters within the scope of the independent registered public accounting firm’s duties, including the power to retain outside specialists; reviewing with the independent registered public accounting firm the audit plan and results of the auditing engagement; approving professional services provided by the independent registered public accounting firm and other accounting firms prior to the performance of such services; reviewing the independence of the independent registered public accounting firm; considering the range of audit and non-audit fees; reviewing the adequacy of each Trust’s system of internal controls; and preparing and submitting committee meeting minutes to the full Board.

The members of the Audit Committee of each Trust are Joseph J. Kearns, Michael E. Nugent and W. Allen Reed. None of the members of the Trusts’ Audit Committee is an “interested person,” as defined under the 1940 Act, of any of the Trusts (with such disinterested Trustees being “Independent Trustees” or individually, “Independent Trustee”). Each Independent Trustee is also “independent” from each Trust under the listing standards of the New York Stock Exchange, Inc. (“NYSE”). The Chairperson of the Audit Committee of each of the Trusts is Joseph J. Kearns. The Board of Trustees for each Trust has adopted a formal written charter for the Audit Committee which sets forth the Audit Committee’s responsibilities. A copy of the Audit Committee Charter is attached to this Joint Proxy Statement as Appendix 1.

The Board of Trustees of each Trust also has a Governance Committee. The Governance Committee identifies individuals qualified to serve as Independent Trustees on each Trust’s Board and on committees of such Board and recommends such qualified individuals for nomination by that Trust’s Independent Trustees as candidates for election as Independent Trustees, advises each Trust’s Board with respect to Board composition, procedures and committees, develops and recommends to each Trust’s Board a set of corporate governance principles applicable to the Trusts, monitors and makes recommendations on corporate governance matters and policies and procedures of each Trust’s Board of Trustees and any Board committees and oversees periodic evaluations of each Trust’s Board and its committees. The members of the Governance Committee of each Trust are Kathleen A. Dennis, Michael F. Klein and Fergus Reid, each of whom is an Independent Trustee. The Chairperson of the Governance Committee is Fergus Reid. The Board of Trustees for each Trust has adopted a formal written charter for the Governance Committee which sets forth the Governance Committee’s responsibilities. A copy of the Governance Committee Charter is attached to this Joint Proxy Statement as Appendix 2.

The Trusts do not have a separate nominating committee. While each Trust’s Governance Committee recommends qualified candidates for nominations as Independent Trustees, the Board of Trustees of each Trust believes that the task of nominating prospective Independent Trustees is important enough to require the participation of all current Independent Trustees, rather than a separate committee consisting of only certain Independent Trustees. Accordingly, each Independent Trustee (Frank L. Bowman, Michael Bozic, Kathleen A. Dennis, Manuel H. Johnson, Joseph J. Kearns, Michael F. Klein, Michael E. Nugent, W. Allen Reed and Fergus Reid) participates in the election and nomination of candidates for election as Independent Trustees for the respective Trusts for which the Independent Trustee serves. Persons recommended by each Trust’s Governance Committee as candidates for nomination as Independent Trustees shall possess such knowledge, experience, skills, expertise and diversity so as to



enhance the Board's ability to manage and direct the affairs and business of the Trust, including, when applicable, to enhance the ability of committees of the Board to fulfill their duties and/or to satisfy any independence requirements imposed by law, regulation or any listing requirements of the NYSE. While the Independent Trustees of each of the Trusts expect to be able to continue to identify from their own resources an ample number of qualified candidates for each Trust's Board as they deem appropriate, they will consider nominations from shareholders to the Board. Nominations from shareholders should be in writing and sent to the Independent Trustees as described below under "Shareholder Communications."

The Board formed an Insurance, Valuation and Compliance Committee to review the valuation process, address insurance coverage and oversee the compliance function for each Trust and its Board. The Insurance, Valuation and Compliance Committee for each Trust consists of Frank L. Bowman, Michael Bozic, James F. Higgins and Manuel H. Johnson. Frank L. Bowman, Michael Bozic and Manuel H. Johnson are Independent Trustees. The Chairperson of the Insurance, Valuation and Compliance Committee is Michael Bozic. The Insurance, Valuation and Compliance Committee has an Insurance Sub-Committee to review and monitor the insurance coverage maintained by the Trusts. The Chairperson of each Trust's Insurance Sub-Committee is Frank L. Bowman. The Insurance, Valuation and Compliance Committee and the Insurance Sub-Committee were formed in October 2006 and February 2007, respectively.

The Investment Committee oversees the portfolio investment process for and reviews the performance of the Trusts. The Investment Committee also recommends to the Board to approve or renew the Trusts' Investment Advisory and Administration Agreements. The members of the Investment Committee are Frank L. Bowman, Michael Bozic, Kathleen A. Dennis, James F. Higgins, Manuel H. Johnson, Joseph J. Kearns, Michael F. Klein, Michael E. Nugent, W. Allen Reed and Fergus Reid. The Chairperson of the Investment Committee is Manuel H. Johnson.

The Investment Committee has three Sub-Committees, each with its own Chairperson. Each Sub-Committee focuses on the trusts' primary areas of investment, namely equities, fixed income and alternatives. The Sub-Committees and their members are as follows:

- (1) Equity – W. Allen Reed (Chairperson), Frank L. Bowman and Michael E. Nugent.
- (2) Fixed Income – Michael F. Klein (Chairperson), Michael Bozic and Fergus Reid.
- (3) Money Market and Alternatives – Kathleen A. Dennis (Chairperson), James F. Higgins and Joseph J. Kearns.



The following chart sets forth the number of meetings of the Board, the Audit Committee, the Governance Committee, the Insurance, Valuation and Compliance Committee and the Investment Committee of each Trust during its most recent fiscal year. For the 2007 fiscal year, each Trustee attended at least seventy-five percent of the aggregate number of meetings of the Board and any committee on which he or she served held during the time such Trustee was a member of the Board.

Number of Board and Committee Meetings Held During Last Fiscal Year

Name of Trust	Fiscal Year-End	Board of Trustees Meetings	Audit Committee Meetings	Governance Committee Meetings	Insurance, Valuation and Compliance Committee Meetings	Investment Committee Meetings	IQM	10/31/07	6	6	3	3	5	IQC	10/31/07	6	6	3	3	5	IQN	10/31/07	6	6	3	3	5	

For annual shareholder meetings, Trustees may but are not required to attend the meetings; and for each Trust's last annual shareholder meeting, no Trustees attended the meeting.

Advantages of Having Same Individuals as Trustees for the Retail Funds and the Institutional Funds

The Independent Trustees and the Trusts' management believe that having the same Independent Trustees for each of the Morgan Stanley Retail Funds and Institutional Funds avoids the duplication of effort that would arise from having different groups of individuals serving as Independent Trustees for each of the Funds or even of sub-groups of Funds. They believe that having the same individuals serve as Independent Trustees of all the Retail Funds and Institutional Funds tends to increase their knowledge and expertise regarding matters which affect the Fund Complex generally and enhances their ability to negotiate on behalf of each Fund with the Fund's service providers. This arrangement also precludes the possibility of separate groups of Independent Trustees arriving at conflicting decisions regarding operations and management of the Funds and avoids the cost and confusion that would likely ensue. Finally, having the same Independent Trustees serve on all Fund boards enhances the ability of each Fund to obtain, at modest cost to each separate Fund, the services of Independent Trustees, of the caliber, experience and business acumen of the individuals who serve as Independent Trustees of the Retail Funds and the Institutional Funds.

Shareholder Communications

Shareholders may send communications to each Trust's Board of Trustees. Shareholders should send communications intended for each Trust's Board by addressing the communications directly to that Board (or individual Board

members) and/or otherwise clearly indicating in the salutation that the communication is for the Board (or individual Board members) and by sending the communication to either the Trust's office or directly to such Board member(s) at the address specified for each Trustee previously noted. Other shareholder communications received by a Trust not directly addressed and sent to the Trust's Board will be reviewed and generally responded to by management, and will be forwarded to the Board only at management's discretion based on the matters contained therein.

12

---

### Share Ownership by Trustees

The Trustees have adopted a policy pursuant to which each Trustee and/or his or her spouse is required to invest at least \$100,000 in any of the funds in the Morgan Stanley Retail Funds and Institutional Funds on whose Boards the Trustee serves. In addition, the policy contemplates that the Trustees will, over time, increase their aggregate investment in the funds above the \$100,000 minimum requirement. The Trustees may allocate their investments among specific funds in any manner they determine is appropriate based on their individual investment objectives. Any future new Trustee will be given a one year period following his or her election within which to comply with the foregoing. As of the date of this Joint Proxy Statement, each Trustee is in compliance with the policy. As of December 31, 2007, the total value of the investments by the Trustees and/or their spouses in shares of the Morgan Stanley Retail Funds and Institutional Funds was approximately \$7.1 million. This amount includes compensation deferred by the Trustee at his election pursuant to a deferred compensation plan. Such deferred compensation is placed in a deferral account and deemed to be invested in one or more of the Retail Funds or Institutional Funds (or portfolio thereof) that are offered as investment options under the plan.

As of the Record Date for these Meetings, the aggregate number of shares of each Trust owned by the respective Trust's officers and Trustees as a group was less than one percent of each Trust's outstanding shares.

### Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires that each Trust's executive officers and Trustees, and beneficial owners of more than 10% of its shares, make certain filings on a timely basis under Section 16(a) of the Exchange Act. Based solely on each Trust's review of copies of such reports of ownership furnished to the Trusts, the Trusts believe that during the past fiscal year all of its officers, Trustees and beneficial holders of more than 10% of each Trust's shares complied with all applicable filing requirements.

### Compensation of Trustees

Effective October 1, 2007, each Trustee (except for the Chairperson of the Boards) receives an annual retainer fee of \$200,000 for serving the Retail Funds and Institutional Funds. Prior to October 1, 2007, each Trustee (except for the Chairperson of the Boards) received an annual retainer fee of \$180,000 for serving the Retail Funds and Institutional Funds.

The Chairperson of the Audit Committee receives an additional annual retainer fee of \$75,000 and the Investment Committee Chairperson receives an additional annual retainer fee of \$60,000. Other Committee Chairpersons receive an additional annual retainer fee of \$30,000 and the Sub-Committee Chairpersons receive an additional annual retainer fee of \$15,000. The aggregate compensation paid to each Trustee is paid by the Retail Funds and Institutional Funds, and is allocated on a pro rata basis among each of the operational funds/portfolios of the Retail Funds and Institutional Funds based on the relative net assets of each of the funds/portfolios. Michael E. Nugent receives a total annual retainer fee of \$400,000 (\$360,000 prior to October 1, 2007) for his services as Chairperson of the Boards of the Retail Funds and Institutional Funds and for administrative services provided to each Board.

The Trusts also reimburse such Trustees for travel and other out-of-pocket expenses incurred by them in connection with attending such meetings. Trustees of the Trusts who are employed by the Investment Adviser receive no compensation or expense reimbursement from the Trusts for their services as Trustee.



Effective April 1, 2004, the Funds began a Deferred Compensation Plan (the “DC Plan”), which allows each Trustee to defer payment of all, or a portion, of the fees he or she receives for serving on the Boards of Trustees throughout the year. Each eligible Trustee generally may elect to have the deferred amounts credited with a return equal to the total return on one or more of the Retail Funds or Institutional Funds (or portfolios thereof) that are offered as investment options under the DC Plan. At the Trustee’s election, distributions are either in one lump sum payment, or in the form of equal annual installments over a period of five years. The rights of an eligible Trustee and the beneficiaries to the amounts held under the DC Plan are unsecured and such amounts are subject to the claims of the creditors of the Trusts.

Prior to April 1, 2004, the Institutional Funds maintained a similar Deferred Compensation Plan (the “Prior DC Plan”) which also allowed each Independent Trustee to defer payment of all, or a portion, of the fees he or she received for serving on the Boards of Trustees throughout the year. The DC Plan amends and supersedes the Prior DC Plan and all amounts payable under the Prior DC Plan are now subject to the terms of the DC Plan (except for amounts paid during the calendar year 2004, which remain subject to the terms of the Prior DC Plan).

The following table shows aggregate compensation payable to each Trust’s Trustees from each Trust for the fiscal year ended October 31, 2007 and the aggregate compensation payable to each Trust’s Trustees by the Fund Complex (which includes all of the Retail Funds and Institutional Funds) for the calendar year ended December 31, 2007.

Compensation

Name of Independent Trustee(1)

Aggregate Compensation From Total Compensation

From the Trusts and

Fund Complex Paid

to Trustee(3)	IQM(2)	IQC(2)	IQN(2)	Frank L. Bowman(2)	\$ 394	\$ 240	\$ 106	\$ 197,500	Michael	
Bozic	\$ 427	\$ 260	\$ 114	\$ 215,000	Kathleen A. Dennis	\$ 401	\$ 245	\$ 107	\$ 200,000	
Manuel	H. Johnson	\$ 486	\$ 296	\$ 131	\$ 245,000	Joseph J. Kearns(2)	\$ 517	\$ 315	\$ 139	\$ 268,125
Michael F. Klein	\$ 401	\$ 245	\$ 107	\$ 200,000	Michael E. Nugent	\$ 733	\$ 447	\$ 196	\$	
370,000	W. Allen Reed(2)	\$ 400	\$ 244	\$ 107	\$ 200,000	Fergus Reid	\$ 427	\$ 260	\$ 114	\$
223,125	Name of Interested Trustee:				James F. Higgins(4)	\$ 270	\$ 165	\$ 72	\$ 140,000	

(1)

Includes all amounts paid for serving as Trustee of the funds, as well as serving as Chairperson of the Boards or a Chairperson of a Committee or Sub-Committee. (2) The amounts shown in these columns represent the aggregate compensation before deferral with respect to each Trust’s fiscal year. The following Trustees deferred compensation from the Trusts during the fiscal year ended October 31, 2007: Mr. Bowman (IQM-\$394; IQC-\$240; IQN-\$106), Mr. Kearns (IQM-\$259; IQC-\$158; IQN-\$70) and Mr. Reed (IQM-\$400; IQC-\$244; IQN-\$107). (3) The amounts shown in this column represent the aggregate compensation paid by all of the funds in the Fund Complex as of December 31, 2007 before deferral by the Trustees under the DC Plan. As of December 31, 2007, the value (including interest) of the deferral accounts across the Fund Complex for Messrs. Bowman, Kearns, Reed and Reid pursuant to the deferred compensation plan was \$280,314, \$1,090,394, \$207,268 and \$904,961, respectively. Because the funds in the Fund Complex have different fiscal year ends, the amounts shown in this column are presented on a calendar year basis. (4) Mr. Higgins was approved to receive an annual retainer of \$180,000 at the February 20-21, 2007 Board Meeting.

Prior to December 31, 2003, 49 of the Retail Funds (the "Adopting Funds"), including IQM and IQC, had adopted a retirement program under which an Independent Trustee who retired after serving for at

14

---

least five years as an Independent Trustee of any such fund (an ‘‘Eligible Trustee’’) would have been entitled to retirement payments, based on factors such as length of service, upon reaching the eligible retirement age. On December 31, 2003, the amount of accrued retirement benefits for each Eligible Trustee was frozen, and will be payable, together with a return of 8% per annum, at or following each such Eligible Trustee’s retirement as shown in the table below.

The following table illustrates the retirement benefits accrued to the Trusts’ Independent Trustees, by IQM and IQC for their last fiscal year and the Adopting Funds for the calendar year ended December 31, 2007, and the estimated retirement benefits for the Independent Trustees, from IQM and IQC for their last fiscal year and from the Adopting Funds for each calendar year following retirement. Only the Trustees listed below participated in the retirement program.

Retirement Benefits Accrued as Trust Expenses		Estimated Annual Benefits Upon Retirement(1)		Name of Independent Trustee:	
By IQM	By IQC	By All Adopting Funds	From IQM	From IQC	From All Adopting Funds
Michael Bozic	\$ 422	\$ 422	\$ 17,614	\$ 997	\$ 997
Manuel H. Johnson	\$ 435	\$ 435	\$ 18,586	\$ 1,451	\$ 1,451
Michael E. Nugent	\$ 824	\$ 824	\$ 67,179	\$ 824	\$ 824
	\$ 60,077				

(1) Total compensation accrued under the retirement plan, together with a return of 8% per annum, will be paid annually commencing upon retirement and continuing for the remainder of the Trustee’s life.

Assuming a Quorum is present, approval of the Proposal with respect to each Trust will require the affirmative vote of a majority of the Trust’s Shares represented in person or by proxy at the Meeting and entitled to vote at the Meeting.

The Board of Trustees of each Trust unanimously recommends that Shareholders vote FOR the election of each of the Trustees nominated for election.

#### The Investment Adviser

Morgan Stanley Investment Advisors Inc. currently serves as each Trust’s investment adviser pursuant to an investment advisory agreement. Morgan Stanley Investment Advisors maintains its offices at 522 Fifth Avenue, New York, New York 10036. Morgan Stanley Investment Advisors is a wholly-owned subsidiary of Morgan Stanley, a preeminent global financial services firm engaged in securities trading and brokerage activities, as well as providing investment banking, research and analysis, financing and financial advisory services.

The Principal Executive Officer and Directors of Morgan Stanley Investment Advisors are Stuart Bohart, President, Managing Director and Director and Ronald E. Robison, Managing Director and Director. Mr. Bohart is currently a Managing Director of Morgan Stanley. The principal occupations of Mr. Robison are described under the section

“Election of Trustees.” The business address of the Executive Officer and other Directors is 522 Fifth Avenue, New York, New York 10036.

Morgan Stanley Services, a wholly-owned subsidiary of the Investment Adviser, serves as the Administrator of each Trust pursuant to an administration agreement. The Investment Adviser and the Administrator serve in various investment management, advisory, management and administrative capacities to investment companies and pension plans and other institutional and individual investors. The address of the Administrator is that of the Investment Adviser set forth above.

15

---



Morgan Stanley has its offices at 1585 Broadway, New York, New York 10036. There are various lawsuits pending against Morgan Stanley involving material amounts which, in the opinion of its management, will be resolved with no material effect on the consolidated financial position of the company.

#### Audit Committee Report

At a meeting held on November 29, 2007, the Board of Trustees of each Trust, including a majority of the Trustees who are not “interested persons” of the Trust, as defined under the 1940 Act, acting on the recommendation of the Audit Committee of each Trust, selected Deloitte & Touche LLP to act as the independent registered public accounting firm for each Trust for the fiscal year ended October 31, 2008 for each Trust.

The Audit Committee of each Trust has reviewed and discussed the financial statements of each Trust with management as well as with Deloitte & Touche LLP, the independent registered public accounting firm for each Trust. In the course of its discussions, the Audit Committee also discussed with Deloitte & Touche LLP any relevant matters required to be discussed under the Statement on Auditing Standards No. 61. Based on this review, the Audit Committee recommended to the Board of Trustees of each Trust that each Trust’s audited financial statements be included in each Trust’s Annual Report to Shareholders for the most recent fiscal year for filing with the Securities and Exchange Commission. The Audit Committee has received the written disclosures and the letter from Deloitte & Touche LLP required under Independence Standards Board No. 1 and has discussed with the independent registered public accounting firm their independence.

The Audit Committee  
Joseph J. Kearns (Chairperson)

Michael E. Nugent  
W. Allen Reed

Representatives from Deloitte & Touche LLP are not expected to be present at the Meetings but are expected to be available by telephone. Deloitte & Touche LLP will have the opportunity to make a statement if they desire to do so and the representatives from Deloitte & Touche LLP, if available, will respond to appropriate questions from shareholders.

#### Fees PAID TO the Independent Registered Public Accounting Firm

##### Audit Fees

The aggregate fees for professional services billed by Deloitte & Touche LLP in connection with the annual audit and review of financial statements for each Trust’s respective fiscal years ended October 31, 2006 and 2007 were \$28,800 and \$28,750 for IQM, \$31,200 and \$31,250 for IQC, and \$27,605 and \$27,500 for IQN, respectively.

##### Audit-Related Fees

The aggregate audit-related fees billed by Deloitte & Touche LLP in connection with the annual audit of each Trust’s financial statements for their respective fiscal years ended October 31, 2006 and 2007 were \$6,096 and \$5,750 for IQM, \$6,096 and \$5,750 for IQC, and \$6,096 and \$5,750 for IQN, respectively, for the translation of financial statements for data verification and agreed-upon procedures related to asset securitizations and agreed-upon procedures engagements.



Tax Fees

The aggregate fees billed by Deloitte & Touche LLP in connection with tax compliance, tax advice and tax planning for each Trust for the fiscal years ended October 31, 2006 and 2007 are set forth below, and represent fees paid for the review of the Federal, state and local tax returns for each Trust.

2006	2007	IQM	\$ 4,900	\$ 5,047	IQC	\$ 4,900	\$ 5,047	IQN	\$ 4,900	\$ 5,047
All Other Fees										

There were no fees billed by Deloitte & Touche LLP for any other products and services not set forth above for each Trust for the respective fiscal years ended October 31, 2006 and 2007.

Audit Committee Pre-Approval

Each Trust’s Audit Committee’s policy is to review and pre-approve all auditing and non-auditing services to be provided to the Trust by the Trust’s independent registered public accounting firm. The Audit Committee Audit and Non-Audit Pre-Approval Policy and Procedures requires each Trust’s Audit Committee to either generally pre-approve certain services without consideration of specific case-by-case services, or requires the specific pre-approval of services by the Audit Committee or its delegate. Under the Policy, unless a type of service has received general pre-approval, it will require specific pre-approval by the Audit Committee if it is to be provided by the independent registered public accounting firm. Any services that are generally pre-approved may require specific pre-approval by the Audit Committee if the services exceed pre-approved cost levels or budgeted amounts. All of the audit, audit-related and the tax services described above for which Deloitte & Touche LLP billed each of the Trusts’ fees for the fiscal year ended October 31, 2007 were pre-approved by each Trust’s Audit Committee.

Aggregate Non-Audit Fees billed by the Investment Adviser and Affiliated Entities

The aggregate fees billed for professional services rendered by Deloitte & Touche LLP for all other services provided to the Investment Adviser and to any entities controlling, controlled by or under common control with the Investment Adviser for the fiscal years ended October 31, 2006 and 2007 amounted to approximately \$6.7 million and \$5.8 million, respectively.

The Audit Committee of each Trust has considered whether the provision of non-audit services and the provision of services to affiliates of the Investment Adviser is compatible with maintaining the independence of Deloitte & Touche LLP.

ADDITIONAL INFORMATION

In the event that the necessary Quorum to transact business or the vote required to approve or reject any proposal for any Trust is not obtained at the Meeting of any Trust, the persons named as proxies may propose one or more adjournments of the Meeting of the applicable Trust to permit further solicitation of proxies. Any such adjournment will require the affirmative vote of the holders of a majority of the applicable Trust’s shares present in person or by proxy at the Meeting. The persons named as proxies will vote in favor of such adjournment those proxies which have been received by the date of the Meeting. Abstentions and broker “non-voters” will not count in favor of or against any such vote for adjournment.



Abstentions and, if applicable, broker “non-votes” will not count as votes in favor of any proposal, and broker “non-votes” will not be deemed to be present at the Meeting of any Trust for purposes of determining whether a particular proposal to be voted upon has been approved. Broker “non-votes” are shares held in street name for which the broker indicates that instructions have not been received from the beneficial owners or other persons entitled to vote and for which the broker does not have discretionary voting authority.

#### SHAREHOLDER PROPOSALS

Proposals of security holders intended to be presented at the next Annual Meeting of Shareholders of each Trust must be received by no later than January 15, 2009 for each Trust for inclusion in the proxy statement and proxy for that meeting. The mere submission of a proposal does not guarantee its inclusion in the proxy materials or its presentation at the meeting. Certain rules under the federal securities laws must be met.

#### REPORTS TO SHAREHOLDERS

Each Trust’s most recent Annual Report has been sent previously to Shareholders and is available without charge upon request from Morgan Stanley Investor Services, 2800 Post Oak Boulevard, 44th Floor, Houston, Texas 77056, telephone 1-888-421-4015 (toll-free).

#### INTEREST OF CERTAIN PERSONS

Morgan Stanley, the Investment Adviser, Morgan Stanley & Co., Morgan Stanley Services and certain of their respective Directors, Officers, and employees, including persons who are Trustees or Officers of the Trusts, may be deemed to have an interest in the proposal described in this Joint Proxy Statement to the extent that certain of such companies and their affiliates have contractual and other arrangements, described elsewhere in this Joint Proxy Statement, pursuant to which they are paid fees by the Trusts, and certain of those individuals are compensated for performing services relating to the Trusts and may also own shares of Morgan Stanley. Such companies and persons may thus be deemed to derive benefits from the approvals by Shareholders of such proposals.

#### OTHER BUSINESS

The management of the Trusts knows of no other matters which may be presented at the Meetings. However, if any matters not now known properly come before the Meetings, it is intended that the persons named in the enclosed form of proxy, or their substitutes, will vote all shares that they are entitled to vote on or any such matter utilizing such proxy in accordance with their best judgment on such matters.

By Order of the Board of Trustees  
Mary E. Mullin

Secretary  
18

APPENDIX 1

CHARTER OF THE  
AUDIT COMMITTEE  
OF THE  
MORGAN STANLEY RETAIL AND INSTITUTIONAL FUNDS

ADOPTED ON JULY 31, 2003  
AND  
AS AMENDED AND RESTATED ON FEBRUARY 20, 2007

The Boards of Directors/Trustees (collectively, the “Board”) of the investment companies advised or managed by Morgan Stanley Investment Advisors Inc., Morgan Stanley Investment Management Inc. and Morgan Stanley AIP GP LP listed on the attached Exhibit A (each a “Fund” and collectively, the “Funds”) has adopted and approved this charter for the audit committee of the Board (the “Audit Committee”).<sup>1</sup>

1. Structure

And Membership of the Audit Committee

1.01. Independent

Directors and Trustees

Each member of the Audit Committee shall be an independent director or trustee. A person shall be considered to be independent if he or she: (a) is independent as defined in New York Stock Exchange Listed Company Standard 303.01 (2) and (3); (b) is not an “interested person” as defined in Section 2(a)(19) of the Investment Company Act of 1940; and (c) does not accept, directly or indirectly, any consulting, advisory or other compensatory fee from any of the Funds or their investment advisor or any affiliated person of the advisor, other than fees from the Funds for serving as a member of the Board or Committees of the Board.

The Audit Committee shall consist of not less than two members of the Board.

The Audit Committee shall have a Chairperson. The Chairperson or his/her designee shall set the agenda for, and preside at, each meeting of the Audit Committee and shall engage in such other activities on behalf of the Audit Committee as shall be determined from time to time by the Audit Committee.

The Chairperson and members of the Audit Committee shall be appointed by the Governance Committee of the Funds in consultation with the Board.

1.02.

Financially Literate

Each member of the Audit Committee shall be “financially literate,” as such term is interpreted by the Board in its business judgment.

1.03. Audit

Committee Financial Expert

The Audit Committee shall determine whether at least one member of the Audit Committee is an “audit committee financial expert,” as that term is defined in the General Instructions of Form N-SAR, sub-item 102P3(b)(6).

1 Solely

for the sake of clarity and simplicity, this Charter has been drafted as if there is a single Committee and a single Board. The terms “Committee,” “Directors/Trustees” and “Board” mean the Committee, Directors/Trustees and the Board of each Fund, respectively, unless the context otherwise requires. The Committee, Directors/Trustees and the Board of each Fund, however, shall act separately and in the best interests of its respective Fund.

1-1

---

2. Auditor

Independence

An independent public accounting firm may serve as a Fund’s auditor (the “Auditor”) only if it complies with all of the independence requirements set forth in Regulation S-X under the Securities Act of 1933 and the Independence Board Standard No. 1, subject to such exceptions, not prohibited by law, as the Audit Committee may allow. The Auditor shall: (i) at least annually, submit to the Audit Committee a certification of its independence, delineating all relationships between the Auditor and the Fund, consistent with Rule 2-01 of Regulation S-X under the Securities Act of 1933 and Independence Standards Board Standard No. 1, and (ii) actively engage in a dialogue with the Audit Committee with respect to any disclosed relationships or services that may affect the objectivity and independence of such independent accountants, including relationships with or services provided to the Fund’s other service providers.

3.

Registration with PCAOB

The Auditor must be registered with the PCAOB.

4.

Regulatory Action

Promptly upon initiation against it of any inquiry or investigation by a governmental authority the Auditor shall provide information to the Audit Committee regarding any material issues raised in such inquiry or investigation and any steps taken to deal with them.

5. Duties

and Powers of Audit Committee

5.01. The Audit

Committee shall have the duty and power to:

the Board regarding selection of the Auditor;

work of the Auditor;

report directly to the Audit Committee;

compensation of the Auditor for audit and non-audit services provided to the Funds and decide whether to continue to retain the services of the Auditor or to terminate them;

non-audit and attest services provided to the Funds and any non-audit services provided to the investment adviser of the Funds or to any other entity in the Fund Complex as required by the Sarbanes-Oxley Act of 2002 (the “SOX Act”) and rules promulgated by the Securities and Exchange Commission (the “SEC”) under the SOX Act, or establish policies and procedures pursuant to which any of such services is pre-approved (which are attached hereto as Appendix B); provided that such policies and procedures are detailed as to the particular service and do not delegate any of the Audit Committee’s responsibilities to management but may delegate pre-approval authority to one or more of its members (except with respect to the annual audit of each Fund required by the Securities Exchange Act of 1934); and provided further, that pre-approval of services may be waived pursuant to a de minimis exception allowed by SEC rules, as construed by the Board’s independent counsel;

services rendered by the Auditor to the investment adviser and other entities in the Fund Complex, which were not

- make recommendations to
- oversee and evaluate the
- require the Auditor to
- determine the
- pre-approve all audit,
- consider whether any



pre-approved, is compatible with maintaining the Auditor's independence;

certification regarding the independence requirements applicable to the Auditor as set forth in section 2 above to satisfy itself that the Auditor is independent under the standards set forth therein;

- review the written

1-2

---

the Auditor to report quarterly to the Audit Committee: (a) all critical accounting policies and practices; (b) any changes in accounting or auditing procedures, principles, practices, standards or financial reporting; (c) any alternative treatments of financial information within generally accepted accounting principles that the Auditor has discussed with management, the ramifications of the use of any such alternative treatment or disclosure, and the treatment preferred by the Auditor; (d) any material issues raised by the most recent internal quality-control review, or peer review, of the Auditor, or by inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the Auditor, and any steps taken to deal with any such issue; (e) any other written communications between the Auditor and management, including any management letter or schedule of unadjusted differences; and (f) all non-audit services provided to a non-Fund entity in the Fund Complex which were not pre-approved and associated fees; provided that, if the report is not made within 90 days of the filing of a Fund's financial statements with the SEC, the Auditor shall provide an update of any changes;

- require

and discuss with the Auditor: (a) matters required to be communicated by the Auditor to the Audit Committee pursuant to the Statement of Auditing Standards Nos. 61 and 90 and any other standards established by the PCAOB; including, without limitation, any adjustment to a Fund's financial statements recommended by the Auditor, or any other results of any audit; (b) any problems or difficulties encountered in the course of the audit; and (c) any areas of substantial risk in accurate reporting of financial results and operations of the Funds;

- review

annual and special audits and the scope of such audits with the Fund's independent accountants;

- review arrangements for

- review and discuss the

Fund's audited financial statements with Fund management;

- review final drafts of

closed-end Fund annual financial statements, discuss with management and the Auditor and decide whether to recommend that the statements, with or without any revisions, be included in the Fund's annual report;

- to cause to be prepared and

to review and submit any report, including any recommendation of the Audit Committee, required by SEC rules to be included in the Fund's proxy statement;

- review legal and regulatory

matters presented by counsel and the Fund's independent accountants that may have a material impact on the Fund's financial statements;

- consider with the Auditor

their comments with respect to the quality and adequacy of the Fund's accounting and financial reporting policies, practices and internal controls and management's responses thereto, including, without limitation, the effect on the Fund of any recommendation of changes in accounting principles or practices by management or the Auditor;

- receive

reports from the principal executive officer and the principal financial officer, or persons performing similar functions, regarding: (i) all significant deficiencies in the design or operation of a Fund's internal controls that could adversely affect the Fund's ability to record, process, summarize, and report financial data and have identified for the Auditor any material weaknesses in internal controls; (ii) any fraud, whether or not material, that involves Fund management or other employees who have a significant role in the Fund's

internal controls; and (iii) whether or not there were significant changes in the Fund's internal controls or in other factors that could significantly affect the Fund's internal controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses;

the receipt, retention and treatment of complaints received by a Fund regarding accounting, internal accounting controls or auditing matters;

the confidential, anonymous submission by employees and officers of Funds of concerns regarding any questionable accounting or audit matter (with such procedures to be established upon the SEC's promulgation of final rules governing such procedures pursuant to the SOX Act);

the resolution of disagreements between management of a Fund and the Fund's Auditor regarding financial reporting;

inside and outside counsel to report to the Audit Committee evidence of any material violation of securities law or breach of fiduciary duty or similar violation by a Fund or any agent of a Fund; and

functions consistent with this Audit Committee Charter, the Fund's Articles of Incorporation, the Fund's Declaration of Trust, the Fund's By-laws, or the Fund's partnership agreement, as applicable, and applicable law, as the Audit Committee or the Board deems necessary or appropriate.

#### 5.02. Authority to

Engage Independent Counsel and Advisers

The Audit Committee is authorized to: (a) engage independent counsel, which may also be counsel to the Funds' independent Directors/Trustees, and other advisers, as it determines to be necessary to carry out its duties; and (b) require the Funds to provide appropriate funding, as determined by the Audit Committee, for payment of compensation to the Auditor, the independent counsel and other advisers.

#### 5.03. Scope

of Audit Committee Responsibility

In fulfilling their responsibilities under this Audit Committee Charter, it is recognized that members of the Audit Committee are not full-time employees of the Fund. As such, it is not the duty or responsibility of the Audit Committee or its members to conduct "field work" or other types of auditing or accounting reviews or procedures. Each member of the Audit Committee shall be entitled to rely on (i) the integrity of those persons and organizations inside and outside the Fund from which the Audit Committee receives information and (ii) the accuracy of the financial and other information provided to the Audit Committee by such persons or organizations, absent actual knowledge to the contrary (which actual knowledge shall be promptly reported to the Board).

Fund management is responsible for maintaining appropriate systems for accounting. The Auditor is responsible for conducting a proper audit of each Fund's financial statements and is ultimately accountable to the Audit Committee.

#### 6.

Meetings of the Audit Committee

The Audit Committee shall meet independently at each regularly scheduled Board meeting and at such other times as deemed appropriate by the Audit Committee but no less frequently than quarterly, including to approve the scope of the proposed audit of a Fund's financial statements by the Auditors and to review the report of the Auditors following such audit. Members of the Audit Committee may participate in a meeting of the Audit Committee by means of

conference call or similar communications equipment by means of which all persons participating in such meeting can hear each other.

1-4

---

7. Interim

Actions by the Audit Committee

From time to time, the Audit Committee may delegate to the Chairperson or other designated Audit Committee member the responsibility to act, on an interim basis between meetings of the Audit Committee or Board, on audit related matters, including specifically, approval of annual financial statements, provided that the Audit Committee or Board is not required by this Charter or law to take such actions or is not prevented by this Charter or law from delegating such actions. Interim actions may be taken by written consent of the Audit Committee. All other interim actions by the Chairperson or his/her designee will be submitted for ratification at the next meeting of the Audit Committee.

8. Minutes

of Meetings; Reporting the Board

The Audit Committee shall cause to be made and kept minutes of its meetings. The Audit Committee shall report to the Board its activities, findings and recommendations.

9. Review

of Charter

The Audit Committee shall review this Audit Committee Charter at least annually, and shall recommend any changes to the Board. This Audit Committee Charter may be amended only by the Board, with the approval of a majority of the independent Directors/Trustees.

1-5

---

AUDIT COMMITTEE  
AUDIT AND NON-AUDIT SERVICES  
PRE-APPROVAL POLICY AND PROCEDURES  
OF THE  
MORGAN STANLEY RETAIL AND INSTITUTIONAL FUNDS

AS ADOPTED AND AMENDED JULY 23, 2004,<sup>2</sup>

1.

Statement of Principles

The Audit Committee of the Board is required to review and, in its sole discretion, pre-approve all Covered Services to be provided by the Independent Auditors to the Fund and Covered Entities in order to assure that services performed by the Independent Auditors do not impair the auditor's independence from the Fund.

The SEC has issued rules specifying the types of services that an independent auditor may not provide to its audit client, as well as the audit committee's administration of the engagement of the independent auditor. The SEC's rules establish two different approaches to pre-approving services, which the SEC considers to be equally valid. Proposed services either: may be pre-approved without consideration of specific case-by-case services by the Audit Committee ("general pre-approval"); or require the specific pre-approval of the Audit Committee or its delegate ("specific pre-approval"). The Audit Committee believes that the combination of these two approaches in this Policy will result in an effective and efficient procedure to pre-approve services performed by the Independent Auditors. As set forth in this Policy, unless a type of service has received general pre-approval, it will require specific pre-approval by the Audit Committee (or by any member of the Audit Committee to which pre-approval authority has been delegated) if it is to be provided by the Independent Auditors. Any proposed services exceeding pre-approved cost levels or budgeted amounts will also require specific pre-approval by the Audit Committee.

The appendices to this Policy describe the Audit, Audit-related, Tax and All Other services that have the general pre-approval of the Audit Committee. The term of any general pre-approval is 12 months from the date of pre-approval, unless the Audit Committee considers and provides a different period and states otherwise. The Audit Committee will annually review and pre-approve the services that may be provided by the Independent Auditors without obtaining specific pre-approval from the Audit Committee. The Audit Committee will add to or subtract from the list of general pre-approved services from time to time, based on subsequent determinations.

The purpose of this Policy is to set forth the policy and procedures by which the Audit Committee intends to fulfill its responsibilities. It does not delegate the Audit Committee's responsibilities to pre-approve services performed by the Independent Auditors to management.

The Fund's Independent Auditors have reviewed this Policy and believes that implementation of the Policy will not adversely affect the Independent Auditors' independence.

<sup>2</sup> This

Audit Committee Audit and Non-Audit Services Pre-Approval Policy and Procedures (the "Policy"), adopted as of the date above, supersedes and replaces all prior versions that may have been adopted from time to time.



2.

#### Delegation

As provided in the Act and the SEC's rules, the Audit Committee may delegate either type of pre-approval authority to one or more of its members. The member to whom such authority is delegated must report, for informational purposes only, any pre-approval decisions to the Audit Committee at its next scheduled meeting.

3. Audit

#### Services

The annual Audit services engagement terms and fees are subject to the specific pre-approval of the Audit Committee. Audit services include the annual financial statement audit and other procedures required to be performed by the Independent Auditors to be able to form an opinion on the Fund's financial statements. These other procedures include information systems and procedural reviews and testing performed in order to understand and place reliance on the systems of internal control, and consultations relating to the audit. The Audit Committee will approve, if necessary, any changes in terms, conditions and fees resulting from changes in audit scope, Fund structure or other items.

In addition to the annual Audit services engagement approved by the Audit Committee, the Audit Committee may grant general pre-approval to other Audit services, which are those services that only the Independent Auditors reasonably can provide. Other Audit services may include statutory audits and services associated with SEC registration statements (on Forms N-1A, N-2, N-3, N-4, etc.), periodic reports and other documents filed with the SEC or other documents issued in connection with securities offerings.

The Audit Committee has pre-approved the Audit services in Appendix B.1. All other Audit services not listed in Appendix B.1 must be specifically pre-approved by the Audit Committee (or by any member of the Audit Committee to which pre-approval has been delegated).

4.

#### Audit-related Services

Audit-related services are assurance and related services that are reasonably related to the performance of the audit or review of the Fund's financial statements and, to the extent they are Covered Services, the Covered Entities or that are traditionally performed by the Independent Auditors. Because the Audit Committee believes that the provision of Audit-related services does not impair the independence of the auditor and is consistent with the SEC's rules on auditor independence, the Audit Committee may grant general pre-approval to Audit-related services. Audit-related services include, among others, accounting consultations related to accounting, financial reporting or disclosure matters not classified as "Audit services"; assistance with understanding and implementing new accounting and financial reporting guidance from rulemaking authorities; agreed-upon or expanded audit procedures related to accounting and/or billing records required to respond to or comply with financial, accounting or regulatory reporting matters; and assistance with internal control reporting requirements under Forms N-SAR and/or N-CSR.

The Audit Committee has pre-approved the Audit-related services in Appendix B.2. All other Audit-related services not listed in Appendix B.2 must be specifically pre-approved by the Audit Committee (or by any member of the Audit Committee to which pre-approval has been delegated).

5. Tax

#### Services



The Audit Committee believes that the Independent Auditors can provide Tax services to the Fund and, to the extent they are Covered Services, the Covered Entities, such as tax compliance, tax planning and tax advice without impairing the auditor's independence, and the SEC has stated that the Independent Auditors may provide such services.

1-7

---

Pursuant to the preceding paragraph, the Audit Committee has pre-approved the Tax Services in Appendix B.3. All Tax services in Appendix B.3 must be specifically pre-approved by the Audit Committee (or by any member of the Audit Committee to which pre-approval has been delegated).

6. All

#### Other Services

The Audit Committee believes, based on the SEC's rules prohibiting the Independent Auditors from providing specific non-audit services, that other types of non-audit services are permitted. Accordingly, the Audit Committee believes it may grant general pre-approval to those permissible non-audit services classified as All Other services that it believes are routine and recurring services, would not impair the independence of the auditor and are consistent with the SEC's rules on auditor independence.

The Audit Committee has pre-approved the All Other services in Appendix B.4. Permissible All Other services not listed in Appendix B.4 must be specifically pre-approved by the Audit Committee (or by any member of the Audit Committee to which pre-approval has been delegated).

7.

#### Pre-Approval Fee Levels or Budgeted Amounts

Pre-approval fee levels or budgeted amounts for all services to be provided by the Independent Auditors will be established annually by the Audit Committee. Any proposed services exceeding these levels or amounts will require specific pre-approval by the Audit Committee. The Audit Committee is mindful of the overall relationship of fees for audit and non-audit services in determining whether to pre-approve any such services.

8.

#### Procedures

All requests or applications for services to be provided by the Independent Auditors that do not require specific approval by the Audit Committee will be submitted to the Fund's Chief Financial Officer and must include a detailed description of the services to be rendered. The Fund's Chief Financial Officer will determine whether such services are included within the list of services that have received the general pre-approval of the Audit Committee. The Audit Committee will be informed on a timely basis of any such services rendered by the Independent Auditors. Requests or applications to provide services that require specific approval by the Audit Committee will be submitted to the Audit Committee by both the Independent Auditors and the Fund's Chief Financial Officer, and must include a joint statement as to whether, in their view, the request or application is consistent with the SEC's rules on auditor independence.

The Audit Committee has designated the Fund's Chief Financial Officer to monitor the performance of all services provided by the Independent Auditors and to determine whether such services are in compliance with this Policy. The Fund's Chief Financial Officer will report to the Audit Committee on a periodic basis on the results of its monitoring. Both the Fund's Chief Financial Officer and management will immediately report to the chairman of the Audit Committee any breach of this Policy that comes to the attention of the Fund's Chief Financial Officer or any member of management.

9.

#### Additional Requirements

The Audit Committee has determined to take additional measures on an annual basis to meet its responsibility to oversee the work of the Independent Auditors and to assure the auditor's independence from the Fund, such as reviewing a formal written statement from the Independent Auditors delineating all relationships between the Independent Auditors and the Fund, consistent with Independence Standards Board No. 1, and discussing with the Independent Auditors its methods and procedures for ensuring independence.

1-8

---

Covered Entities

Covered Entities include the Fund's investment adviser(s) and any entity controlling, controlled by or under common control with the Fund's investment adviser(s) that provides ongoing services to the Fund(s). Beginning with non-audit service contracts entered into on or after May 6, 2003, the Fund's audit committee must pre-approve non-audit services provided not only to the Fund but also to the Covered Entities if the engagements relate directly to the operations and financial reporting of the Fund. This list of Covered Entities would include:

Morgan Stanley Retail Funds

Morgan Stanley Investment Advisors Inc.

Morgan Stanley & Co. Incorporated

Morgan Stanley DW Inc.

Morgan Stanley Investment Management Inc.

Morgan Stanley Investment Management Limited

Morgan Stanley Investment Management Private Limited

Morgan Stanley Asset & Investment Trust Management Co., Limited

Morgan Stanley Investment Management Company

Van Kampen Asset Management Inc.

Morgan Stanley Services Company, Inc.

Morgan Stanley Distributors Inc.

Morgan Stanley Trust FSB

Morgan Stanley Institutional Funds

Morgan Stanley Investment Management Inc.

Morgan Stanley Investment Advisors Inc.

Morgan Stanley Investment Management Limited

Morgan Stanley Investment Management Private Limited

Morgan Stanley Asset & Investment Trust Management Co., Limited

Morgan Stanley Investment Management Company

Morgan Stanley & Co. Incorporated

Morgan Stanley Distribution, Inc.

Morgan Stanley AIP GP LP

Morgan Stanley Alternative Investment Partners LP

1-9

---

APPENDIX 2

JOINT GOVERNANCE COMMITTEE CHARTER  
OF THE  
MORGAN STANLEY RETAIL AND INSTITUTIONAL FUNDS

AS ADOPTED ON JULY 31, 2003  
AND AS AMENDED ON  
February 20, 2007

2-1

---

1.

## MISSION STATEMENT

The Governance Committee (the “Governance Committee”) is a committee of the Board of Trustees/Directors (referred to herein as the “Trustees” and collectively, the “Board”) of each Fund listed in the attached Exhibit A. The purpose of the Governance Committee is to: (1) evaluate the suitability of potential candidates for election to the Board and recommend candidates for nomination by the Independent Trustees (as defined below); (2) appoint members of each standing committee and sub-committee of the Board; (3) develop and recommend to the Board a set of corporate governance principles applicable to the Fund, monitor corporate governance matters and make recommendations to the Board and act as the administrative committee with respect to Board policies and procedures, and Committee policies and procedures; and (4) oversee periodic evaluations of the Board and any Committees of the Board.

2.

## COMPOSITION

The Governance Committee shall be comprised of two or more Trustees of the Board. Governance Committee members shall be designated by the full Board, and the manner of selection of the Governance Committee Chairperson shall also be designated by the full Board. The Chairperson or his/her designee shall set the agenda for, and preside at, each meeting of the Governance Committee and shall engage in such other activities on behalf of the Governance Committee as shall be determined from time to time by the Governance Committee.

Each member of the Governance Committee shall be an independent director or trustee. A person shall be considered to be independent if he or she: (1) is independent as defined in New York Stock Exchange Listed Company Standard 303.01 (2) and (3); (2) is not an “interested person” as defined in Section 2(a)(19) of the Investment Company Act of 1940, as amended; and (3) does not accept, directly or indirectly, any consulting, advisory or other compensatory fee from the Fund or their investment adviser or any affiliated person of the adviser, other than fees from the Fund for serving as a member of the Board or Committees of the Board. Such independent directors or trustees are referred to herein as the “Independent Trustees.”

3.

## MEETINGS OF THE GOVERNANCE COMMITTEE

The Governance Committee may fix its own rules of procedure, which shall be consistent with the Fund’s organizational documents and this Governance Committee Charter. The Governance Committee, in its discretion, may as Trustees, members of management or others, whose advice and counsel are sought by the Governance Committee, to attend its meetings (or portions thereof) and to provide such pertinent information as the Governance Committee requests.

The Governance Committee shall meet independently at each regularly scheduled Board meeting and at such other times as deemed appropriate by the Governance Committee but no less frequently than quarterly. Members of the Governance Committee may participate in a meeting of the Governance Committee by means of conference call or similar communications equipment by means of which all persons participating in such meeting can hear each other.

1 This Joint Governance Committee Charter has been adopted by each Fund. Solely for the sake of clarity and simplicity, this Joint Governance Committee Charter has been drafted as if there is a single Fund, a single Governance Committee and a single Board. The terms “Governance Committee,” “Trustees” and “Board” mean the Governance Committee, Trustees and the Board of each Fund, respectively, unless the context otherwise requires. The Governance Committee, Trustees and the Board of each Fund, however, shall act separately and in the best interests of its respective Fund.





4.

#### AUTHORITY

The Governance Committee shall have the authority to carry out its duties and responsibilities as set forth in this Joint Governance Committee Charter.

5. GOALS,

#### DUTIES AND RESPONSIBILITIES OF THE GOVERNANCE COMMITTEE

In carrying out its duties and responsibilities, the Governance Committee's policies and procedures will remain flexible, so that it may be in a position to react or respond to changing circumstances or conditions. The following are the duties and responsibilities of the Governance Committee.

a. Board

#### Candidates and Nominees

The Governance Committee shall have the following goals and responsibilities with respect to Board candidates and nominees:

i. evaluate

the suitability of potential trustee/director candidates proposed by Trustees, shareholders or others;

ii. recommend, for

nomination by the Independent Trustees, candidates for election as an Independent Trustee by the shareholders or appointment by the Board, as the case may be, pursuant to the Fund's organizational documents. Persons recommended by the Governance Committee shall possess such knowledge, experience, skills, expertise and diversity so as to enhance the Board's ability to manage and direct the affairs and business of the Fund, including, when applicable, to enhance the ability of committees of the Board to fulfill their duties and/or to satisfy any independence requirements imposed by law, regulation or any listing requirements of the New York Stock Exchange ("NYSE") as applicable to the Fund; and

iii. review the suitability

for continued service as a trustee/director of each Independent Trustee when his or her term expires and at such other times as the Governance Committee deems necessary or appropriate, and to recommend whether or not the Independent Trustee should be re-nominated by the Independent Trustees.

b. Selection,

#### Nomination of Committee Members

The Governance Committee shall appoint members of each standing committee and sub-committee of the Board, and shall appoint persons as chairperson and, if desired, deputy chairperson, of each such committee and sub-committee in consultation with the Board. Evaluation by the Governance Committee of a person as a potential committee or sub-committee member shall include the factors set forth above under "Board Candidates and Nominees," to the extent that such factors are applicable or relevant. An individual may be nominated to serve on more than one committee or sub-committee of the Board.

c.

#### Corporate Governance

The Governance Committee shall have the following goals and principles with respect to Board corporate governance:

i. monitor

corporate governance principles for the Fund, which shall be consistent with any applicable laws, regulations and listing standards, considering, but not limited to, the following:

(1) trustee/director qualification standards to reflect the independence requirements of the Sarbanes-Oxley Act of 2002, as amended (“SOX”) and the rules thereunder, the Investment Company Act of 1940, as amended (the “1940 Act”), and the NYSE;

2-3

---

(2)

trustee/director duties and responsibilities;

(3) trustee/director access to

management, and, as necessary and appropriate, independent advisers; and

(4) trustee/director

orientation and continuing education;

ii. review periodically

the corporate governance principles adopted by the Board to assure that they are appropriate for the Fund and comply with the requirements of SOX, the 1940 Act and the NYSE, and to recommend any desirable changes to the Board; and

iii.

consider other corporate governance issues that arise from time to time, and to develop appropriate recommendations for the Board.

d. Periodic

Evaluations

The Governance Committee shall be responsible for overseeing the evaluation of the Board as a whole and each Committee. The Governance Committee shall establish procedures to allow it to exercise this oversight function.

In conducting this review, the Governance Committee shall evaluate whether the Board appropriately addresses the matters that are or should be within its scope pursuant to the set of corporate governance principles adopted by the Governance Committee. The Governance Committee shall address matters that the Governance Committee considers relevant to the Board's performance, including at least the following: the adequacy, appropriateness and quality of the information and recommendations presented by management of the Fund to the Board and whether the number and length of meetings of the Board were adequate for the Board to complete its work in a thorough and thoughtful manner.

The Governance Committee shall report to the Board on the results of its evaluation, including any recommended changes to the principles of corporate governance, and any recommended changes to the Fund's or the Board's or a Committee's policies or procedures. This report may be written or oral.

6.

#### INVESTIGATIONS AND STUDIES; OUTSIDE ADVISERS

The Governance Committee may conduct or authorize investigations into or studies of matters within the Governance Committee's scope of responsibilities, and may retain, at the Fund's expense, such independent counsel or other advisers as it deems necessary.

7.

#### INTERIM ACTIONS BY THE GOVERNANCE COMMITTEE

From time to time, the Governance Committee may delegate to the Chairperson or other designated Governance Committee member the responsibility to act, on an interim basis between meetings of the Governance Committee or Board, on governance related matters, provided that the Governance Committee or Board is not required by this Joint Governance Committee Charter or law to take such actions. Interim actions may be taken by written consent of the Governance Committee. All other interim actions by the Chairperson or his/her designee will be submitted for ratification at the next meeting of the Governance Committee.

8.

#### MINUTES OF MEETINGS; REPORTING TO THE BOARD

The Governance Committee shall cause to be made and kept minutes of its meetings. The Governance Committee shall report to the Board its activities, findings and recommendations.

2-4

---

9.

REVIEW OF JOINT GOVERNANCE COMMITTEE CHARTER

The Governance Committee shall review this Joint Governance Committee Charter at least annually, and shall recommend any changes to the Board. This Joint Governance Committee Charter may be amended only by the Board, with the approval of a majority of the Independent Trustees.

2-5

---

EXHIBIT A

MORGAN STANLEY  
RETAIL AND INSTITUTIONAL FUNDS  
AT  
May 1, 2008

RETAIL FUNDS

RETAIL FUNDS

Active Assets California Tax-Free Trust  
Active Assets Government Securities Trust  
Active Assets Institutional Government Securities Trust  
Active Assets Institutional Money Trust  
Active Assets Money Trust  
Active Assets Tax-Free Trust  
Morgan Stanley Allocator Fund  
Morgan Stanley Balanced Fund  
Morgan Stanley California Insured Municipal Income Trust\*  
Morgan Stanley California Quality Municipal Securities\*  
Morgan Stanley California Tax-Free Daily Income Trust  
Morgan Stanley California Tax-Free Income Fund  
Morgan Stanley Capital Opportunities Trust  
Morgan Stanley Commodities Alpha Fund  
Morgan Stanley Convertible Securities Trust  
Morgan Stanley Diversified International Equity Fund  
Morgan Stanley Diversified Large Cap Equity Fund  
Morgan Stanley Dividend Growth Securities Inc.  
Morgan Stanley Equally-Weighted S&P 500 Fund  
Morgan Stanley European Equity Fund Inc.  
Morgan Stanley Financial Services Trust  
Morgan Stanley Flexible Income Trust  
Morgan Stanley Focus Growth Fund  
Morgan Stanley Fundamental Value Fund  
Morgan Stanley FX Alpha Plus Strategy Portfolio  
Morgan Stanley FX Alpha Strategy Portfolio  
Morgan Stanley Global Advantage Fund  
Morgan Stanley Global Dividend Growth Securities  
Morgan Stanley Health Sciences Trust  
Morgan Stanley High Yield Securities Inc.  
Morgan Stanley Income Securities Inc.\*  
Morgan Stanley Income Trust  
Morgan Stanley Institutional Strategies Fund  
Morgan Stanley Insured California Municipal Securities\*  
Morgan Stanley Insured Municipal Bond Trust\*  
Morgan Stanley Insured Municipal Income Trust\*  
Morgan Stanley Insured Municipal Securities\*

Morgan Stanley Insured Municipal Trust\*

2-6

---

Morgan Stanley International Fund  
Morgan Stanley International SmallCap Fund  
Morgan Stanley International Value Equity Fund  
Morgan Stanley Japan Fund  
Morgan Stanley Limited Duration Fund  
Morgan Stanley Limited Duration U.S. Government Trust  
Morgan Stanley Limited Term Municipal Trust  
Morgan Stanley Liquid Asset Fund Inc.  
Morgan Stanley Mid Cap Growth Fund  
Morgan Stanley Mid-Cap Value Fund  
Morgan Stanley Mortgage Securities Trust  
Morgan Stanley Multi-Asset Class Fund  
Morgan Stanley Municipal Income Opportunities Trust\*  
Morgan Stanley Municipal Income Opportunities Trust II\*  
Morgan Stanley Municipal Income Opportunities Trust III\*  
Morgan Stanley Municipal Premium Income Trust\*  
Morgan Stanley Nasdaq-100 Index Fund  
Morgan Stanley Natural Resource Development Securities Inc.  
Morgan Stanley New York Municipal Money Market Trust  
Morgan Stanley New York Quality Municipal Securities  
Morgan Stanley New York Tax-Free Income Fund  
Morgan Stanley Pacific Growth Fund Inc.  
Morgan Stanley Prime Income Trust  
Morgan Stanley Quality Municipal Income Trust\*  
Morgan Stanley Quality Municipal Investment Trust\*  
Morgan Stanley Quality Municipal Securities\*  
Morgan Stanley Real Estate Fund  
Morgan Stanley S&P 500 Index Fund  
Morgan Stanley Select Dimensions Investment Series – Balanced Portfolio  
Morgan Stanley Select Dimensions Investment Series – Capital Growth Portfolio  
Morgan Stanley Select Dimensions Investment Series – Capital Opportunities Portfolio  
Morgan Stanley Select Dimensions Investment Series – Dividend Growth Portfolio  
Morgan Stanley Select Dimensions Investment Series – Equally-Weighted S&P 500 Portfolio  
Morgan Stanley Select Dimensions Investment Series – Flexible Income Portfolio  
Morgan Stanley Select Dimensions Investment Series – Focus Growth Portfolio  
Morgan Stanley Select Dimensions Investment Series – Global Equity Portfolio  
Morgan Stanley Select Dimensions Investment Series – Mid Cap Growth Portfolio  
Morgan Stanley Select Dimensions Investment Series – Money Market Portfolio  
Morgan Stanley Select Dimensions Investment Series – Utilities Portfolio  
Morgan Stanley Small-Mid Special Value Fund  
Morgan Stanley Special Growth Fund  
Morgan Stanley Special Value Fund  
Morgan Stanley Strategist Fund  
Morgan Stanley Tax-Exempt Securities Trust  
Morgan Stanley Tax-Free Daily Income Trust  
Morgan Stanley Technology Fund  
Morgan Stanley Total Market Index Fund  
Morgan Stanley U.S. Government Money Market Trust



Morgan Stanley U.S. Government Securities Trust

2-7

---

Morgan Stanley Utilities Fund

Morgan Stanley Value Fund

Morgan Stanley Variable Investment Series – Aggressive Equity Portfolio  
Morgan Stanley Variable Investment Series – Capital Opportunitites Portfolio  
Morgan Stanley Variable Investment Series – Dividend Growth Portfolio  
Morgan Stanley Variable Investment Series – European Equity Portfolio  
Morgan Stanley Variable Investment Series – Global Advantage Portfolio  
Morgan Stanley Variable Investment Series – Global Dividend Growth Portfolio  
Morgan Stanley Variable Investment Series – High Yield Portfolio  
Morgan Stanley Variable Investment Series – Income Builder Portfolio  
Morgan Stanley Variable Investment Series – Income Plus Portfolio  
Morgan Stanley Variable Investment Series – Limited Duration Portfolio  
Morgan Stanley Variable Investment Series – Money Market Portfolio  
Morgan Stanley Variable Investment Series – S&P 500 Index Portfolio  
Morgan Stanley Variable Investment Series – Strategist Portfolio  
Morgan Stanley Variable Investment Series – Utilities Portfolio

#### INSTITUTIONAL FUNDS

Morgan Stanley Asia-Pacific Fund, Inc.\*

Morgan Stanley China “A” Share Fund, Inc.\*

Morgan Stanley Eastern Europe Fund, Inc.\*

Morgan Stanley Emerging Markets Debt Fund, Inc.\*

Morgan Stanley Emerging Markets Domestic Debt Fund, Inc.\*

Morgan Stanley Emerging Markets Fund, Inc.\*

Morgan Stanley Global Opportunity Bond Fund, Inc.\*

Morgan Stanley High Yield Fund, Inc.\*

Morgan Stanley Institutional Fund Trust – Advisory Portfolio

Morgan Stanley Institutional Fund Trust – Advisory Portfolio III

Morgan Stanley Institutional Fund Trust – Advisory Portfolio IV

Morgan Stanley Institutional Fund Trust – Balanced Portfolio

Morgan Stanley Institutional Fund Trust – Core Fixed Income Portfolio

Morgan Stanley Institutional Fund Trust – Core Plus Fixed Income Portfolio

Morgan Stanley Institutional Fund Trust – Equities Plus Portfolio

Morgan Stanley Institutional Fund Trust – High Yield Portfolio

Morgan Stanley Institutional Fund Trust – Intermediate Duration Portfolio

Morgan Stanley Institutional Fund Trust – International Fixed Income Portfolio

Morgan Stanley Institutional Fund Trust – Investment Grade Fixed Income Portfolio

Morgan Stanley Institutional Fund Trust – Limited Duration Portfolio

Morgan Stanley Institutional Fund Trust – Long Duration Fixed Income Portfolio

Morgan Stanley Institutional Fund Trust – Mid Cap Growth Portfolio

Morgan Stanley Institutional Fund Trust – Municipal Portfolio

Morgan Stanley Institutional Fund Trust – U.S. Mid Cap Value Portfolio

Morgan Stanley Institutional Fund Trust – U.S. Small Cap Value Portfolio

Morgan Stanley Institutional Fund Trust – Value Portfolio

Morgan Stanley Institutional Fund, Inc. – Active International Allocation Portfolio

Morgan Stanley Institutional Fund, Inc. – Capital Growth Portfolio

Morgan Stanley Institutional Fund, Inc. – Disciplined Large Cap Value Active Extension Portfolio

Morgan Stanley Institutional Fund, Inc. – Emerging Markets Debt Portfolio

Morgan Stanley Institutional Fund, Inc. – Emerging Markets Portfolio

2-8

---

Morgan Stanley Institutional Fund, Inc. – Focus Growth Portfolio  
 Morgan Stanley Institutional Fund, Inc. – Global Franchise Portfolio  
 Morgan Stanley Institutional Fund, Inc. – Global Real Estate Portfolio  
 Morgan Stanley Institutional Fund, Inc. – Global Value Equity Portfolio  
 Morgan Stanley Institutional Fund, Inc. – International Equity Portfolio  
 Morgan Stanley Institutional Fund, Inc. – International Growth Active Extension Portfolio  
 Morgan Stanley Institutional Fund, Inc. – International Growth Equity Portfolio  
 Morgan Stanley Institutional Fund, Inc. – International Magnum Portfolio  
 Morgan Stanley Institutional Fund, Inc. – International Real Estate Portfolio  
 Morgan Stanley Institutional Fund, Inc. – International Small Cap Portfolio  
 Morgan Stanley Institutional Fund, Inc. – Large Cap Relative Value Portfolio  
 Morgan Stanley Institutional Fund, Inc. – Small Company Growth Portfolio  
 Morgan Stanley Institutional Fund, Inc. – Systematic Active Large Cap Core Portfolio  
 Morgan Stanley Institutional Fund, Inc. – Systematic Active Small Cap Core Portfolio  
 Morgan Stanley Institutional Fund, Inc. – Systematic Active Small Cap Growth Portfolio  
 Morgan Stanley Institutional Fund, Inc. – Systematic Active Small Cap Value Portfolio  
 Morgan Stanley Institutional Fund, Inc. – Systematic Large Cap Core Active Extension Portfolio  
 Morgan Stanley Institutional Fund, Inc. – U.S. Real Estate Portfolio  
 Morgan Stanley Institutional Fund, Inc. – U.S. Small/Mid Cap Value Portfolio  
 Morgan Stanley Institutional Liquidity Funds – Government Portfolio  
 Morgan Stanley Institutional Liquidity Funds – Money Market Portfolio  
 Morgan Stanley Institutional Liquidity Funds – Prime Portfolio  
 Morgan Stanley Institutional Liquidity Funds – Tax-Exempt Portfolio  
 Morgan Stanley Institutional Liquidity Funds – Treasury Portfolio  
 The Latin American Discovery Fund, Inc.\*  
 The Malaysia Fund, Inc.\*  
 The Thai Fund, Inc.\*  
 The Turkish Investment Fund, Inc.\*  
 The Universal Institutional Funds, Inc. – Capital Growth Portfolio  
 The Universal Institutional Funds, Inc. – Core Plus Fixed Income Portfolio  
 The Universal Institutional Funds, Inc. – Emerging Markets Debt Portfolio  
 The Universal Institutional Funds, Inc. – Emerging Markets Equity Portfolio  
 The Universal Institutional Funds, Inc. – Equity and Income Portfolio  
 The Universal Institutional Funds, Inc. – Global Franchise Portfolio  
 The Universal Institutional Funds, Inc. – Global Real Estate Portfolio  
 The Universal Institutional Funds, Inc. – Global Value Equity Portfolio  
 The Universal Institutional Funds, Inc. – High Yield Portfolio  
 The Universal Institutional Funds, Inc. – International Growth Equity Portfolio  
 The Universal Institutional Funds, Inc. – International Magnum Portfolio  
 The Universal Institutional Funds, Inc. – Mid Cap Growth Portfolio  
 The Universal Institutional Funds, Inc. – Small Company Growth Portfolio  
 The Universal Institutional Funds, Inc. – U.S. Mid Cap Value Portfolio  
 The Universal Institutional Funds, Inc. – U.S. Real Estate Portfolio  
 The Universal Institutional Funds, Inc. – Value Portfolio



HEDGE FUND

Morgan Stanley Institutional Fund of Hedge Funds  
Alternative Investment Partners Absolute Return Fund  
Alternative Investment Partners Absolute Return Fund STS  
Morgan Stanley Global Long/Short Fund A  
Morgan Stanley Global Long/Short Fund P

\* Denotes

closed-end funds.

2-10

---

**MORGAN STANLEY QUALITY**

**MUNICIPAL SECURITIES**

**Electronic Voting Instructions**

**You can vote by Internet or telephone!**

**Available 24 hours a day, 7 days a week!**

Instead of mailing your proxy, you may choose one of the two voting methods outlined below to vote your proxy.

VALIDATION DETAILS ARE LOCATED BELOW IN THE TITLE BAR.

**Proxies submitted by the Internet or telephone must be received by 10:10 a.m., Eastern Time, on June 19, 2008.**

**Vote by Internet**

Log on to the Internet and go to  
**[www.investorvote.com/IQM](http://www.investorvote.com/IQM)**

Follow the steps outlined on the secured website.

**Vote by telephone**

Call toll free 1-800-652-VOTE (8683) within the United States, Canada & Puerto Rico any time on a touch tone telephone. There is **NO CHARGE** to you for the call.

Follow the instructions provided by the recorded message.

Using a **black ink** pen, mark your votes with an **X** as shown in this example. Please do not write outside the designated areas.

**Annual Meeting Proxy Card**

**IF YOU HAVE NOT VOTED VIA THE INTERNET OR TELEPHONE, FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE.**

**A Election of Trustees** The Board of Trustees recommends a vote **FOR** all the nominees listed.

1. Nominees: For Withhold For Withhold For Withhold 01 - Kathleen A.  
Dennis 02 - Joseph J. Kearns 03 - Fergus Reid

2. To transact such other business as may properly come before the Meeting or any adjournment thereof.

**B Non-Voting Items**

**Change of Address** — Please print your new address below.

**C Authorized Signatures — This section must be completed for your vote to be counted. — Date and Sign**

Please sign exactly as name(s) appears hereon. Joint owners should each sign. When signing as attorney, executor, administrator, corporate officer, trustee, guardian, or custodian, please give full title.

Date (mm/dd/yyyy) - Please print date below. Signature 1 - Please keep signature within the box.

Signature 2 - Please keep signature within the box.

---





**IF YOU HAVE NOT VOTED VIA THE INTERNET OR TELEPHONE, FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE.**

**Proxy MORGAN STANLEY QUALITY MUNICIPAL SECURITIES**

#### **NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

The undersigned hereby appoints Ronald E. Robison and Stefanie V. Chang Yu and each of them or their respective designees, with full power of substitution and revocation, as proxies to represent the undersigned at the Annual Meeting of Shareholders to be held at the offices of Morgan Stanley Investment Management, 522 Fifth Avenue, New York, New York 10036 on June 19, 2008 at 10:10 a.m. New York City time, and at any and all adjournments thereof (the Meeting), to vote all Shares of Morgan Stanley Quality Municipal Securities (the Fund) which the undersigned would be entitled to vote, with all powers the undersigned would possess if personally present, in accordance with the instructions indicated herein. **This proxy is solicited on behalf of the Board of Trustees of the Fund.**

This proxy, when properly executed, will be voted in accordance with the instructions marked by the undersigned on the reverse side. **If no specification is made, this proxy will be voted FOR all of the nominees listed herein and in the discretion of the proxies upon such other business as may properly come before the Meeting.**

**Please vote, date and sign on the reverse side and return promptly in the enclosed envelope. Your signature and return of this proxy card acknowledges receipt of the accompanying Notice of Meeting and Proxy Statement for the Meeting to be held on June 19, 2008.**

---

**MORGAN STANLEY CALIFORNIA  
QUALITY MUNICIPAL SECURITIES**

**Electronic Voting Instructions**

**You can vote by Internet or telephone!**

**Available 24 hours a day, 7 days a week!**

Instead of mailing your proxy, you may choose one of the two voting methods outlined below to vote your proxy.

VALIDATION DETAILS ARE LOCATED BELOW IN THE TITLE BAR.

**Proxies submitted by the Internet or telephone must be received by 10:10 a.m., Eastern Time, on June 19, 2008.**

**Vote by Internet**

Log on to the Internet and go to  
**[www.investorvote.com/IQC](http://www.investorvote.com/IQC)**

Follow the steps outlined on the secured website.

**Vote by telephone**

Call toll free 1-800-652-VOTE (8683) within the United States, Canada & Puerto Rico any time on a touch tone telephone. There is **NO CHARGE** to you for the call.

Follow the instructions provided by the recorded message.

Using a **black ink** pen, mark your votes with an **X** as shown in this example. Please do not write outside the designated areas.

**Annual Meeting Proxy Card**

**IF YOU HAVE NOT VOTED VIA THE INTERNET OR TELEPHONE, FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE.**

**A Election of Trustees The Board of Trustees recommends a vote FOR all the nominees listed.**

1. Nominees: For Withhold For Withhold For Withhold 01 - Kathleen A.  
Dennis 02 - Joseph J. Kearns 03 - Fergus Reid

2. To transact such other business as may properly come before the Meeting or any adjournment thereof.

**B Non-Voting Items**

**Change of Address** — Please print your new address below.

**C Authorized Signatures — This section must be completed for your vote to be counted. — Date and Sign**

Please sign exactly as name(s) appears hereon. Joint owners should each sign. When signing as attorney, executor, administrator, corporate officer, trustee, guardian, or custodian, please give full title.

Date (mm/dd/yyyy) – Please print date below. Signature 1 – Please keep signature within the box.

Signature 2 – Please keep signature within the box.

---



**IF YOU HAVE NOT VOTED VIA THE INTERNET OR TELEPHONE, FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE.**

**Proxy MORGAN STANLEY CALIFORNIA QUALITY MUNICIPAL SECURITIES**

### **NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

The undersigned hereby appoints Ronald E. Robison and Stefanie V. Chang Yu and each of them or their respective designees, with full power of substitution and revocation, as proxies to represent the undersigned at the Annual Meeting of Shareholders to be held at the offices of Morgan Stanley Investment Management, 522 Fifth Avenue, New York, New York 10036 on June 19, 2008 at 10:10 a.m. New York City time, and at any and all adjournments thereof (the Meeting), to vote all Shares of Morgan Stanley California Quality Municipal Securities (the Fund) which the undersigned would be entitled to vote, with all powers the undersigned would possess if personally present, in accordance with the instructions indicated herein. **This proxy is solicited on behalf of the Board of Trustees of the Fund.**

This proxy, when properly executed, will be voted in accordance with the instructions marked by the undersigned on the reverse side. **If no specification is made, this proxy will be voted FOR all of the nominees listed herein and in the discretion of the proxies upon such other business as may properly come before the Meeting.**

**Please vote, date and sign on the reverse side and return promptly in the enclosed envelope. Your signature and return of this proxy card acknowledges receipt of the accompanying Notice of Meeting and Proxy Statement for the Meeting to be held on June 19, 2008.**

---

**MORGAN STANLEY NEW YORK**

**QUALITY MUNICIPAL SECURITIES**

**Electronic Voting Instructions**

**You can vote by Internet or telephone!**

**Available 24 hours a day, 7 days a week!**

Instead of mailing your proxy, you may choose one of the two voting methods outlined below to vote your proxy.

VALIDATION DETAILS ARE LOCATED BELOW IN THE TITLE BAR.

**Proxies submitted by the Internet or telephone must be received by 10:10 a.m., Eastern Time, on June 19, 2008.**

**Vote by Internet**

Log on to the Internet and go to  
**[www.investorvote.com/IQN](http://www.investorvote.com/IQN)**

Follow the steps outlined on the secured website.

**Vote by telephone**

Call toll free 1-800-652-VOTE (8683) within the United States, Canada & Puerto Rico any time on a touch tone telephone. There is **NO CHARGE** to you for the call.

Follow the instructions provided by the recorded message.

Using a **black ink** pen, mark your votes with an **X** as shown in this example. Please do not write outside the designated areas.

**Annual Meeting Proxy Card**

**IF YOU HAVE NOT VOTED VIA THE INTERNET OR TELEPHONE, FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE.**

**A Election of Trustees** The Board of Trustees recommends a vote **FOR** all the nominees listed.

1. Nominees: For Withhold For Withhold For Withhold 01 - Kathleen A.

Dennis 02 - Joseph J. Kearns 03 - Fergus Reid

2. To transact such other business as may properly come before the Meeting or any adjournment thereof.

**B Non-Voting Items**

**Change of Address** — Please print your new address below.

**C Authorized Signatures — This section must be completed for your vote to be counted. — Date and Sign**

Please sign exactly as name(s) appears hereon. Joint owners should each sign. When signing as attorney, executor, administrator, corporate officer, trustee, guardian, or custodian, please give full title.

Date (mm/dd/yyyy) - Please print date below. Signature 1 - Please keep signature within the box.

Signature 2 - Please keep signature within the box.

---





**IF YOU HAVE NOT VOTED VIA THE INTERNET OR TELEPHONE, FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE.**

**Proxy MORGAN STANLEY NEW YORK QUALITY MUNICIPAL SECURITIES**

### **NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

The undersigned hereby appoints Ronald E. Robison and Stefanie V. Chang Yu and each of them or their respective designees, with full power of substitution and revocation, as proxies to represent the undersigned at the Annual Meeting of Shareholders to be held at the offices of Morgan Stanley Investment Management, 522 Fifth Avenue, New York, New York 10036 on June 19, 2008 at 10:10 a.m. New York City time, and at any and all adjournments thereof (the Meeting), to vote all Shares of Morgan Stanley New York Quality Municipal Securities (the Fund) which the undersigned would be entitled to vote, with all powers the undersigned would possess if personally present, in accordance with the instructions indicated herein. **This proxy is solicited on behalf of the Board of Trustees of the Fund.**

This proxy, when properly executed, will be voted in accordance with the instructions marked by the undersigned on the reverse side. **If no specification is made, this proxy will be voted FOR all of the nominees listed herein and in the discretion of the proxies upon such other business as may properly come before the Meeting.**

**Please vote, date and sign on the reverse side and return promptly in the enclosed envelope. Your signature and return of this proxy card acknowledges receipt of the accompanying Notice of Meeting and Proxy Statement for the Meeting to be held on June 19, 2008.**

---

ANNUAL MEETING OF SHAREHOLDERS  
TO BE HELD JUNE 19, 2008

MS QUALITY MUNICIPAL SECS-PREF

EVERY SHAREHOLDER'S VOTE IS IMPORTANT

**To vote by Internet**

- 1) Read the Proxy Statement and have the voting instruction form below at hand.
- 2) Go to website [www.proxyvote.com](http://www.proxyvote.com).
- 3) Follow the instructions provided on the website.

**To vote by Telephone**

- 1) Read the Proxy Statement and have the voting instruction form below at hand.

2) Call 1-800-454-8683.

3) Follow the instructions.

**To vote by Mail**

1) Read the Proxy Statement.

2) Check the appropriate boxes on the voting instruction form below.

3) Sign and date the voting instruction form.

4) Return the voting instruction form in the envelope provided.

**YOUR PROXY VOTE IS IMPORTANT!**

Do not mail your Proxy Card when  
you vote by phone or internet.

**A/C**

**CUSIP**

THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS x

**CLIENT**

**SEE VOTING INSTRUCTION NO.**

**ON REVERSE.**

**MS QUALITY MUNICIPAL SECS-PREF**

**THIS VOTING INSTRUCTION FORM IS VALID ONLY WHEN SIGNED AND DATED.**

**This proxy is solicited on behalf of the Board of Trustees.**

**For  
All**

**Withhold  
All**

**For All  
Except**

**To withhold authority to vote for any individual nominee(s), mark **For All Except** and write the number(s) of the nominee(s) on the line below.**

1.

**Election of three Trustees:**

o

o

o

01) Kathleen A. Dennis

02) Joseph J. Kearns

03) Fergus Reid

**PLEASE X HERE ONLY IF YOU PLAN TO ATTEND THE MEETING AND VOTE THESE SHARES IN PERSON**

0

**Election of one Preferred Trustee:**



04) Manuel H. Johnson

2.

To transact such other business as may properly come before the Meeting or any adjournment thereof.

The Annual Meeting of Shareholders of the above mentioned Fund will be held on June 19, 2008 at the principal offices of the Fund, 522 Fifth Avenue, New York, New York 10036, to vote on the proposal set forth in the Notice of Annual Meeting.

**This proxy when properly executed will be voted in the manner directed herein by the undersigned shareholder, and in the discretion of such proxies, upon any and all other matters as may properly come before the Meeting or any adjournment thereof. If no direction is made, this proxy will be voted FOR the Proposal.**

**Note:** Please sign exactly as your name appears on this proxy card. All joint owners should sign. When signing as executor, administrator, attorney, trustee or guardian or as custodian for a minor, please give full

title as such. If a corporation, please sign in full corporate name and indicate the signer's office. If a partner, sign in the partnership name.

***PLEASE SIGN, DATE AND RETURN YOUR PROXY TODAY***

**Signature [PLEASE SIGN ON LINE]**

**Date**

**Signature [Joint Owners]**

**Date**



ANNUAL MEETING OF SHAREHOLDERS  
TO BE HELD JUNE 19, 2008

MS CA QUALITY MUNICIPAL SECS-PREF

EVERY SHAREHOLDER S VOTE IS IMPORTANT

**To vote by Internet**

- 1) Read the Proxy Statement and have the voting instruction form below at hand.
- 2) Go to website [www.proxyvote.com](http://www.proxyvote.com).
- 3) Follow the instructions provided on the website.

**To vote by Telephone**

- 1) Read the Proxy Statement and have the voting instruction form below at hand.

2) Call 1-800-454-8683.

3) Follow the instructions.

**To vote by Mail**

1) Read the Proxy Statement.

2) Check the appropriate boxes on the voting instruction form below.

3) Sign and date the voting instruction form.

4) Return the voting instruction form in the envelope provided.

**YOUR PROXY VOTE IS IMPORTANT!**

Do not mail your Proxy Card when  
you vote by phone or internet.

**A/C**

**CUSIP**

THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS x

**CLIENT**

**SEE VOTING INSTRUCTION NO.**

**ON REVERSE.**

**MS CA QUALITY MUNICIPAL SECS-PREF**

**THIS VOTING INSTRUCTION FORM IS VALID ONLY WHEN SIGNED AND DATED.**

**This proxy is solicited on behalf of the Board of Trustees.**

**For  
All**

**Withhold  
All**

**For All  
Except**

**To withhold authority to vote for any individual nominee(s), mark **For All Except** and write the number(s) of the nominee(s) on the line below.**

1.

**Election of three Trustees:**

o

o



o

01) Kathleen A. Dennis

02) Joseph J. Kearns

03) Fergus Reid

**PLEASE X HERE ONLY IF YOU PLAN TO ATTEND THE MEETING AND VOTE THESE SHARES IN PERSON**

o

**Election of one Preferred Trustee:**

04) Manuel H. Johnson

2.

To transact such other business as may properly come before the Meeting or any adjournment thereof.

The Annual Meeting of Shareholders of the above mentioned Fund will be held on June 19, 2008 at the principal offices of the Fund, 522 Fifth Avenue, New York, New York 10036, to vote on the proposal set forth in the Notice of Annual Meeting.

**This proxy when properly executed will be voted in the manner directed herein by the undersigned shareholder, and in the discretion of such proxies, upon any and all other matters as may properly come before the Meeting or any adjournment thereof. If no direction is made, this proxy will be voted FOR the Proposal.**

**Note:** Please sign exactly as your name appears on this proxy card. All joint owners should sign. When signing as executor, administrator, attorney, trustee or guardian or as custodian for a minor, please give full

title as such. If a corporation, please sign in full corporate name and indicate the signer's office. If a partner, sign in the partnership name.

***PLEASE SIGN, DATE AND RETURN YOUR PROXY TODAY***

**Signature [PLEASE SIGN ON LINE]**

**Date**

**Signature [Joint Owners]**

**Date**



ANNUAL MEETING OF SHAREHOLDERS  
TO BE HELD JUNE 19, 2008

MS NY QUALITY MUNICIPAL SECS-PREF

EVERY SHAREHOLDER'S VOTE IS IMPORTANT

**To vote by Internet**

- 1) Read the Proxy Statement and have the voting instruction form below at hand.
- 2) Go to website [www.proxyvote.com](http://www.proxyvote.com).
- 3) Follow the instructions provided on the website.

**To vote by Telephone**

- 1) Read the Proxy Statement and have the voting instruction form below at hand.

2) Call 1-800-454-8683.

3) Follow the instructions.

**To vote by Mail**

1) Read the Proxy Statement.

2) Check the appropriate boxes on the voting instruction form below.

3) Sign and date the voting instruction form.

4) Return the voting instruction form in the envelope provided.

**YOUR PROXY VOTE IS IMPORTANT!**

Do not mail your Proxy Card when  
you vote by phone or internet.

**A/C**



**CUSIP**

THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS x

**CLIENT**

**SEE VOTING INSTRUCTION NO.**

**ON REVERSE.**

**MS NY QUALITY MUNICIPAL SECS-PREF**

**THIS VOTING INSTRUCTION FORM IS VALID ONLY WHEN SIGNED AND DATED.**

**This proxy is solicited on behalf of the Board of Trustees.**

**For  
All**

**Withhold  
All**

**For All  
Except**

**To withhold authority to vote for any individual nominee(s), mark **For All Except** and write the number(s) of the nominee(s) on the line below.**

1.

**Election of three Trustees:**

o

o

o

01) Kathleen A. Dennis

02) Joseph J. Kearns

03) Fergus Reid

**PLEASE X HERE ONLY IF YOU PLAN TO ATTEND THE MEETING AND VOTE THESE SHARES IN PERSON**

o

**Election of one Preferred Trustee:**

04) Manuel H. Johnson

2.

To transact such other business as may properly come before the Meeting or any adjournment thereof.

The Annual Meeting of Shareholders of the above mentioned Fund will be held on June 19, 2008 at the principal offices of the Fund, 522 Fifth Avenue, New York, New York 10036, to vote on the proposal set forth in the Notice of Annual Meeting.

**This proxy when properly executed will be voted in the manner directed herein by the undersigned shareholder, and in the discretion of such proxies, upon any and all other matters as may properly come before the Meeting or any adjournment thereof. If no direction is made, this proxy will be voted FOR the Proposal.**

**Note:** Please sign exactly as your name appears on this proxy card. All joint owners should sign. When signing as executor, administrator, attorney, trustee or guardian or as custodian for a minor, please give full

title as such. If a corporation, please sign in full corporate name and indicate the signer's office. If a partner, sign in the partnership name.

***PLEASE SIGN, DATE AND RETURN YOUR PROXY TODAY***

**Signature [PLEASE SIGN ON LINE]**

**Date**

**Signature [Joint Owners]**

**Date**

