

Edgar Filing: MORGAN STANLEY INSURED MUNICIPAL TRUST - Form N-Q

MORGAN STANLEY INSURED MUNICIPAL TRUST
Form N-Q
March 27, 2008

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

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED
MANAGEMENT INVESTMENT COMPANY

Investment Company Act file number: 811-06434

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

522 Fifth Avenue, New York, New York 10036
(Address of principal executive offices) (Zip code)

Ronald E. Robison
522 Fifth Avenue, New York, New York 10036
(Name and address of agent for service)

Registrant's telephone number, including area code: 212-296-6990

Date of fiscal year end: October 31, 2008

Date of reporting period: January 31, 2008

ITEM 1. SCHEDULE OF INVESTMENTS.

The Trust's schedule of investments as of the close of the reporting period prepared pursuant to Rule 12-12 of Regulation S-X is as follows:

MORGAN STANLEY INSURED MUNICIPAL TRUST
PORTFOLIO OF INVESTMENTS JANUARY 31, 2008 (UNAUDITED)

| PRINCIPAL AMOUNT IN THOUSANDS ----- | | COUPON RATE ----- | MATURITY DATE ----- |
|--|--|-------------------------|---------------------------|
| | TAX-EXEMPT MUNICIPAL BONDS (158.1%) | | |
| | ALASKA (3.6%) | | |
| \$10,000 | North Slope Borough, Alaska, Ser 2000 B (MBIA Insd) | 0.00% | 06/30/10 |
| | ARIZONA (1.2%) | | |
| 2,000 | Arizona Board of Regents, Arizona State University Ser 2004 COPs (AMBAC Insd) | 5.00 | 09/01/30 |
| 1,000 | Phoenix Civic Improvement Corporation, Arizona, Jr Lien Wastewater Ser 2004 (MBIA Insd) | 5.00 | 07/01/27 |
| | CALIFORNIA (21.0%) | | |

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| | | | |
|-----------------------------|---|------|----------|
| 16,000 | Anaheim Public Financing Authority, California, Anaheim Electric Ser 2007-A (MBIA Insd)* | 4.50 | 10/01/37 |
| 2,500 | California, Economic Recovery Ser 2004 (MBIA Insd) | 5.00 | 07/01/15 |
| 6,000 | California, Ser 2007 (MBIA Insd) | 4.25 | 08/01/33 |
| 4,000 | Eastern Municipal Water District, Water & Sewer Refg Ser 2006 A COPs (MBIA Insd) | 5.00 | 07/01/32 |
| 6,000 | Golden State Tobacco Securitization Corporation, California, Enhanced Asset Backed Ser 2005 A (FGIC Insd) | 5.00 | 06/01/38 |
| 2,000 | Kern County Board of Education, California, Refg 2006 Ser A COPs (MBIA Insd) | 5.00 | 06/01/31 |
| 3,000 | Los Angeles, California, Ser 2004 A (MBIA Insd) | 5.00 | 09/01/24 |
| 2,000 | Sacramento County Sanitation District Financing Authority, California, Sacramento Regional Ser 2006 (FGIC Insd) | 5.00 | 12/01/36 |
| 5,000 | San Diego County Water Authority, California, Ser 2004 A COPs (FSA Insd) | 5.00 | 05/01/29 |
| 2,000 | San Francisco City & County, City Buildings Ser 2007 A COPs (FGIC Insd) | 4.50 | 09/01/37 |
| 1,000 | University of California, Limited Projects Ser 2005 B (FSA Insd) | 5.00 | 05/15/30 |
| 3,120 | University of California, Ser 2007 J (FSA Insd)* | 4.50 | 05/15/31 |
| 2,880 | University of California, Ser 2007-J (FSA Insd) * | 4.50 | 05/15/35 |
| COLORADO (5.2%) | | | |
| 2,000 | Arkansas River Power Authority, Colorado, Power Ser 2006 (XLCA Insd) | 5.25 | 10/01/40 |
| 5,000 | Denver City & County, Colorado, Airport Refg Ser 2000 A (AMT) (AMBAC Insd) | 6.00 | 11/15/18 |
| 6,500 | Denver Convention Center Hotel Authority, Refg Ser 2006 (XLCA Insd) | 5.00 | 12/01/35 |
| DISTRICT OF COLUMBIA (1.5%) | | | |
| 4,000 | District of Columbia Ballpark, Ser 2006 B-1 (FGIC Insd) | 5.00 | 02/01/31 |
| FLORIDA (5.7%) | | | |
| 2,155 | Miami Dade County, Florida, Miami Int'l Airport Refg Ser 2003 B (AMT) (MBIA Insd) | 5.25 | 10/01/18 |
| 2,270 | Miami Dade County, Florida, Miami Int'l Airport Refg Ser 2003 B (AMT) (MBIA Insd) | 5.25 | 10/01/19 |
| 10,000 | Tamp Bay Water Authority, Ser 2001 B (FGIC Insd) | 5.00 | 10/01/31 |
| GEORGIA (3.8%) | | | |
| 5,000 | Atlanta, Airport Ser 2004 C (FSA Insd) | 5.00 | 01/01/33 |
| 2,000 | Atlanta, Water & Wastewater, Ser 1999 A (FGIC Insd) | 5.00 | 11/01/29 |
| 900 | Fulton County Development Authority, Georgia, Morehouse College Ser 2000 (AMBAC Insd) | 5.25 | 10/01/39 |
| 1,700 | Fulton County Development Authority, Georgia, Morehouse College Ser 2000 (AMBAC Insd) | 6.25 | 12/01/21 |
| HAWAII (8.1%) | | | |
| 5,000 | Hawaii, Airports Refg Ser 2001 (AMT) (FGIC Insd) | 5.25 | 07/01/21 |
| 5,000 | Honolulu City & County, Hawaii, Ser 2003 A (MBIA Insd)* | 5.52 | 03/01/25 |
| 5,000 | Honolulu City & County, Hawaii, Ser 2003 A (MBIA Insd)* | 5.25 | 03/01/26 |
| 5,000 | Honolulu City & County, Hawaii, Wastewater Ser 2001 (AMBAC Insd) | 5.13 | 07/01/11 |

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| | | | |
|--------|--|-------|----------|
| | ILLINOIS (17.4%) | | |
| 3,000 | Chicago, Illinois, O'Hare Int'l Airport, Ser 2005 A (MBIA Insd) | 5.25 | 01/01/25 |
| 2,000 | Chicago, Illinois, O' Hare Int'l Airport Third Lien Ser 2003 B-2 (AMT) (FSA Insd) | 5.75 | 01/01/23 |
| 2,000 | Chicago, Illinois, Refg 2001 A (MBIA Insd) | 0.00 | 01/01/21 |
| 2,000 | Chicago, Illinois, Refg 2001 A (MBIA Insd) | 0.00 | 01/01/22 |
| 8,000 | Chicago, Illinois, Refg Ser 1992 (AMBAC Insd) | 6.25 | 01/01/11 |
| 10,000 | Illinois, Ser 2001 (MBIA Insd) | 5.375 | 01/01/15 |
| 10,000 | Illinois, Ser 2001 (MBIA Insd) | 5.375 | 04/01/16 |
| 4,000 | Regional Transportation Authority, Illinois, Refg Ser 1999 (FSA Insd) | 5.75 | 06/01/21 |
| | INDIANA (1.1%) | | |
| 3,000 | Indiana Health Facilities Financing Authority, Community Health Ser 2005 A (AMBAC Insd) | 5.00 | 05/01/35 |
| | IOWA (2.7%) | | |
| 3,600 | Vision Iowa Ser 2001 (MBIA Insd) | 5.50 | 02/15/19 |
| 2,500 | Vision Iowa Ser 2001 (MBIA Insd) | 5.50 | 02/15/20 |
| | KENTUCKY (5.6%) | | |
| 10,000 | Louisville & Jefferson County Metropolitan Sewer District, Kentucky, Ser 1999 A (FGIC Insd) | 5.75 | 05/15/33 |
| 3,800 | Louisville Board of Water Works, Kentucky, Water Ser 2000 (FSA Insd) | 5.50 | 11/15/25 |
| | LOUISIANA (0.8%) | | |
| 2,000 | Louisiana Public Facilities Authority, Baton Rouge General Medical Center-FHA Insured Mtge Ser 2004 (MBIA Insd) | 5.25 | 07/01/33 |
| | MARYLAND (1.0%) | | |
| 2,500 | Maryland Economic Development Corporation, Maryland Aviation Administration Ser 2003 (AMT) (FSA Insd) | 5.375 | 06/01/22 |
| | MICHIGAN (2.1%) | | |
| 5,000 | Detroit, Michigan, Sewage Disposal Ser 2001 A (FGIC Insd)) | 5.125 | 07/01/11 |
| | MINNESOTA (4.9%) | | |
| 3,000 | Brainerd Independent School District #181, Minnesota, Ser 2002 A (FGIC Insd) | 5.375 | 02/01/18 |
| 5,000 | Minneapolis - St Paul Metropolitan Airports Commission, Minnesota, Ser 2001 C (FGIC Insd) | 5.25 | 01/01/11 |
| 4,000 | Minneapolis, Minnesota, Fairview Health 2005 Ser D (AMBAC Insd) | 5.00 | 11/15/34 |
| | MISSOURI (0.8%) | | |
| 2,000 | Missouri Joint Municipal Electric Utility Commission Plum Point Ser 2006 (MBIA Insd) | 5.00 | 01/01/25 |

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| | | |
|-----------------------|--|----------------|
| MONTANA (0.7%) | | |
| 1,750 | Montana Facility Finance Authority, Benefis Health System (AGC Insd) | 5.00 01/01/37 |
| NEVADA (2.8%) | | |
| 4,000 | Clark County, Nevada, Transportation Impr Ltd Tax Ser 06/01/92 B (AMBAC Insd) | 6.50 06/01/17 |
| 5,000 | Nevada Department of Business & Industry, Las Vegas Monorail 1st Tier Ser 2000 (AMBAC Insd) | 0.000 01/01/21 |
| NEW JERSEY (3.9%) | | |
| 2,770 | New Jersey Housing Mortgage Finance Authority, Home Buyer Ser 2000 CC (AMT) (MBIA Insd) | 5.878 10/01/31 |
| 2,000 | New Jersey Transportation Trust Fund Authority, Ser 2005 C (FGIC Insd) | 5.25 06/15/20 |
| 5,000 | New Jersey Turnpike Authority, Ser 2003 A (AMBAC Insd) | 5.00 01/01/30 |
| NEW MEXICO (0.6%) | | |
| 1,500 | Albuquerque, New Mexico, Gross Receipts Lodgers' Tax Refg Ser 2004 A (FSA Insd) | 5.00 07/01/37 |
| NEW YORK (16.6%) | | |
| 12,000 | Hudson Yards Infrastructure Corporation, 2007 Ser A (MBIA Insd) | 4.50 02/15/47 |
| 1,000 | Long Island Power Authority, New York, Ser 2006 A (XLCA Insd) | 5.00 12/01/26 |
| 6,805 | Metropolitan Transportation Authority, New York, State Service Contract Refg Ser 2002 B (MBIA Insd) | 5.50 07/01/20 |
| 10,000 | Metropolitan Transportation Authority, New York, Transportation Refg Ser 2002 A (AMBAC Insd) | 5.50 11/15/17 |
| 2,000 | Metropolitan Transportation Authority, New York, Transportation Refg Ser 2002 A (AMBAC Insd) | 5.00 11/15/25 |
| 1,000 | New York City Industrial Development Agency, Queens Baseball Stadium Ser 2006 (AMBAC Insd) | 5.00 01/01/31 |
| 2,000 | New York City Industrial Development Agency, Yankee Stadium Ser 2006 (FGIC Insd) | 5.00 03/01/46 |
| 2,000 | New York State Dormitory Authority, Montefiore Hospital - FHA Insured Mtge Ser 2004 (FGIC Insd) | 5.00 08/01/29 |
| 5,000 | New York State Energy Research & Development Authority, Brooklyn Union Gas Co 1996 Ser (MBIA Insd)# | 5.50 01/01/21 |
| NORTH CAROLINA (1.6%) | | |
| 2,000 | University of North Carolina at Wilmington, Student Housing Ser 2005 COPs (FGIC Insd) | 5.00 06/01/36 |
| 2,030 | University of North Carolina Ser 2000 (AMBAC Insd) | 5.25 10/01/10 |
| OHIO (2.9%) | | |
| 1,965 | Hamilton County, Ohio, Sales Tax 2000 (AMBAC Insd) | 5.25 12/01/32 |
| 5,000 | Hamilton County, Ohio, Sales Tax 2000 (AMBAC Insd) | 5.25 12/01/10 |

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| | | |
|---|--|----------------|
| OREGON (0.7%) | | |
| 1,685 | Oregon Department of Administrative Services, COPs Ser 2005 B (FGIC Insd) | 5.00 11/01/24 |
| PENNSYLVANIA (3.7%) | | |
| 1,500 | Delaware County Industrial Development Authority, Pennsylvania, Aqua Inc Ser A 2005 (AMT) (FGIC Insd) | 5.00 11/01/37 |
| 4,000 | Pennsylvania Turnpike Commission, Ser A 2004 (AMBAC Insd) | 5.00 12/01/34 |
| 4,000 | Pennsylvania Turnpike Commission, Ser A 2004 (AMBAC Insd) | 5.00 12/01/26 |
| SOUTH CAROLINA (7.1%) | | |
| 5,000 | Grand Strand Water & Sewer Authority, South Carolina, Refg Ser 2001 (FSA Insd) | 5.00 06/01/31 |
| 1,000 | Medical University Hospital Authority, South Carolina, FHA Insured Mtge Ser 2004 A (MBIA Insd) | 5.25 02/15/25 |
| 2,000 | South Carolina Public Service Authority, Santee Cooper Ser 2003 A (AMBAC Insd) | 5.00 01/01/27 |
| 9,325 | South Carolina Public Service Authority, Santee Cooper 2002 B (FSA Insd) | 5.375 01/01/17 |
| TEXAS (18.8%) | | |
| 10,000 | Austin, Texas, Water & Wastewater Refg Ser 2001 A & B (FSA Insd)* | 5.125 05/15/27 |
| 2,000 | Austin, Texas, Water & Wastewater Ser 2004 A (AMBAC Insd) | 5.00 11/15/27 |
| 15,000 | Houston, Combined Utility First Lien Refg 2004 Ser A (FGIC Insd) | 5.25 05/15/23 |
| 9,970 | Lower Colorado River Authority, Refg Ser 1999 A (FSA Insd) | 5.875 05/15/16 |
| 30 | Lower Colorado River Authority, Refg Ser 2001 A (FSA Insd) | 5.875 05/15/16 |
| 2,000 | San Antonio, Water & Refg Ser 2002 A (FSA Insd) | 5.50 05/15/32 |
| 2,500 | San Antonio, Water & Refg Ser 2002 A (FSA Insd) | 5.50 05/15/20 |
| 2,000 | San Antonio, Water & Refg Ser 2002 A (FSA Insd) | 5.00 05/15/32 |
| 3,000 | Wichita Falls, Texas, Water & Sewer Ser 2001 (AMBAC Insd) | 5.375 08/01/11 |
| UTAH (1.2%) | | |
| 3,000 | Utah Board of Regents, University of Utah - Huntsman Cancer Institute Refg Ser 2000 A (MBIA Insd) | 5.50 04/01/10 |
| VIRGINIA (1.3%) | | |
| 3,000 | Alexandria Industrial Development Authority, Institute for Defense Analysis Ser 2000 A (AMBAC Insd) | 5.90 10/01/10 |
| WASHINGTON (9.7%) | | |
| 3,000 | Cowitz County, Public Utility District # 1, Production Ser 2006 (MBIA Insd) | 5.00 09/01/31 |
| 5,000 | King County, Sewer Refg 2001 (FGIC Insd) | 5.00 01/01/31 |
| 4,010 | Port of Seattle, Passenger Facility Ser 1998 A (MBIA Insd)* | 5.00 12/01/23 |
| 2,500 | Port of Seattle, Ser 2001 B (AMT) (MBIA Insd) | 5.625 02/01/24 |
| 10,000 | Seattle, Washington, Light & Power Refg Rev 2001 (FSA Insd) | 5.13 03/01/26 |
| TOTAL TAX-EXEMPT MUNICIPAL BONDS (Cost \$402,427,992) | | |

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NUMBER OF
SHARES
(000)

SHORT-TERM INVESTMENT (a) (3.1%)
INVESTMENT COMPANY
8,119 Morgan Stanley Institutional Liquidity Tax-Exempt Portfolio -
Institutional Class (Cost \$8,119,293)

TOTAL INVESTMENTS (Cost \$410,547,285)

PRINCIPAL
AMOUNT IN
THOUSANDS

FLOATING RATE NOTE OBLIGATIONS RELATED TO SECURITIES HELD
(-12.8%)
(33,260) Notes with interest rates ranging from 2.11% to 3.78% at January
31, 2008 and contractual maturities of collateral ranging from
12/01/23 to 10/01/37 +++ (b) (Cost \$(33,260,000))

TOTAL NET INVESTMENTS (Cost \$377,287,285) (c) (d) 148.4
OTHER ASSETS IN EXCESS OF LIABILITIES 1.6
PREFERRED SHARES OF BENEFICIAL INTEREST (50.0)

NET ASSETS APPLICABLE TO COMMON SHAREHOLDERS 100.0%
=====

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

A portion of this security has been physically segregated in connection with open futures contracts in the amount of \$301,760.

+ Prerefunded to call date shown.

++ Security is a "step-up" bond where the coupon increases on predetermined future date.

+++ Floating rate note obligations related to securities held. The interest rate shown reflects the rate in effect at January 31, 2008.

* Underlying securities related to inverse floaters entered into by the Trust.

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- (a) The Trust invests in Morgan Stanley Institutional Liquidity Tax-Exempt Portfolio - Institutional Class, an open-end management investment company managed by the Investment Adviser. Investment advisory fees paid by the Trust are reduced by an amount equal to the advisory and administrative services fees paid by Morgan Stanley Institutional Liquidity Tax-Exempt Portfolio - Institutional Class with respect to assets invested by the Trust in Morgan Stanley Institutional Liquidity Tax-Exempt Portfolio - Institutional Class. For the period ended January 31, 2008, advisory fees paid were reduced by \$2,016 relating to the Trust's investment in Morgan Stanley Institutional Liquidity Tax-Exempt Portfolio - Institutional Class.
- (b) 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 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. 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 January 31, 2008, Trust investments with a value of \$45,956,850 are held by the Dealer Trusts and serve as collateral for the \$33,260,000 in floating rate note obligations outstanding at that date. Contractual maturities of the floating rate note obligations and interest rates in effect at January 31, 2008 are presented in the "Portfolio of Investments".
- (c) Securities have been designated as collateral in an amount equal to \$120,326,698 in connection with open futures contracts.
- (d) The aggregate cost for federal income tax purposes approximates the aggregate cost for book purposes.

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.

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FUTURES CONTRACTS OPEN AT JANUARY 31, 2008:

| NUMBER OF CONTRACTS | LONG/ SHORT | DESCRIPTION, DELIVERY MONTH AND YEAR | UNDERLYING FACE AMOUNT AT VALUE | UNREALIZED APPRECIATION/ (DEPRECIATION) |
|----------------------------------|----------------|--|------------------------------------|---|
| 545 | Long | U.S. Treasury Swaps 10 Year, March 2008 | 62,036,331 | 1,602,396 |
| 39 | Long | U.S. Treasury Notes 5 Year, March 2008 | \$ 4,407,000 | \$ (5,275) |
| 2 | Long | U.S. Treasury Notes 5 Year, March 2008 | 225,156 | (361) |
| 57 | Short | U.S. Treasury Notes 2 Year, March 2008 | (12,153,469) | (96,718) |
| 263 | Short | U.S. Treasury Notes 10 Year, March 2008 | (30,697,031) | (280,231) |
| 110 | Short | U.S. Treasury Bonds 20 Year, March 2008 | (13,124,375) | (40,931) |
| NET UNREALIZED APPRECIATION..... | | | | \$ 1,178,880 ===== |

ITEM 2. 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's in this Form N-Q 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.

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

ITEM 3. EXHIBITS.

(a) A separate certification for each principal executive officer and principal financial officer of the registrant are attached hereto.

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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

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/s/ Ronald E. Robison
Ronald E. Robison
Principal Executive Officer
March 20, 2008

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
March 20, 2008

/s/ Francis Smith
Francis Smith
Principal Financial Officer
March 20, 2008