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MORGAN STANLEY INSURED MUNICIPAL TRUST

Form N-CSRS

July 09, 2007

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED  
MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number: 811-06434

Morgan Stanley Insured Municipal Trust  
(Exact name of registrant as specified in charter)

1221 Avenue of the Americas, New York, New York 10020  
(Address of principal executive offices) (Zip code)

Ronald E. Robison  
1221 Avenue of the Americas, New York, New York 10020  
(Name and address of agent for service)

Registrant's telephone number, including area code: 212-762-4000

Date of fiscal year end: October 31, 2007

Date of reporting period: April 30, 2007

Item 1 - Report to Shareholders

Welcome, Shareholder:

In this report, you'll learn about how your investment in Morgan Stanley Insured Municipal Trust performed during the semiannual period. We will provide an overview of the market conditions, and discuss some of the factors that affected performance during the reporting period. In addition, this report includes the Trust's financial statements and a list of Trust investments.

MARKET FORECASTS PROVIDED IN THIS REPORT MAY NOT NECESSARILY COME TO PASS. THERE IS NO ASSURANCE THAT THE TRUST WILL ACHIEVE ITS INVESTMENT OBJECTIVE. THE TRUST IS SUBJECT TO MARKET RISK, WHICH IS THE POSSIBILITY THAT MARKET VALUES OF SECURITIES OWNED BY THE TRUST WILL DECLINE AND, THEREFORE, THE VALUE OF THE TRUST'S SHARES MAY BE LESS THAN WHAT YOU PAID FOR THEM. ACCORDINGLY, YOU CAN LOSE MONEY INVESTING IN THIS TRUST.

INCOME EARNED BY CERTAIN SECURITIES IN THE PORTFOLIO MAY BE SUBJECT TO THE FEDERAL ALTERNATIVE MINIMUM TAX (AMT).

FUND REPORT

For the six months ended April 30, 2007

MARKET CONDITIONS

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The economy continued to send mixed signals about its overall strength during the six-month reporting period. Rising energy prices and ongoing geopolitical uncertainty had a negative impact on investor sentiment, as did the contraction in the residential real estate sector. Turmoil in the sub-prime mortgage market intensified concerns about housing, and dominated investment headlines during the period. In fact, these concerns were the primary contributor to the sharp decline in the equity market in late February, which led to a "flight to quality" that forced yields on U.S. Treasury bonds lower and prices higher. The changing economic and financial picture led to changes in the Federal Open Market Committee's (the "Fed") monetary policy bias as well. Although the Fed held the target federal funds rate steady, statements released following its March meeting signaled a more neutral bias. This apparent shift in policy led to a stronger equity market and began to move bond yields higher.

Long-term municipal bond yields (as represented by the 30-year AAA rated municipal bond), which stood at 4.06 percent at the end of October, ended the period slightly higher at 4.10 percent. The slope of the municipal yield curve remained relatively flat, with only a 50 basis point yield differential, or "pick-up," between 30-year maturities and one-year maturities. In comparison, the yield pick-up from one to 30 years in April 2006 was 95 basis points, and has averaged 165 basis points over the past three years.

Declining interest rates in the fourth quarter of 2006 spurred a rebound in municipal bond issuance that led new issue volume for the calendar year to reach \$383 billion, the second highest on record and only 6 percent below 2005's record pace. In the first four months of 2007, new issue municipal volume increased by 37 percent versus the same period one year earlier, reaching a total of \$135 billion. Insured municipal bonds continued to represent roughly half of all new issue supply. Municipalities continued to take advantage of lower interest rates to refinance their debt and refundings increased dramatically. California was the country's largest issuer of municipal bonds during the period, and new issue supply for the state rose by 84 percent.

Strong demand by institutional investors and non-traditional buyers, including hedge funds and arbitrage accounts, helped long-term municipal bonds perform relatively in line with Treasuries for the period. The 30-year municipal-to-Treasury yield ratio, which measures the relative attractiveness of these two sectors, declined slightly from 86 percent at the beginning of the period to 85 percent by period end. A declining ratio indicates that municipals outperformed Treasuries while at the same time becoming more expensive (and thus less attractive) on a relative basis.

### PERFORMANCE ANALYSIS

For the six-month period ended April 30, 2007, the net asset value (NAV) of Morgan Stanley Insured Municipal Trust (IMT) decreased from \$15.37 to \$15.04 per share. Based on this change plus reinvestment of tax-free dividends totaling \$0.36 per share and a long-term capital gain distribution of \$0.138910 per share, the Trust's total NAV return was 1.27 percent. IMT's value on the New York Stock Exchange (NYSE) moved from \$14.26 to \$14.68 per share during the same period. Based on this change

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plus reinvestment of dividends and distributions, the Trust's total market return was 6.54 percent. IMT's NYSE market price was at a 2.39 percent discount to its NAV. During the fiscal period, the Trust purchased and retired 131,900 shares of common stock at a weighted average market discount of 5.65 percent. Past performance is no guarantee of future results.

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Monthly dividends for the second quarter of 2007, declared in March, were unchanged at \$0.06 per share. The dividend reflects the current level of the Trust's net investment income. IMT's level of undistributed net investment income was \$0.022 per share on April 30, 2007, versus \$0.046 per share six months earlier.(1)

During the reporting period, the Trust's interest-rate positioning continued to reflect our anticipation of higher rates. This strategy helped the Trust's total returns at the beginning of the period when interest rates rose, but tempered returns later in the period when rates declined. At the end of April, the Trust's option-adjusted duration\* including leverage was positioned at 10.5 years. To reduce the portfolio's duration, a U.S. Treasury futures hedge and Bond Market Association (BMA) interest rate swap contract were used.

The primary detractor from performance was the Trust's overall maturity distribution, which was underweighted in longer-term issues relative to issues with shorter maturities. This stance limited the Trust's participation in the outperformance of longer-maturity bonds during the period. The Trust's performance was enhanced, however, by several holdings that appreciated when they were pre-refunded.\*\* Reflecting a commitment to diversification, the Trust's net assets, including preferred shares, of approximately \$398 million were invested among 12 long-term sectors and 74 credits. As of the close of the period the Trust's largest allocations were to the general obligation, water and sewer, and transportation sectors.

As discussed in previous reports, the total income available for distribution to holders of common shares includes incremental income provided by the Trust's outstanding Auction Rate Preferred Shares (ARPS). ARPS dividends reflect prevailing short-term interest rates on maturities ranging from one week to two years. Incremental income to holders of common shares depends on two factors: the amount of ARPS outstanding and the spread between the portfolio's cost yield and its ARPS auction rate and expenses. The greater the spread and the higher the amount of ARPS outstanding, the greater the amount of incremental income available for distribution to holders of common shares. The level of net investment income available for distribution to holders of common shares varies with the level of short-term interest rates. ARPS leverage also increases the price volatility of common shares and has the effect of extending portfolio duration.

During this six-month period, ARPS leverage contributed approximately \$0.02 per share to common-share earnings. The Trust has two ARPS series totaling \$130 million, representing 33 percent of net assets, including preferred shares. Weekly ARPS rates ranged from 3.30 to 3.88 percent during the fiscal period.

The Trust's procedure for reinvesting all dividends and distributions in common shares is through purchases

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in the open market. This method helps support the market value of the Trust's shares. In addition, we would like to remind you that the Trustees have approved a procedure whereby the Trust may, when appropriate, purchase shares in the open market or in privately negotiated transactions at a price not above market value or net asset value, whichever is lower at the time of purchase. The Trust may also utilize procedures to reduce or eliminate the amount of ARPS outstanding, including their purchase in the open market or in privately negotiated transactions.

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PERFORMANCE DATA QUOTED REPRESENTS PAST PERFORMANCE, WHICH IS NO GUARANTEE OF

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FUTURE RESULTS, AND CURRENT PERFORMANCE MAY BE LOWER OR HIGHER THAN THE FIGURES SHOWN. INVESTMENT RETURN, NET ASSET VALUE AND COMMON SHARE MARKET PRICE WILL FLUCTUATE AND TRUST SHARES, WHEN SOLD, MAY BE WORTH MORE OR LESS THAN THEIR ORIGINAL COST.

There is no guarantee that any sectors mentioned will continue to perform as discussed herein or that securities in such sectors will be held by the Trust in the future.

(1) Income earned by certain securities in the portfolio may be subject to the federal alternative minimum tax (AMT).

\* A measure of the sensitivity of a bond's price to changes in interest rates, expressed in years. Each year of duration represents an expected 1 percent change in the price of a bond for every 1 percent change in interest rates. The longer a bond's duration, the greater the effect of interest-rate movements on its price. Typically, trusts with shorter durations perform better in rising-interest-rate environments, while trusts with longer durations perform better when rates decline. Duration calculations are adjusted for leverage.

\*\* Prerefunding, or advance refunding, is a financing structure under which new bonds are issued to repay an outstanding bond issue on its first call date.

### TOP FIVE SECTORS

|                    |       |
|--------------------|-------|
| Water & Sewer      | 33.8% |
| Transportation     | 33.6  |
| General Obligation | 28.2  |
| Public Power       | 21.4  |
| Refunded           | 13.1  |

### CREDIT ENHANCEMENTS

|             |       |
|-------------|-------|
| MBIA        | 29.4% |
| AMBAC       | 25.0  |
| FGIC        | 23.0  |
| FSA         | 19.5  |
| XLCA        | 2.6   |
| ASSURED GTY | 0.5   |

Data as of April 30, 2007. Subject to change daily. All percentages for top five sectors are as a percentage of net assets applicable to common shareholders. All percentages for credit enhancements are as a percentage of total long-term investments. These data are provided for informational purposes only and should not be deemed a recommendation to buy or sell the securities mentioned. Morgan Stanley is a full-service securities firm engaged in securities trading and brokerage activities, investment banking, research and analysis, financing and financial advisory services.

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FOR MORE INFORMATION  
ABOUT PORTFOLIO HOLDINGS

EACH MORGAN STANLEY TRUST PROVIDES A COMPLETE SCHEDULE OF PORTFOLIO HOLDINGS IN

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ITS SEMIANNUAL AND ANNUAL REPORTS WITHIN 60 DAYS OF THE END OF THE TRUST'S SECOND AND FOURTH FISCAL QUARTERS. THE SEMIANNUAL REPORTS AND THE ANNUAL REPORTS ARE FILED ELECTRONICALLY WITH THE SECURITIES AND EXCHANGE COMMISSION (SEC) ON FORM N-CSRS AND FORM N-CSR, RESPECTIVELY. MORGAN STANLEY ALSO DELIVERS THE SEMIANNUAL AND ANNUAL REPORTS TO TRUST SHAREHOLDERS AND MAKES THESE REPORTS AVAILABLE ON ITS PUBLIC WEB SITE, WWW.MORGANSTANLEY.COM. EACH MORGAN STANLEY TRUST ALSO FILES A COMPLETE SCHEDULE OF PORTFOLIO HOLDINGS WITH THE SEC FOR THE TRUST'S FIRST AND THIRD FISCAL QUARTERS ON FORM N-Q. MORGAN STANLEY DOES NOT DELIVER THE REPORTS FOR THE FIRST AND THIRD FISCAL QUARTERS TO SHAREHOLDERS, NOR ARE THE REPORTS POSTED TO THE MORGAN STANLEY PUBLIC WEB SITE. YOU MAY, HOWEVER, OBTAIN THE FORM N-Q FILINGS (AS WELL AS THE FORM N-CSR AND N-CSRS FILINGS) BY ACCESSING THE SEC'S WEB SITE, HTTP://WWW.SEC.GOV. YOU MAY ALSO REVIEW AND COPY THEM AT THE SEC'S PUBLIC REFERENCE ROOM IN WASHINGTON, DC. INFORMATION ON THE OPERATION OF THE SEC'S PUBLIC REFERENCE ROOM MAY BE OBTAINED BY CALLING THE SEC AT (800) SEC-0330. YOU CAN ALSO REQUEST COPIES OF THESE MATERIALS, UPON PAYMENT OF A DUPLICATING FEE, BY ELECTRONIC REQUEST AT THE SEC'S E-MAIL ADDRESS (PUBLICINFO@SEC.GOV) OR BY WRITING THE PUBLIC REFERENCE SECTION OF THE SEC, WASHINGTON, DC 20549-0102.

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### DISTRIBUTION BY MATURITY

(% of Long-Term Portfolio) As of April 30, 2007

WEIGHTED AVERAGE MATURITY: 17 YEARS (A)

|       |    |
|-------|----|
| 0-5   | 14 |
| 6-10  | 16 |
| 11-15 | 16 |
| 16-20 | 17 |
| 21-25 | 16 |
| 26-30 | 16 |
| 31+   | 5  |

(a) Where applicable maturities reflect mandatory tenders, puts and call dates.

Portfolio structure is subject to change.

### Geographic Summary of Investments Based on Market Value as a Percent of Total Net Investments

|                         |      |
|-------------------------|------|
| Alaska.....             | 2.3% |
| Arizona.....            | 0.8  |
| California.....         | 11.1 |
| Colorado.....           | 3.7  |
| District of Columbia... | 1.1  |
| Florida.....            | 4.3  |
| Georgia.....            | 2.6  |
| Hawaii.....             | 4.1  |
| Illinois.....           | 11.4 |
| Indiana.....            | 0.8  |
| Iowa.....               | 1.8  |
| Kentucky.....           | 3.7  |
| Louisiana.....          | 0.5  |
| Maryland.....           | 0.7  |

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|                     |        |
|---------------------|--------|
| Massachusetts.....  | 0.5    |
| Michigan.....       | 1.4    |
| Minnesota.....      | 3.3    |
| Missouri.....       | 0.5    |
| Montana.....        | 0.5    |
| Nebraska.....       | 0.3    |
| Nevada.....         | 1.9    |
| New Jersey.....     | 2.6    |
| New Mexico.....     | 0.4    |
| New York.....       | 8.9    |
| North Carolina..... | 1.2    |
| Ohio.....           | 1.9    |
| Oregon.....         | 0.6    |
| Pennsylvania.....   | 2.6    |
| South Carolina..... | 4.7    |
| Texas.....          | 11.7   |
| Utah.....           | 0.7    |
| Virginia.....       | 0.7    |
| Washington.....     | 6.3    |
| Wisconsin.....      | 0.4    |
|                     | -----  |
| Total+.....         | 100.0% |
|                     | =====  |

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+ Does not include open futures contracts with underlying face amount of \$18,957,423 with unrealized depreciation of \$25,521 and an open swap contract with unrealized depreciation of \$34,760.

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CALL AND COST (BOOK) YIELD STRUCTURE  
(Based on Long-Term Portfolio) As of April 30, 2007

YEARS BONDS CALLABLE -- WEIGHTED AVERAGE CALL PROTECTION: 6 YEARS

|       |    |
|-------|----|
| 2008  | 3  |
| 2009  | 6  |
| 2010  | 12 |
| 2011  | 16 |
| 2012  | 14 |
| 2013  | 5  |
| 2014  | 11 |
| 2015  | 10 |
| 2016  | 14 |
| 2017+ | 9  |

COST (BOOK) YIELD (B) -- WEIGHTED AVERAGE BOOK YIELD: 5.1%

|      |     |
|------|-----|
| 2008 | 6.2 |
| 2009 | 5.8 |
| 2010 | 5.6 |
| 2011 | 5.5 |
| 2012 | 4.9 |

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|       |     |
|-------|-----|
| 2013  | 4.8 |
| 2014  | 5.0 |
| 2015  | 4.7 |
| 2016  | 4.7 |
| 2017+ | 4.9 |

- (a) May include issues initially callable in previous years.
- (b) Cost or "book" yield is the annual income earned on a portfolio investment based on its original purchase price before the Trust's operating expenses. For example, the Trust is earning a book yield of 6.2% on 3% of the long-term portfolio that is callable in 2008.

Portfolio structure is subject to change.

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### INVESTMENT ADVISORY AGREEMENT APPROVAL

#### NATURE, EXTENT AND QUALITY OF SERVICES

The Board reviewed and considered the nature and extent of the investment advisory services provided by the Investment Adviser under the Advisory Agreement, including portfolio management, investment research and fixed income securities trading. The Board also reviewed and considered the nature and extent of the non-advisory, administrative services provided by the Trust's Administrator under the Administration Agreement, including accounting, clerical, bookkeeping, compliance, business management and planning, and the provision of supplies, office space and utilities at the Investment Adviser's expense. (The Investment Adviser and the Administrator together are referred to as the "Adviser" and the Advisory and Administration Agreements together are referred to as the "Management Agreement.") The Board also compared the nature of the services provided by the Adviser with similar services provided by non-affiliated advisers as reported to the Board by Lipper Inc. ("Lipper").

The Board reviewed and considered the qualifications of the portfolio managers, the senior administrative managers and other key personnel of the Adviser who provide the administrative and advisory services to the Trust. The Board determined that the Adviser's portfolio managers and key personnel are well qualified by education and/or training and experience to perform the services in an efficient and professional manner. The Board concluded that the nature and extent of the advisory and administrative services provided were necessary and appropriate for the conduct of the business and investment activities of the Trust. The Board also concluded that the overall quality of the advisory and administrative services was satisfactory.

#### PERFORMANCE RELATIVE TO COMPARABLE FUNDS MANAGED BY OTHER ADVISERS

On a regular basis, the Board reviews the performance of all funds in the Morgan Stanley Fund Complex, including the Trust, compared to their peers, paying specific attention to the underperforming funds. In addition, the Board specifically reviewed the Trust's performance for the one-, three- and five-year periods ended November 30, 2006, as shown in a report provided by Lipper (the "Lipper Report"), compared to the performance of comparable funds selected by Lipper (the "performance peer group"). The Board also discussed with the Adviser the performance goals and the actual results achieved in managing the Trust. The Board concluded that the Trust's performance was competitive with that of its performance peer group.

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### FEES RELATIVE TO OTHER PROPRIETARY FUNDS MANAGED BY THE ADVISER WITH COMPARABLE INVESTMENT STRATEGIES

The Board reviewed the advisory and administrative fee (together, the "management fee") rate paid by the Trust under the Management Agreement. The Board noted that the management fee rate was comparable to

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the management fee rates charged by the Adviser to other proprietary funds it manages with investment strategies comparable to those of the Trust.

### FEES AND EXPENSES RELATIVE TO COMPARABLE FUNDS MANAGED BY OTHER ADVISERS

The Board reviewed the management fee rate and total expense ratio of the Trust as compared to the average management fee rate and average total expense ratio for funds, selected by Lipper (the "expense peer group"), managed by other advisers with investment strategies comparable to those of the Trust, as shown in the Lipper Report. The Board concluded that the Trust's management fee rate and total expense ratio were competitive with those of its expense peer group.

### BREAKPOINTS AND ECONOMIES OF SCALE

The Board reviewed the structure of the Trust's management fee schedule under the Management Agreement and noted that it does not include any breakpoints. The Board considered that the Trust is a closed-end fund and, therefore, that the Trust's assets are not likely to grow with new sales or grow significantly as a result of capital appreciation. The Board concluded that economies of scale for the Trust were not a factor that needed to be considered at the present time.

### PROFITABILITY OF THE ADVISER AND AFFILIATES

The Board considered information concerning the costs incurred and profits realized by the Adviser and affiliates during the last year from their relationship with the Trust and during the last two years from their relationship with the Morgan Stanley Fund Complex and reviewed with the Adviser the cost allocation methodology used to determine the profitability of the Adviser and affiliates. Based on its review of the information it received, the Board concluded that the profits earned by the Adviser and affiliates were not excessive in light of the advisory, administrative and other services provided to the Trust.

### FALL-OUT BENEFITS

The Board considered so-called "fall-out benefits" derived by the Adviser and affiliates from their relationship with the Trust and the Morgan Stanley Fund Complex, such as commissions on the purchase and sale of Trust shares and "float" benefits derived from handling of checks for purchases and sales of Trust shares, through a broker-dealer affiliate of the Adviser. The Board concluded that the float benefits were relatively small and that the commissions were competitive with those of other broker-dealers.

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## SOFT DOLLAR BENEFITS

The Board considered whether the Adviser realizes any benefits from commissions paid to brokers who execute securities transactions for the Trust ("soft dollars"). The Board noted that the Trust invests only in fixed income securities, which do not generate soft dollars.

## ADVISER FINANCIALLY SOUND AND FINANCIALLY CAPABLE OF MEETING THE TRUST'S NEEDS

The Board considered whether the Adviser is financially sound and has the resources necessary to perform its obligations under the Management Agreement. The Board concluded that the Adviser has the financial resources necessary to fulfill its obligations under the Management Agreement.

## HISTORICAL RELATIONSHIP BETWEEN THE TRUST AND THE ADVISER

The Board also reviewed and considered the historical relationship between the Trust and the Adviser, including the organizational structure of the Adviser, the policies and procedures formulated and adopted by the Adviser for managing the Trust's operations and the Board's confidence in the competence and integrity of the senior managers and key personnel of the Adviser. The Board concluded that it is beneficial for the Trust to continue its relationship with the Adviser.

## OTHER FACTORS AND CURRENT TRENDS

The Board considered the controls and procedures adopted and implemented by the Adviser and monitored by the Trust's Chief Compliance Officer and concluded that the conduct of business by the Adviser indicates a good faith effort on its part to adhere to high ethical standards in the conduct of the Trust's business.

## GENERAL CONCLUSION

After considering and weighing all of the above factors, the Board concluded that it would be in the best interest of the Trust and its shareholders to approve renewal of the Management Agreement for another year.

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Morgan Stanley Insured Municipal Trust  
 PORTFOLIO OF INVESTMENTS - APRIL 30, 2007 (UNAUDITED)

| PRINCIPAL<br>AMOUNT IN<br>THOUSANDS |   | COUPON<br>RATE | MATURITY<br>DATE | V     |
|-------------------------------------|---|----------------|------------------|-------|
|                                     | Tax-Exempt Municipal Bonds (163.1%)                 |                |                  |       |
|                                     | General Obligation (28.2%)                          |                |                  |       |
| \$ 10,000                           | North Slope Borough, Alaska, Ser 2000 B (MBIA)..... | 0.00 %         | 06/30/10         | \$ 8, |
|                                     | California,   |                |                  |       |
| 2,500                               | Economic Recovery Ser 2004 A (MBIA).....            | 5.00           | 07/01/15         | 2,    |
| 6,000                               | Ser 2007 (MBIA).....                                | 4.25           | 08/01/33         | 5,    |
| 3,000                               | Los Angeles, California, Ser 2004 A (MBIA).....     | 5.00           | 09/01/24         | 3,    |

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|        |   |       |          |     |       |
|--------|---|-------|----------|-----|-------|
|        | Honolulu City & County, Hawaii,                           |       |          |     |       |
| 5,000  | Ser 2003 A (MBIA)++.....                                  | 5.25  | 03/01/25 | 5,  |       |
| 5,000  | Ser 2003 A (MBIA)++.....                                  | 5.25  | 03/01/26 | 5,  |       |
|        | Chicago, Illinois,  |       |          |     |       |
| 8,000  | Refg Ser 1992 (Ambac).....                                | 6.25  | 01/01/11 | 8,  |       |
| 2,000  | Refg 2001 A (MBIA).....                                   | 0.00@ | 01/01/21 | 1,  |       |
| 2,000  | Refg 2001 A (MBIA).....                                   | 0.00@ | 01/01/22 | 1,  |       |
|        | Illinois,   |       |          |     |       |
| 10,000 | Ser 2001 (MBIA).....                                      | 5.375 | 04/01/15 | 11, |       |
| 10,000 | Ser 2001 (MBIA).....                                      | 5.375 | 04/01/16 | 11, |       |
| 3,000  | Brainerd Independent School District #181, Minnesota,     |       |          |     |       |
|        | Ser 2002 A (FGIC).....                                    | 5.375 | 02/01/18 | 3,  |       |
| 4,000  | Clark County, Nevada, Transportation Impr Ltd Tax         |       |          |     |       |
|        | Ser 06/01/92 B (Ambac).....                               | 6.50  | 06/01/17 | 4,  |       |
| 1,880  | King County, Washington, Refg 1998 Ser B (MBIA).....      | 5.25  | 01/01/34 | 1,  |       |
| -----  |   |       |          |     | 75,   |
| 72,380 |   |       |          |     | ----- |
| -----  |   |       |          |     |       |
|        | Appropriation (9.8%)                                      |       |          |     |       |
| 6,000  | Golden State Tobacco Securitization Corporation,          |       |          |     |       |
|        | California, Enhanced Asset Backed Ser 2005 A (FGIC).....  | 5.00  | 06/01/38 | 6,  |       |
| 2,000  | Kern County Board of Education, California, Refg 2006 Ser |       |          |     |       |
|        | A COPs (MBIA).....  | 5.00  | 06/01/31 | 2,  |       |
| 4,000  | District of Columbia Ballpark, Ser 2006 B-1 (FGIC).....   | 5.00  | 02/01/31 | 4,  |       |
| 12,000 | Hudson Yards Infrastructure Corporation, New York, 2007   |       |          |     |       |
|        | Ser A (MBIA)++.....                                       | 4.50  | 02/15/47 | 11, |       |
| 1,685  | Oregon Department of Administrative Services, COPs Ser    |       |          |     |       |
|        | 2005 B (FGIC).....  | 5.00  | 11/01/24 | 1,  |       |
| -----  |   |       |          |     | 26,   |
| 25,685 |   |       |          |     | ----- |
| -----  |   |       |          |     |       |
|        | Dedicated Tax (2.5%)                                      |       |          |     |       |
| 1,500  | Albuquerque, New Mexico, Gross Receipts Lodgers' Tax      |       |          |     |       |
|        | Refg Ser 2004 A (FSA).....                                | 5.00  | 07/01/37 | 1,  |       |
|        | New York City Industrial Development Agency, New York,    |       |          |     |       |
| 1,000  | Queens Baseball Stadium Ser 2006 (Ambac).....             | 5.00  | 01/01/31 | 1,  |       |
| 2,000  | Yankee Stadium Ser 2006 (FGIC).....                       | 5.00  | 03/01/46 | 2,  |       |

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See Notes to Financial Statements

Morgan Stanley Insured Municipal Trust  
 PORTFOLIO OF INVESTMENTS - APRIL 30, 2007 (UNAUDITED) continued

| PRINCIPAL<br>AMOUNT IN<br>THOUSANDS |  | COUPON<br>RATE | MATURITY<br>DATE | V     |
|-------------------------------------|--|----------------|------------------|-------|
| \$ 1,965                            | Hamilton County, Ohio, Sales Tax 2000 (Ambac)..... | 5.25 %         | 12/01/32         | \$ 2, |
| -----                               |  |                |                  | ----- |

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|        |  |       |          |    |       |
|--------|--|-------|----------|----|-------|
| 6,465  |  |       |          |    | 6,    |
| -----  |  |       |          |    | ----- |
|        | Education (6.1%)   |       |          |    |       |
| 2,000  | Arizona Board of Regents, Arizona State University Ser     |       |          |    |       |
|        | 2004 COPs (Ambac).....                                     | 5.00  | 09/01/30 | 2, |       |
|        | University of California,                                  |       |          |    |       |
| 1,000  | Limited Projects Ser 2005 B (FSA).....                     | 5.00  | 05/15/30 | 1, |       |
| 3,120  | Series 2007 J (FSA)++.....                                 | 4.50  | 05/15/31 | 3, |       |
| 2,880  | Series 2007-J (FSA)++.....                                 | 4.50  | 05/15/35 | 2, |       |
| 1,735  | Orange County Educational Facilities Authority, Florida,   |       |          |    |       |
|        | Rollins College Ser 2005 (Ambac).....                      | 5.125 | 12/01/28 | 1, |       |
|        | Fulton County Development Authority, Georgia,              |       |          |    |       |
| 900    | Morehouse College Ser 2000 (Ambac).....                    | 6.25  | 12/01/21 |    |       |
| 1,700  | Morehouse College Ser 2000 (Ambac).....                    | 5.875 | 12/01/30 | 1, |       |
| 470    | University of North Carolina, Ser 2000 (Ambac).....        | 5.25  | 10/01/20 |    |       |
| 2,000  | University of North Carolina at Wilmington, Student        |       |          |    |       |
|        | Housing Ser 2005 COPs (FGIC).....                          | 5.00  | 06/01/36 | 2, |       |
| -----  |  |       |          |    | ----- |
| 15,805 |  |       |          |    | 16,   |
| -----  |  |       |          |    | ----- |
|        | Hospital (5.4%)  |       |          |    |       |
| 3,000  | Indiana Health Facilities Financing Authority, Community   |       |          |    |       |
|        | Health Ser 2005 A (Ambac).....                             | 5.00  | 05/01/35 | 3, |       |
| 2,000  | Louisiana Public Facilities Authority, Baton Rouge General |       |          |    |       |
|        | Medical Center-FHA Insured Mtge Ser 2004 (MBIA).....       | 5.25  | 07/01/33 | 2, |       |
| 4,000  | Minneapolis, Minnesota, Fairview Health 2005 Ser D         |       |          |    |       |
|        | (Ambac).....   | 5.00  | 11/15/34 | 4, |       |
| 1,750  | Montana Facility Finance Authority, Benefis Health Ser     |       |          |    |       |
|        | 2007 (AGC).....  | 5.00  | 01/01/37 | 1, |       |
| 2,000  | New York State Dormitory Authority, Montefiore             |       |          |    |       |
|        | Hospital -- FHA Insured Mtge Ser 2004 (FGIC).....          | 5.00  | 08/01/29 | 2, |       |
| 1,000  | Medical University Hospital Authority, South Carolina, FHA |       |          |    |       |
|        | Insured Mtge Ser 2004 A (MBIA).....                        | 5.25  | 02/15/25 | 1, |       |
| -----  |  |       |          |    | ----- |
| 13,750 |  |       |          |    | 14,   |
| -----  |  |       |          |    | ----- |
|        | Housing (1.0%)   |       |          |    |       |
| 2,770  | New Jersey Housing Mortgage Finance Authority, Home Buyer  |       |          |    |       |
| -----  | Ser 2000 CC (AMT) (MBIA).....                              | 5.875 | 10/01/31 | 2, |       |
| -----  |  |       |          |    | ----- |
|        | Industrial Development/Pollution Control (2.5%)            |       |          |    |       |
| 5,000  | New York State Energy Research & Development Authority,    |       |          |    |       |
|        | Brooklyn Union Gas Co 1996 Ser (MBIA)**.....               | 5.50  | 01/01/21 | 5, |       |
| 1,500  | Delaware County Industrial Development Authority,          |       |          |    |       |
|        | Pennsylvania, Aqua Inc Ser A 2005 (AMT) (FGIC).....        | 5.00  | 11/01/37 | 1, |       |
| -----  |  |       |          |    | ----- |
| 6,500  |  |       |          |    | 6,    |
| -----  |  |       |          |    | ----- |

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See Notes to Financial Statements

Morgan Stanley Insured Municipal Trust  
 PORTFOLIO OF INVESTMENTS - APRIL 30, 2007 (UNAUDITED) continued

| PRINCIPAL<br>AMOUNT IN<br>THOUSANDS |  | COUPON<br>RATE | MATURITY<br>DATE | V      |
|-------------------------------------|--|----------------|------------------|--------|
| -----                               |  |                |                  |        |
|                                     | Public Power (21.4%)   |                |                  |        |
| \$ 16,000                           | Anaheim Public Financing Authority, California, Ser 2007-A<br>(MBIA)++.....                              | 4.50 %         | 10/01/37         | \$ 15, |
| 2,000                               | Arkansas River Power Authority, Colorado, Power Ser 2006<br>(XLCA).....                                  | 5.25           | 10/01/40         | 2,     |
| 2,000                               | Missouri Joint Municipal Electrical Utility Commission,<br>Plum Point Ser 2006 (MBIA).....               | 5.00           | 01/01/25         | 2,     |
| 1,000                               | Long Island Power Authority, New York, Ser 2006 A<br>(XLCA).....   | 5.00           | 12/01/26         | 1,     |
| 9,325                               | South Carolina Public Service Authority,<br>Santee Cooper Ser 2002 B (FSA).....                          | 5.375          | 01/01/17         | 9,     |
| 2,000                               | Santee Cooper Ser 2003 A (Ambac).....  | 5.00           | 01/01/27         | 2,     |
| 10,000                              | Lower Colorado River Authority, Texas, Refg Ser 1999 A<br>(FSA).....                                     | 5.875          | 05/15/16         | 10,    |
| 3,000                               | Cowlitz County, Public Utility District # 1, Washington,<br>Production Ser 2006 (MBIA).....              | 5.00           | 09/01/31         | 3,     |
| 10,000                              | Seattle, Washington, Light & Power Refg Rev 2001 (FSA)....   | 5.125          | 03/01/26         | 10,    |
| -----                               |  |                |                  | -----  |
| 55,325                              |  |                |                  | 57,    |
| -----                               |  |                |                  | -----  |
|                                     | Transportation (33.6%)   |                |                  |        |
| 5,000                               | Denver City & County, Colorado, Airport Refg Ser 2000 A<br>(AMT) (Ambac).....                            | 6.00           | 11/15/18         | 5,     |
| 2,155                               | Miami Dade County, Florida,<br>Miami Int'l Airport Refg Ser 2003 B (AMT) (MBIA).....                     | 5.25           | 10/01/18         | 2,     |
| 2,270                               | Miami Int'l Airport Refg Ser 2003 B (AMT) (MBIA).....  | 5.25           | 10/01/19         | 2,     |
| 5,000                               | Atlanta, Georgia, Airport Ser 2004 C (FSA).....  | 5.00           | 01/01/33         | 5,     |
| 5,000                               | Hawaii, Airports Refg Ser 2001 (AMT) (FGIC).....   | 5.25           | 07/01/21         | 5,     |
| 2,000                               | Chicago, Illinois,<br>O'Hare Int'l Airport Third Lien Ser 2003 B-2 (AMT)<br>(FSA).....                   | 5.75           | 01/01/23         | 2,     |
| 3,000                               | O'Hare Int'l Airport, Ser 2005 A (MBIA).....   | 5.25           | 01/01/25         | 3,     |
| 4,000                               | Regional Transportation Authority, Illinois, Refg Ser 1999<br>(FSA).....                                 | 5.75           | 06/01/21         | 4,     |
| 2,500                               | Maryland Economic Development Corporation, Maryland<br>Aviation Administration Ser 2003 (AMT) (FSA)..... | 5.375          | 06/01/22         | 2,     |
| 8,000                               | Massachusetts Turnpike Authority, Metropolitan Highway<br>1997 Ser A (MBIA)++.....                       | 5.00           | 01/01/37         | 8,     |
| 5,000                               | Nevada Department of Business & Industry, Las Vegas<br>Monorail 1st Tier Ser 2000 (Ambac).....           | 0.00           | 01/01/21         | 2,     |
| 2,000                               | New Jersey Transportation Trust Fund Authority, Ser 2005 C<br>(FGIC).....                                | 5.25           | 06/15/20         | 2,     |
| 5,000                               | New Jersey Turnpike Authority, Ser 2003 A (Ambac).....   | 5.00           | 01/01/30         | 5,     |
| 6,805                               | Metropolitan Transportation Authority, New York,<br>State Service Contract Refg Ser 2002 B (MBIA).....   | 5.50           | 07/01/20         | 7,     |
| 10,000                              | Transportation Refg Ser 2002 A (Ambac).....  | 5.50           | 11/15/17         | 10,    |

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|       |  |      |          |    |
|-------|--|------|----------|----|
| 2,000 | Transportation Refg Ser 2002 A (FGIC)..... | 5.00 | 11/15/25 | 2, |
|       | Pennsylvania Turnpike Commission,          |      |          |    |
| 4,000 | Ser R 2001 (Ambac).....                    | 5.00 | 12/01/26 | 4, |
| 4,000 | Ser A 2004 (Ambac).....                    | 5.00 | 12/01/34 | 4, |

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See Notes to Financial Statements

Morgan Stanley Insured Municipal Trust  
 PORTFOLIO OF INVESTMENTS - APRIL 30, 2007 (UNAUDITED) continued

| PRINCIPAL<br>AMOUNT IN<br>THOUSANDS |  | COUPON<br>RATE | MATURITY<br>DATE | V     |
|-------------------------------------|--|----------------|------------------|-------|
| \$ 3,000                            | Harris County, Texas, Toll Road Sr Lien Ser 2005 A<br>(FSA).....   | 5.25 %         | 08/15/35         | \$ 3, |
|                                     | Port of Seattle, Washington, Passenger Facility  |                |                  |       |
| 4,010                               | Ser 1998 A (MBIA)++.....   | 5.00           | 12/01/23         | 4,    |
| 2,500                               | Ser 2001 B (AMT) (MBIA).....   | 5.625          | 02/01/24         | 2,    |
| -----                               |  |                |                  | ----- |
|                                     |  |                |                  | 90,   |
| 87,240                              |  |                |                  | ----- |
| -----                               |  |                |                  |       |
|                                     | Water & Sewer (33.8%)  |                |                  |       |
| 1,000                               | Phoenix Civic Improvement Corporation, Arizona, Jr Lien<br>Wastewater Ser 2004 (MBIA).....                         | 5.00           | 07/01/27         | 1,    |
| 4,000                               | Eastern Municipal Water District, (California) Water &<br>Sewer Refg Ser 2006 A COPs (MBIA).....                   | 5.00           | 07/01/32         | 4,    |
| 5,000                               | Los Angeles Department Water & Power, California, 2006 Ser<br>A-1 (Ambac).....                                     | 5.00           | 07/01/40         | 5,    |
| 2,000                               | Sacramento County Sanitation District Financing Authority,<br>California, Sacramento Regional Ser 2006 (FGIC)..... | 5.00           | 12/01/36         | 2,    |
| 5,000                               | San Diego County Water Authority, California, Ser 2004 A<br>(COPs) (FSA).....                                      | 5.00           | 05/01/29         | 5,    |
| 10,000                              | Tampa Bay Water, Florida, Ser 2001 B (FGIC).....   | 5.00           | 10/01/31         | 10,   |
| 2,000                               | Atlanta, Georgia, Water & Wastewater Ser 1999 A (FGIC)....   | 5.00           | 11/01/29         | 2,    |
| 10,000                              | Louisville & Jefferson County Metropolitan Sewer District,<br>Kentucky, Ser 1999 A (FGIC).....                     | 5.75           | 05/15/33         | 10,   |
| 3,800                               | Louisville Board of Water Works, Kentucky, Water Ser 2000<br>(FSA).....  | 5.50           | 11/15/25         | 4,    |
| 5,000                               | Grand Strand Water & Sewer Authority, South Carolina, Refg<br>Ser 2001 (FSA).....                                  | 5.00           | 06/01/31         | 5,    |
|                                     | Austin, Texas,   |                |                  |       |
| 10,000                              | Water & Wastewater Refg Ser 2001 A & B (FSA)++.....  | 5.125          | 05/15/27         | 10,   |
| 2,000                               | Water & Wastewater Ser 2004 A (Ambac).....   | 5.00           | 11/15/27         | 2,    |
| 15,000                              | Houston, Texas, Combined Utility First Lien Refg 2004 Ser<br>A (FGIC).....   | 5.25           | 05/15/23         | 16,   |
|                                     | San Antonio, Texas,  |                |                  |       |
| 2,000                               | Water & Refg Ser 2002 (FSA).....   | 5.50           | 05/15/18         | 2,    |
| 2,500                               | Water & Refg Ser 2002 (FSA).....   | 5.50           | 05/15/20         | 2,    |
| 2,000                               | Water & Refg Ser 2002 A (FSA).....   | 5.00           | 05/15/32         | 2,    |
| 5,000                               | King County, Washington, Sewer Refg 2001 (FGIC).....   | 5.00           | 01/01/31         | 5,    |
| -----                               |  |                |                  | ----- |

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86,300

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See Notes to Financial Statements

Morgan Stanley Insured Municipal Trust  
 PORTFOLIO OF INVESTMENTS - APRIL 30, 2007 (UNAUDITED) continued

| PRINCIPAL<br>AMOUNT IN<br>THOUSANDS |  | COUPON<br>RATE | MATURITY<br>DATE |       |
|-------------------------------------|--|----------------|------------------|-------|
|                                     | Other Revenue (5.7%)   |                |                  |       |
| \$ 6,500                            | Denver Convention Center Hotel Authority, Colorado, Refg<br>Ser 2006 (XLCA).....                                 | 5.00 %         | 12/01/35         | \$ 6, |
|                                     | Iowa   |                |                  |       |
| 3,600                               | Vision Iowa Ser 2001 (MBIA).....   | 5.50           | 02/15/19         | 4,    |
| 2,500                               | Vision Iowa Ser 2001 (MBIA).....   | 5.50           | 02/15/20         | 2,    |
| 1,000                               | Omaha Convention Center Hotel Corporation, Nebraska, Ser<br>2002 A (Ambac).....                                  | 5.50           | 04/01/18         | 1,    |
|                                     |  |                |                  | ----- |
| 13,600                              |  |                |                  | 14,   |
|                                     |  |                |                  | ----- |
|                                     | Refunded (13.1%)   |                |                  |       |
| 5,000                               | Honolulu City & County, Hawaii, Wastewater Ser 2001<br>(Ambac).....  | 5.125          | 07/01/11+        | 5,    |
| 5,000                               | Detroit, Michigan, Sewage Disposal Ser 2001 A (FGIC).....  | 5.125          | 07/01/11+        | 5,    |
| 5,000                               | Minneapolis - St Paul Metropolitan Airports Commission,<br>Minnesota, Ser 2001 C (FGIC).....                     | 5.25           | 01/01/11+        | 5,    |
| 2,030                               | University of North Carolina, Ser 2000 (Ambac).....  | 5.25           | 10/01/10+        | 2,    |
| 5,000                               | Hamilton County, Ohio, Sales Tax 2000 (Ambac).....   | 5.25           | 12/01/10         | 5,    |
|                                     | Wichita Falls, Texas,  |                |                  |       |
| 2,000                               | Water & Sewer Ser 2001 (Ambac).....  | 5.375          | 08/01/11+        | 2,    |
| 3,000                               | Water & Sewer Ser 2001 (Ambac).....  | 5.375          | 08/01/11+        | 3,    |
| 3,000                               | Utah Board of Regents, University of Utah - Huntsman<br>Cancer Institute Refg Ser 2000 A (MBIA).....             | 5.50           | 04/01/10+        | 3,    |
| 3,000                               | Alexandria Industrial Development Authority, Virginia,<br>Institute for Defense Analysis Ser 2000 A (Ambac)..... | 5.90           | 10/01/10+        | 3,    |
|                                     |  |                |                  | ----- |
| 33,030                              |  |                |                  | 34,   |
|                                     |  |                |                  | ----- |
| 418,850                             | Total Tax-Exempt Municipal Bonds (Cost \$417,119,613).....   |                |                  | 436,  |
|                                     |  |                |                  | ----- |
|                                     | Short-Term Tax-Exempt Municipal Obligation (0.5%)  |                |                  |       |
| 1,400                               | Wisconsin Health & Educational Facilities Authority,<br>Gunderson  |                |                  |       |
|                                     | Lutheran Ser 2006 A (FGIC) (Demand 05/01/07) (Cost   |                |                  |       |

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|         |  |       |          |      |
|---------|--|-------|----------|------|
|         | \$1,400,000) .....                           | 4.03* | 05/01/20 | 1,   |
| 420,250 | Total Investments (Cost \$418,519,613) ..... |       |          | 438, |

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See Notes to Financial Statements

Morgan Stanley Insured Municipal Trust  
 PORTFOLIO OF INVESTMENTS - APRIL 30, 2007 (UNAUDITED) continued

PRINCIPAL  
 AMOUNT IN  
 THOUSANDS

|             |  |        |         |
|-------------|--|--------|---------|
|             | Floating Rate Note Obligations Related to Securities Held (-18.0%) |        |         |
| \$ (48,260) | Notes with interest rates ranging from 3.92% to 3.98% at           |        |         |
|             | April 30, 2007 and contractual maturities of collateral            |        |         |
|             | ranging from 12/01/23 to 02/15/47 (See Note 1D)++++ (b)            |        |         |
|             | (Cost (\$48,260,000)) .....  |        | \$ (48, |
|             |  |        |         |
| \$371,990   | Total Net Investments (Cost \$370,259,613) (a) (b) .....           | 145.6% | 390,    |
|             |  |        |         |
|             | Other Assets in Excess of Liabilities .....                        | 2.9    | 7,      |
|             | Preferred Shares of Beneficial Interest .....                      | (48.5) | (130,   |
|             |  |        |         |
|             | Net Assets Applicable to Common Shareholders .....                 | 100.0% | \$267,  |

Note: The categories of investments are shown as a percentage of net assets applicable to common shareholders.

- AMT Alternative Minimum Tax.
- COPs Certificates of Participation.
- FHA Federal Housing Authority.
- + Prerefunded to call date shown.
- @ Security is a "step-up" bond where the coupon increases on predetermined future date.
- ++ Underlying security related to inverse floaters entered into by the Trust (See Note 1D).
- ++++ Floating rate note obligations related to securities held. The interest rates shown reflect the rates in effect at April 30, 2007.
- \* Current coupon of variable rate demand obligation.
- \*\* A portion of this security has been physically segregated in

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connection with open futures contracts in an amount equal to \$113,750.

- (a) Securities have been designated as collateral in an amount equal to \$18,853,393 in connection with open futures contracts and an open swap contract.
- (b) The aggregate cost for federal income tax purposes is \$370,253,708. The aggregate gross unrealized appreciation is \$20,259,391 and the aggregate gross unrealized depreciation is \$432,293, resulting in net unrealized appreciation of \$19,827,098.

Bond Insurance:

-----

AGC Assured Guaranty Corporation.  
 Ambac Ambac Assurance Corporation.  
 FGIC Financial Guaranty Insurance Company.  
 FSA Financial Security Assurance Inc.  
 MBIA Municipal Bond Investors Assurance Corporation.  
 XLCA XL Capital Assurance Inc.

FUTURES CONTRACTS OPEN AT APRIL 30, 2007:

| NUMBER OF CONTRACTS | LONG/SHORT | DESCRIPTION, DELIVERY MONTH AND YEAR   | UNDERLYING FACE AMOUNT AT VALUE | UNREALIZED DEPRECIATION |
|---------------------|------------|--|---------------------------------|-------------------------|
| 175                 | Short      | U.S. Treasury Notes 10 Year, June 2007 | \$(18,957,423)                  | \$(25,521)              |
|                     |            |  |                                 | =====                   |

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See Notes to Financial Statements

Morgan Stanley Insured Municipal Trust  
 PORTFOLIO OF INVESTMENTS - APRIL 30, 2007 (UNAUDITED) continued

INTEREST RATE SWAP CONTRACT OPEN AT APRIL 30, 2007:

| COUNTERPARTY         | NOTIONAL AMOUNT (000) | PAYMENTS MADE BY FUND | PAYMENTS RECEIVED BY FUND                   | TERMINATION DATE | U DE |
|----------------------|-----------------------|-----------------------|---|------------------|------|
| JPMorgan Chase & Co. | \$20,000              | Fixed Rate 3.679%     | Floating Rate BMA (Bond Market Association) | 05/25/17         | \$   |
|                      |                       |                       |   |                  | ==   |

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See Notes to Financial Statements

Morgan Stanley Insured Municipal Trust  
 FINANCIAL STATEMENTS

Statement of Assets and Liabilities  
 April 30, 2007 (unaudited)



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|  |               |
|--|---------------|
| Assets:  |               |
| Investments in securities, at value<br>(cost \$418,519,613).....   | \$438,340,806 |
| Cash.....  | 97,636        |
| Receivable for:  |               |
| Interest.....  | 5,977,488     |
| Investments sold.....  | 2,176,684     |
| Prepaid expenses and other assets...   | 41,750        |
|  | -----         |
| Total Assets.....  | 446,634,364   |
|  | -----         |
| Liabilities:   |               |
| Floating rate note obligations.....  | 48,260,000    |
| Unrealized depreciation on open swap<br>contracts.....   | 34,760        |
| Payable for:   |               |
| Investment advisory fee.....   | 91,305        |
| Variation margin.....  | 84,767        |
| Common shares of beneficial<br>interest repurchased.....   | 29,274        |
| Administration fee.....  | 27,053        |
| Transfer agent fee.....  | 3,100         |
| Accrued expenses and other<br>payables.....  | 132,430       |
|  | -----         |
| Total Liabilities.....   | 48,662,689    |
|  | -----         |
| Preferred shares of beneficial<br>interest (at liquidation value)<br>(1,000,000 shares authorized of<br>non-participating \$.01 par value,<br>2,600 shares outstanding)..... | 130,000,000   |
|  | -----         |
| Net Assets Applicable to Common<br>Shareholders.....   | \$267,971,675 |
|  | =====         |
| Composition of Net Assets Applicable<br>to Common Shareholders:  |               |
| Common shares of beneficial interest<br>(unlimited shares authorized of<br>\$.01 par value, 17,821,938 shares<br>outstanding).....   | \$247,396,317 |
| Net unrealized appreciation.....   | 19,760,912    |
| Accumulated undistributed net<br>investment income.....  | 392,400       |
| Accumulated undistributed net<br>realized gain.....  | 422,046       |
|  | -----         |
| Net Assets Applicable to Common<br>Shareholders.....   | \$267,971,675 |
|  | =====         |
| Net Asset Value Per Common Share<br>((\$267,971,675 divided by 17,821,938<br>common shares outstanding).....   | \$15.04       |
|  | =====         |

Statement of Operations  
For the six months ended April 30, 2007 (unaudited)

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|                                       |              |
|---------------------------------------|--------------|
| Net Investment Income:                |              |
| Interest Income.....                  | \$10,330,438 |
|                                       | -----        |
| Expenses                              |              |
| Interest and residual trust           |              |
| expenses.....                         | 826,828      |
| Investment advisory fee.....          | 537,920      |
| Auction commission fees.....          | 161,347      |
| Administration fee.....               | 159,384      |
| Professional fees.....                | 32,317       |
| Shareholder reports and notices.....  | 29,751       |
| Transfer agent fees and expenses..... | 17,655       |
| Auction agent fees.....               | 10,419       |
| Listing fees.....                     | 10,218       |
| Trustees' fees and expenses.....      | 6,234        |
| Custodian fees.....                   | 8,608        |
| Other.....                            | 35,675       |
|                                       | -----        |
| Total Expenses.....                   | 1,836,356    |
| Less: expense offset.....             | (3,896)      |
|                                       | -----        |
| Net Expenses.....                     | 1,832,460    |
|                                       | -----        |
| Net Investment Income.....            | 8,497,978    |
|                                       | -----        |
| Net Realized and Unrealized Gain      |              |
| (Loss):                               |              |
| Net Realized Gain (Loss) on:          |              |
| Investment.....                       | 700,578      |
| Futures contracts.....                | (196,660)    |
| Swap contract.....                    | (237,000)    |
|                                       | -----        |
| Net Realized Gain.....                | 266,918      |
|                                       | -----        |
| Net Change in Unrealized              |              |
| Appreciation/Depreciation on:         |              |
| Investment.....                       | (3,614,215)  |
| Futures contracts.....                | 129,661      |
| Swap contract.....                    | 120,407      |
|                                       | -----        |
| Net Depreciation.....                 | (3,364,147)  |
|                                       | -----        |
| Net Loss.....                         | (3,097,229)  |
|                                       | -----        |
| Dividends to preferred shareholders   |              |
| from net investment income.....       | (2,492,788)  |
|                                       | -----        |
| Net Increase.....                     | \$ 2,907,961 |
|                                       | =====        |

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See Notes to Financial Statements

Morgan Stanley Insured Municipal Trust  
FINANCIAL STATEMENTS continued

Statements of Changes in Net Assets

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|  | FOR THE SIX<br>MONTHS ENDED<br>APRIL 30, 2007 | FOR THE YEAR<br>ENDED<br>OCTOBER 31, 2006 |
|--|---|---|
|  | -----<br>(unaudited)                          | -----                                     |
| Increase (Decrease) in Net Assets:   |   |   |
| Operations:  |   |   |
| Net investment income.....   | \$ 8,497,978                                  | \$ 17,666,568                             |
| Net realized gain.....   | 266,918                                       | 3,588,607                                 |
| Net change in unrealized appreciation/depreciation.....  | (3,364,147)                                   | 1,671,558                                 |
| Dividends to preferred shareholders from net investment<br>income.....                                       | (2,492,788)                                   | (4,281,484)                               |
|  | -----   | -----                                     |
| Net Increase.....  | 2,907,961                                     | 18,645,249                                |
|  | -----   | -----                                     |
| Dividends and Distributions to Common Shareholders from:   |   |   |
| Net investment income.....   | (6,432,789)                                   | (14,581,080)                              |
| Net realized gain.....   | (2,487,493)                                   | (2,320,371)                               |
|  | -----   | -----                                     |
| Total Dividends and Distributions.....   | (8,920,282)                                   | (16,901,451)                              |
|  | -----   | -----                                     |
| Decrease from transactions in common shares of beneficial<br>interest.....                                   |   |   |
|  | (1,895,454)                                   | (8,335,163)                               |
|  | -----   | -----                                     |
| Net Decrease.....  | (7,907,775)                                   | (6,591,365)                               |
| Net Assets Applicable to Common Shareholders:  |   |   |
| Beginning of period.....   | 275,879,450                                   | 282,470,815                               |
|  | -----   | -----                                     |
| End of Period  |   |   |
| (Including accumulated undistributed net investment income<br>of \$392,400 and \$819,999, respectively)..... | \$267,971,675                                 | \$275,879,450                             |
|  | =====   | =====                                     |

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See Notes to Financial Statements

Morgan Stanley Insured Municipal Trust  
NOTES TO FINANCIAL STATEMENTS - APRIL 30, 2007 (UNAUDITED)

1. Organization and Accounting Policies

Morgan Stanley Insured Municipal Trust (the "Trust") is registered under the Investment Company Act of 1940, as amended, as a diversified, closed-end management investment company. The Trust's investment objective is to provide current income which is exempt from federal income tax. The Trust was organized as a Massachusetts business trust on October 3, 1991 and commenced operations on February 28, 1992.

The following is a summary of significant accounting policies:

A. Valuation of Investments -- (1) Portfolio securities are valued by an outside independent pricing service approved by the Trustees. The pricing service uses both a computerized grid matrix of tax-exempt securities and evaluations by its staff, in each case based on information concerning market transactions and quotations from dealers which reflect the mean between the last reported bid and asked price. The portfolio securities are thus valued by reference to a

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combination of transactions and quotations for the same or other securities believed to be comparable in quality, coupon, maturity, type of issue, call provisions, trading characteristics and other features deemed to be relevant. The Trustees believe that timely and reliable market quotations are generally not readily available for purposes of valuing tax-exempt securities and that the valuations supplied by the pricing service are more likely to approximate the fair value of such securities; (2) futures are valued at the latest sale price on the commodities exchange on which they trade unless it is determined that such price does not reflect their market value, in which case they will be valued at their fair value as determined in good faith under procedures established by and under the supervision of the Trustees; (3) interest rate swaps are marked-to-market daily based upon quotations from market makers and the change, if any, is recorded as unrealized appreciation or depreciation in the Statement of Operations; and (4) short-term debt securities having a maturity date of more than sixty days at time of purchase are valued on a mark-to-market basis until sixty days prior to maturity and thereafter at amortized cost based on their value on the 61st day. Short-term debt securities having a maturity date of sixty days or less at the time of purchase are valued at amortized cost.

B. Accounting for Investments -- Security transactions are accounted for on the trade date (date the order to buy or sell is executed). Realized gains and losses on security transactions are determined by the identified cost method. Discounts are accreted and premiums are amortized over the life of the respective securities. Interest income is accrued daily.

C. Futures Contracts -- A futures contract is an agreement between two parties to buy and sell financial instruments or contracts based on financial indices at a set price on a future date. Upon entering into such a contract, the Trust is required to pledge to the broker cash, U.S. Government

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Morgan Stanley Insured Municipal Trust  
NOTES TO FINANCIAL STATEMENTS - APRIL 30, 2007 (UNAUDITED) continued

securities or other liquid portfolio securities equal to the minimum initial margin requirements of the applicable futures exchange. Pursuant to the contract, the Trust agrees to receive from or pay to the broker an amount of cash equal to the daily fluctuation in the value of the contract. Such receipts or payments known as variation margin are recorded by the Trust as unrealized gains and losses. Upon closing of the contract, the Trust realizes a gain or loss equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed.

D. Floating Rate Note Obligations Related to Securities Held -- The Trust enters into transactions in which it transfers to Dealer Trusts ("Dealer Trusts"), fixed rate bonds in exchange for cash and residual interests in the Dealer Trusts' assets and cash flows, which are in the form of inverse floating rate investments. The Dealer Trusts fund the purchases of the fixed rate bonds by issuing floating rate notes to third parties and allowing the Trust to retain residual interest in the bonds. The Trust enters into shortfall agreements with the Dealer Trusts which commit the Trust to pay the Dealer Trusts, in certain circumstances, the difference between the liquidation value of the fixed rate bonds held by the Dealer Trusts and the liquidation value of the floating rate notes held by third parties, as well as any shortfalls in interest cash flows. The residual interests held by the Trust (inverse floating rate investments) include the right of the Trust (1) to cause the holders of the floating rate notes to tender their notes at par at the next interest rate reset date, and (2) to transfer the municipal bond from the Dealer Trusts to the Trust, thereby collapsing the Dealer Trusts. The Trust accounts for the transfer of bonds to

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the Dealer Trusts as secured borrowings, with the securities transferred remaining in the Trust's investment assets, and the related floating rate notes reflected as Trust liabilities under the caption "floating rate note obligations" on the "Statement of Assets and Liabilities." The Trust records the interest income from the fixed rate bonds under the caption "Interest Income" and records the expenses related to floating rate note obligations and any administrative expenses of the Dealer Trusts under the caption "Interest and residual trust expenses" in the Trust's "Statement of Operations." The notes issued by the Dealer Trusts have interest rates that reset weekly and the floating rate note holders have the option to tender their notes to the Dealer Trusts for redemption at par at each reset date. At April 30, 2007, Trust investments with a value of \$66,828,295 are held by the Dealer Trusts and serve as collateral for the \$48,260,000 in floating rate note obligations outstanding at that date. Contractual maturities of the floating rate note obligations and interest rates in effect at April 30, 2007, are presented in the "Portfolio of Investments."

E. Interest Rate Swaps -- Interest rate swaps involve the exchange of commitments to pay and receive interest based on a notional principal amount. Net periodic interest payments to be received

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Morgan Stanley Insured Municipal Trust  
NOTES TO FINANCIAL STATEMENTS - APRIL 30, 2007 (UNAUDITED) continued

or paid are accrued daily and are recorded as realized gains or losses in the Statement of Operations.

F. Federal Income Tax Policy -- It is the Trust's policy to comply with the requirements of the Internal Revenue Code applicable to regulated investment companies and to distribute substantially all of its taxable and nontaxable income to its shareholders. Accordingly, no federal income tax provision is required.

G. Dividends and Distributions to Shareholders -- Dividends and distributions to shareholders are recorded on the ex-dividend date.

H. Use of Estimates -- The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures. Actual results could differ from those estimates.

### 2. Investment Advisory/Administration Agreements

Pursuant to an Investment Advisory Agreement with Morgan Stanley Investment Advisors Inc. (the "Investment Adviser"), the Trust pays an advisory fee, calculated weekly and payable monthly, by applying the annual rate of 0.27% to the Trust's weekly total net assets including preferred shares.

Pursuant to an Administration Agreement with Morgan Stanley Services Company Inc. (the "Administrator"), an affiliate of the Investment Adviser, the Trust pays an administration fee, calculated weekly and payable monthly, by applying the annual rate of 0.08% to the Trust's weekly total net assets including preferred shares.

### 3. Security Transactions and Transactions With Affiliates

The cost of purchases and proceeds from sales of portfolio securities, excluding short-term investments, for the six months ended April 30, 2007 aggregated \$28,264,115 and \$15,931,012, respectively.

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Morgan Stanley Trust, an affiliate of the Investment Adviser and Administrator, is the Trust's transfer agent.

The Trust has an unfunded noncontributory defined benefit pension plan covering certain independent Trustees of the Trust who will have served as independent Trustees for at least five years at the time of retirement. Benefits under this plan are based on factors which include years of service and compensation. The Trustees voted to close the plan to new participants and eliminate the future benefits growth due to increases to compensation after July 31, 2003. Aggregate pension costs for the six months ended April 30, 2007 included in Trustees' fees and expenses in the Statement of

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Morgan Stanley Insured Municipal Trust  
NOTES TO FINANCIAL STATEMENTS - APRIL 30, 2007 (UNAUDITED) continued

Operations amounted to \$2,527. At April 30, 2007, the Trust had an accrued pension liability of \$56,158 which is included in accrued expenses in the Statement of Assets and Liabilities.

The Trust has an unfunded Deferred Compensation Plan (the "Compensation Plan") which allows each independent Trustee to defer payment of all, or a portion, of the fees he or she receives for serving on the Board of Trustees. 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 Morgan Stanley funds that are offered as investment options under the Compensation Plan. Appreciation/depreciation and distributions received from these investments are recorded with an offsetting increase/decrease in the deferred compensation obligation and do not affect the net asset value of the Trust.

#### 4. Preferred Shares of Beneficial Interest

The Trust is authorized to issue up to 1,000,000 non-participating preferred shares of beneficial interest having a par value of \$.01 per share, in one or more series, with rights as determined by the Trustees, without approval of the common shareholders. The Trust has issued Series TU and TH Auction Rate Preferred Shares ("preferred shares") which have a liquidation value of \$50,000 per share plus the redemption premium, if any, plus accumulated but unpaid dividends, whether or not declared, thereon to the date of distribution. The Trust may redeem such shares, in whole or in part, at the original purchase price of \$50,000 per share plus accumulated but unpaid dividends, whether or not declared, thereon to the date of redemption.

Dividends, which are cumulative, are reset through auction procedures.

| SERIES | SHARES* | AMOUNT<br>IN THOUSANDS* | RATE* | RESET<br>DATE | RANGE OF<br>DIVIDEND RATES** |
|--------|---------|-------------------------|-------|---------------|------------------------------|
| TU     | 800     | \$40,000                | 3.56% | 05/02/07      | 3.30%- 3.80%                 |
| TH     | 1,800   | 90,000                  | 3.88  | 05/04/07      | 3.31 - 3.88                  |

\* As of April 30, 2007.

\*\* For the six months ended April 30, 2007.

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Subsequent to April 30, 2007 and up through June 8, 2007 the Trust paid dividends to Series TU and TH at rates ranging from 3.56% to 3.92% in the aggregate amount of \$569,696.

The Trust is subject to certain restrictions relating to the preferred shares. Failure to comply with these restrictions could preclude the Trust from declaring any distributions to common shareholders or purchasing common shares and/or could trigger the mandatory redemption of preferred shares at liquidation value.

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Morgan Stanley Insured Municipal Trust  
 NOTES TO FINANCIAL STATEMENTS - APRIL 30, 2007 (UNAUDITED) continued

The preferred shares, which are entitled to one vote per share, generally vote with the common shares but vote separately as a class to elect two Trustees and on any matters affecting the rights of the preferred shares.

### 5. Common Shares of Beneficial Interest

Transactions in common shares of beneficial interest were as follows:

|   | SHARES     | PAR<br>VALUE | CAPITAL<br>PAID IN<br>EXCESS OF<br>PAR VALUE |
|---|------------|--------------|--|
|   | -----      | -----        | -----  |
| Balance, October 31, 2005.....  | 18,546,438 | \$185,465    | \$257,441,46                                 |
| Treasury shares purchased and retired (weighted average discount 7.34%)*..... | (592,600)  | (5,926)      | (8,329,23                                    |
|   | -----      | -----        | -----  |
| Balance, October 31, 2006.....  | 17,953,838 | 179,539      | 249,112,23                                   |
| Treasury shares purchased and retired (weighted average discount 5.65%)*..... | (131,900)  | (1,319)      | (1,894,13                                    |
|   | -----      | -----        | -----  |
| Balance, April 30, 2007.....  | 17,821,938 | \$178,220    | \$247,218,09                                 |
|   | =====      | =====        | =====  |

-----  
 \* The Trustees have voted to retire the shares purchased.

### 6. Dividends to Common Shareholders

On March 26, 2007, the Trust declared the following dividends from net investment income:

| AMOUNT<br>PER SHARE | RECORD<br>DATE | PAYABLE<br>DATE |
|---------------------|----------------|-----------------|
| -----               | -----          | -----           |
| \$0.06              | May 4, 2007    | May 18, 2007    |
| \$0.06              | June 8, 2007   | June 22, 2007   |

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### 7. Expense Offset

The expense offset represents a reduction of the fees and expenses for interest earned on cash balances maintained by the Trust with the transfer agent and custodian.

### 8. Purpose of and Risks Relating to Certain Financial Instruments

The Trust may invest a portion of its assets in inverse floating rate instruments, either through outright purchases of inverse floating rate securities or through the transfer of bonds to a Dealer Trusts in exchange for cash and residual interests in the Dealer Trusts. These investments are typically used by the Trust in seeking to enhance the yield of the portfolio. These instruments typically involve greater risks than a fixed rate municipal bond. In particular, these instruments are acquired through leverage or may have leverage embedded in them and therefore involve many of the risks associated with leverage. Leverage is a speculative technique that may expose the Trust to

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Morgan Stanley Insured Municipal Trust

NOTES TO FINANCIAL STATEMENTS - APRIL 30, 2007 (UNAUDITED) continued

greater risk and increased costs. Leverage may cause the Trust's net asset value to be more volatile than if it had not been leveraged because leverage tends to magnify the effect of any increases or decreases in the value of the Trust's portfolio securities. The use of leverage may also cause the Trust to liquidate portfolio positions when it may not be advantageous to do so in order to satisfy its obligations with respect to inverse floating rate instruments.

To hedge against adverse interest rate changes, the Trust may invest in financial futures contracts or municipal bond index futures contracts ("futures contracts").

These futures contracts involve elements of market risk in excess of the amount reflected in the Statement of Assets and Liabilities. The Trust bears the risk of an unfavorable change in the value of the underlying securities. Risks may also arise upon entering into these contracts from the potential inability of the counterparties to meet the terms of their contracts.

The Trust may enter into interest rate swaps and may purchase or sell interest rate caps, floors and collars. The Trust expects to enter into these transactions primarily to manage interest rate risk, hedge portfolio positions and preserve a return or spread on a particular investment or portion of its portfolio. The Trust may also enter into these transactions to protect against any increase in the price of securities the Trust anticipates purchasing at a later date. Interest rate swap transactions are subject to market risk, risk of default by the other party to the transaction, risk of imperfect correlation and manager risk. Such risks may exceed the related amounts shown in the Statement of Assets and Liabilities.

### 9. Federal Income Tax Status

The amount of dividends and distributions from net investment income and net realized capital gains are determined in accordance with federal income tax regulations which may differ from generally accepted accounting principles. These "book/tax" differences are either considered temporary or permanent in nature. To the extent these differences are permanent in nature, such amounts are reclassified within the capital accounts based on their federal tax-basis treatment; temporary differences do not require reclassification. Dividends and distributions which exceed net investment income and net realized capital gains



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for tax purposes are reported as distributions of paid-in-capital.

As of October 31, 2006, the Trust had temporary book/tax differences primarily attributable to book amortization of discounts on debt securities, mark-to-market of open futures contracts and dividend payable.

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Morgan Stanley Insured Municipal Trust  
NOTES TO FINANCIAL STATEMENTS - APRIL 30, 2007 (UNAUDITED) continued

### 10. Accounting Pronouncement

In July 2006, the Financial Accounting Standards Board (FASB) issued Interpretation 48, Accounting for Uncertainty in Income Taxes - an interpretation of FASB Statement 109 (FIN 48). FIN 48 clarifies the accounting for income taxes by prescribing the minimum recognition threshold a tax position must meet before being recognized in the financial statements. FIN 48 is effective for fiscal years beginning after December 15, 2006 and is to be applied to all open tax years as of the effective date. The impact to the Trust's financial statements, if any is currently being assessed.

In addition, in September 2006, Statement of Financial Accounting Standards No. 157, Fair Value Measurements (SFAS 157), was issued and is effective for fiscal years beginning after November 15, 2007. SFAS 157 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. Management is currently evaluating the impact the adoption of SFAS 157 will have on the Trust's financial statement disclosures.

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Morgan Stanley Insured Municipal Trust  
FINANCIAL HIGHLIGHTS

Selected ratios and per share data for a common share of beneficial interest outstanding throughout each period:

|   | FOR THE SIX<br>MONTHS ENDED<br>APRIL 30, 2007 | 2006     | 2005     | 2004     |
|---|---|----------|----------|----------|
|   | -----<br>(unaudited)                          | -----    | -----    | -----    |
| Selected Per Share Data:  |   |          |          |          |
| Net asset value, beginning of period.....                                 | \$ 15.37                                      | \$ 15.23 | \$ 15.49 | \$ 15.38 |
|   | -----   | -----    | -----    | -----    |
| Income (loss) from investment operations:                                 |   |          |          |          |
| Net investment income*.....   | 0.48  | 0.97     | 0.96     | 0.96     |
| Net realized and unrealized gain (loss).....                              | (0.18)  | 0.30     | (0.35)   | 0.16     |
| Common share equivalent of dividends paid to preferred shareholders*..... | (0.14)  | (0.24)   | (0.13)   | (0.11)   |
|   | -----   | -----    | -----    | -----    |
| Total income from investment operations.....                              | 0.16  | 1.03     | 0.48     | 1.01     |

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|  |              |           |           |           |
|--|--------------|-----------|-----------|-----------|
| Less dividends and distributions from:   |              |           |           |           |
| Net investment income.....   | (0.36)       | (0.80)    | (0.81)    | (0.87)    |
| Net realized gain.....   | (0.14)       | (0.13)    | --        | (0.08)    |
| Total dividends and distributions.....   | (0.50)       | (0.93)    | (0.81)    | (0.95)    |
| Anti-dilutive effect of acquiring treasury shares*.....                                      | 0.01         | 0.04      | 0.07      | 0.05      |
| Net asset value, end of period.....  | \$ 15.04     | \$ 15.37  | \$ 15.23  | \$ 15.49  |
| Market value, end of period.....   | \$ 14.68     | \$ 14.26  | \$ 13.60  | \$ 13.88  |
| Total Return+.....   | 6.54%(1)     | 11.91%    | 3.86%     | 3.21%     |
| Ratios to Average Net Assets of Common Shareholders:   |              |           |           |           |
| Total expenses (before expense offset).....  | 1.36%(2) (3) | 0.91%(3)  | 0.78%(3)  | 0.82%(3)  |
| Total expenses (before expense offset, exclusive of interest and residual trust expenses)... | 0.75%(2) (3) | 0.74%(3)  | 0.78%(3)  | 0.82%(3)  |
| Net investment income before preferred stock dividends.....                                  | 6.31%(2)     | 6.43%     | 6.24%     | 6.34%     |
| Preferred stock dividends.....   | 1.85%(2)     | 1.56%     | 0.87%     | 0.69%     |
| Net investment income available to common shareholders.....                                  | 4.46%(2)     | 4.87%     | 5.37%     | 5.65%     |
| Supplemental Data:   |              |           |           |           |
| Net assets applicable to common shareholders, end of period, in thousands.....               | \$267,972    | \$275,879 | \$282,471 | \$300,329 |
| Asset coverage on preferred shares at end of period.....                                     | 306%         | 312%      | 317%      | 331%      |
| Portfolio turnover rate.....   | 4%(1)        | 15%       | 14%       | 14%       |

- 
- \* The per share amounts were computed using an average number of common shares outstanding during the period.
  - + Total return is based upon the current market value on the last day of each period reported. Dividends and distributions are assumed to be reinvested at the prices obtained under the Trust's dividend reinvestment plan. Total return does not reflect brokerage commissions.
  - (1) Not annualized.
  - (2) Annualized.
  - (3) Does not reflect the effect of expense offset of 0.01%.

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See Notes to Financial Statements

TRUSTEES

Frank L. Bowman

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Michael Bozic  
Kathleen A. Dennis  
James F. Higgins  
Dr. Manuel H. Johnson  
Joseph J. Kearns  
Michael F. Klein  
Michael E. Nugent  
W. Allen Reed  
Fergus Reid

### OFFICERS

Michael E. Nugent  
Chairperson of the Board

Ronald E. Robison  
President and Principal Executive Officer

J. David Germany  
Vice President

Dennis F. Shea  
Vice President

Amy R. Doberman  
Vice President

Carsten Otto  
Chief Compliance Officer

Stefanie V. Chang Yu  
Vice President

Francis J. Smith  
Treasurer and Chief Financial Officer

Mary E. Mullin  
Secretary

### TRANSFER AGENT

Morgan Stanley Trust  
Harborside Financial Center, Plaza Two  
Jersey City, New Jersey 07311

### INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Deloitte & Touche LLP  
Two World Financial Center  
New York, New York 10281

### LEGAL COUNSEL

Clifford Chance US LLP  
31 West 52nd Street  
New York, New York 10019

### COUNSEL TO THE INDEPENDENT TRUSTEES

Kramer Levin Naftalis & Frankel LLP  
1177 Avenue of the Americas  
New York, New York 10036

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### INVESTMENT ADVISER

Morgan Stanley Investment Advisors Inc.  
1221 Avenue of the Americas  
New York, New York 10020

The financial statements included herein have been taken from the records of the Trust without examination by the independent auditors and accordingly they do not express an opinion thereon.

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[MORGAN STANLEY LOGO]

### MORGAN STANLEY FUNDS

Morgan Stanley  
Insured Municipal  
Trust

Semiannual Report  
April 30, 2007

[MORGAN STANLEY LOGO]

IMTSAN-IU07-01579P-Y04/07

Item 2. Code of Ethics.

Not applicable for semiannual reports.

Item 3. Audit Committee Financial Expert.

Not applicable for semiannual reports.

Item 4. Principal Accountant Fees and Services

Not applicable for semiannual reports.

Item 5. Audit Committee of Listed Registrants.

Not applicable for semiannual reports.

Item 6.

Refer to Item 1.

Item 7. Disclosure of Proxy Voting Policies and Procedures for Closed-End Management Investment Companies.

Not applicable for semiannual reports.

Item 8. Portfolio Managers of Closed-End Management Investment Companies

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Applicable only to reports covering periods ending on or after December 31, 2005.

### Item 9. Closed-End Fund Repurchases

#### REGISTRANT PURCHASE OF EQUITY SECURITIES

| Period                                   | (a) Total<br>Number of<br>Shares (or<br>Units)<br>Purchased | (b) Average<br>Price Paid<br>per Share (or<br>Unit) | (c) Total<br>Number of<br>Shares (or<br>Units)<br>Purchased as<br>Part of<br>Publicly<br>Announced<br>Plans or<br>Programs | (d) Maximum<br>Number (or<br>Approximate<br>Dollar<br>Value) of<br>Shares (or<br>Units) that<br>May Yet Be<br>Purchased<br>Under the<br>Plans or<br>Programs |
|--|---|---|--|--|
| November 1, 2006 -<br>November 30, 2006  | 46,500  | \$14.3912   | N/A  | N/A  |
| December 1, 2006 --<br>December 31, 2006 | 41,900  | \$14.3461   | N/A  | N/A  |
| January 1, 2007 --<br>January 31, 2007   | 25,500  | \$14.3125   | N/A  | N/A  |
| February 1, 2007 --<br>February 28, 2007 | 10,600  | \$14.4039   | N/A  | N/A  |
| March 1, 2007 --<br>March 31, 2007       | 5,400   | \$14.4734   | N/A  | N/A  |
| April 1, 2007 --<br>April 30, 2007       | 2,000   | \$14.6370   | N/A  | N/A  |
| Total                                    | 131,900   | \$14.4273   | N/A  | N/A  |

### Item 10. Submission of Matters to a Vote of Security Holders

Not applicable.

### Item 11. Controls and Procedures

(a) The Trust's principal executive officer and principal financial officer have concluded that the Trust's disclosure controls and procedures are sufficient to ensure that information required to be disclosed by the Trust in this Form N-CSR was recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, based upon such officers' evaluation of these controls and procedures as of a date within 90 days of the filing date of the report.

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(b) There were no changes in the registrant's internal control over financial reporting that occurred during the second fiscal quarter of the period covered by this report that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

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Item 12. Exhibits

(a) Code of Ethics -- Not applicable for semiannual reports.

(b) A separate certification for each principal executive officer and principal financial officer of the registrant are attached hereto as part of EX-99.CERT.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Morgan Stanley Insured Municipal Trust

/s/ Ronald E. Robison  
Ronald E. Robison  
Principal Executive Officer  
June 21, 2007

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

/s/ Ronald E. Robison  
Ronald E. Robison  
Principal Executive Officer  
June 21, 2007

/s/ Francis Smith  
Francis Smith  
Principal Financial Officer  
June 21, 2007

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