

MORGAN STANLEY QUALITY MUNICIPAL SECURITIES
Form N-CSR
January 11, 2010

**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: 811-07560
Morgan Stanley Quality Municipal Securities
(Exact name of registrant as specified in charter)**

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

Randy Takian
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, 2009

Date of reporting period: October 31, 2009

Item 1 Report to Shareholders

INVESTMENT MANAGEMENT

Welcome, Shareholder:

In this report, you will learn about how your investment in Morgan Stanley Quality Municipal Securities performed during the annual 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).

Trust Report

For the year ended October 31, 2009

Market Conditions

The municipal market rebounded strongly in early 2009, after struggling through one of the most challenging periods in the history of the financial markets. Not only has the municipal market performed solidly this year, but it has done so with less volatility than has been seen in the taxable market.

The recovery began in March when certain economic indicators stabilized or improved, suggesting that perhaps the contraction in economic growth was slowing. Credit conditions also became more favorable, thanks to the various initiatives of the Federal Reserve and the government to inject liquidity into the financial system. In the months that followed, positive news on the corporate, banking and economic fronts helped bolster investor confidence, sustaining the financial market's rally throughout the end of October.

Strong demand for municipal bonds, a limited supply of new issues, and renewed investor risk appetite led to marked improvement in municipal market performance, particularly for the higher yielding segment. Although high yield issues underperformed early in the reporting period, they have considerably outpaced higher quality, lower yielding issues for much of this year. As a result, the high yield segment of the market slightly outperformed the investment grade segment for the overall 12-month reporting period.

While many states are currently facing budgetary challenges, California has perhaps received more press than most. The state still benefits from its large and diverse economic base and above-average wealth levels. However, its large exposure to the housing crisis, falling tax revenues and recent budgetary shortfalls pose considerable challenges. Although the rating agencies have downgraded the state's credit rating and the market has reacted accordingly, the negative impact has been tempered somewhat by the increasing issuance of taxable Build America Bonds and the continued decrease in supply of tax-exempt debt. It should also be noted that while the Trust has a relatively higher allocation to California municipal bonds, these holdings are concentrated in high quality, essential services sectors that tend to be less economically-sensitive.

Performance Analysis

For the 12-month period ended October 31, 2009, the net asset value (NAV) of Morgan Stanley Quality Municipal Securities (IQM) increased from \$12.37 to \$13.97 per share. Based on this change plus reinvestment of tax-free dividends totaling \$0.76375 per share, the Trust's total NAV return was 20.63 percent. IQM's value on the New York Stock Exchange (NYSE) moved from \$10.55 to \$12.80 per share during the same period. Based on this change plus reinvestment of dividends, the Trust's total market return was 29.60 percent. IQM's NYSE market price was at a 8.38 percent discount to its NAV. *Past performance is no guarantee of future results.*

Monthly dividends for October 2009 were unchanged at \$0.06625 per share. The dividend reflects the current level of the Trust's net investment income. IQM's level of undistributed net investment income was \$0.186 per share on October 31, 2009 versus \$0.049 per share 12 months earlier.¹

A focus on higher quality municipal securities has detracted slightly from relative performance in recent months as lower quality issues have outperformed in

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2009. However, this positioning enhanced returns early in the reporting period when risk aversion and widening credit spreads led the higher quality segment of the market to outperform lower quality, riskier securities.

The portfolio's focus on longer maturity issues contributed greatly to performance in 2009 as spreads on these issues tightened dramatically. Overweight allocations to essential services sectors also enhanced returns during the period as these securities have performed relatively well.

The Trust's procedure for reinvesting all dividends and distributions in common shares is through purchases 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 share repurchase program 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 take action to reduce or eliminate the amount of Auction Rate Preferred Shares (ARPS) outstanding.

Performance data quoted represents past performance, which is no guarantee of 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).*

TOP FIVE SECTORS as of 10/31/09

General Obligation	16.3%
Hospital	12.9
Other Revenue	11.9
Airport	11.2
Water/Sewer	9.3

LONG-TERM CREDIT ANALYSIS as of 10/31/09

Aaa/AAA	26.9%
Aa/AA	36.3
A/A	24.8
Baa/BBB	8.6
Ba/BB or Less	1.1
Non-Rated	2.3

SUMMARY OF INVESTMENTS BY STATE CLASSIFICATION as of 10/31/09

California	26.0 %
Texas	15.2
Illinois	13.8
New York	12.6
Florida	9.4
Hawaii	8.9
Virginia	7.4
South Carolina	6.6
Georgia	6.2
Washington	5.5
Massachusetts	3.8
Ohio	3.5
Arizona	3.4
New Jersey	3.0
District of Columbia	2.4
Colorado	2.3
Nebraska	2.3
Nevada	1.9
Indiana	1.8
Pennsylvania	1.7
Iowa	1.4
Alaska	1.1
Maryland	1.0
Michigan	0.9
Alabama	0.9
Utah	0.9
New Hampshire	0.8
Rhode Island	0.8
Wisconsin	0.6
Tennessee	0.5

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New Mexico	0.5
Puerto Rico	0.5
Kansas	0.2
Maine	0.0
Total Long-Term Investments	147.8
Short-Term Investment	0.4
Other Assets in Excess of Liabilities	2.1
Floating Rate Note and Dealer Trusts Obligations	(21.0)
Preferred Shares of Beneficial Interest	(29.3)
Net Assets Applicable to Common Shareholders	100.0 %

Does not include open long/short futures contracts with an underlying face amount of \$31,654,955 with net unrealized appreciation of \$324,970.

Subject to change daily. Provided for informational purposes only and should not be deemed as a recommendation to buy or sell the securities mentioned or securities in the sectors shown above. Top five sectors are as a percentage of total investments. Long-term credit analysis is as a percentage of long-term investments. Summary of investments by state classification are as a percentage of net assets applicable to common shareholders. Securities are classified by sectors that represent broad groupings of related industries. 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. Rating allocations based upon ratings as issued by Standard and Poor's and Moody's, respectively.

For More Information About Portfolio Holdings

Each Morgan Stanley trust provides a complete schedule of portfolio holdings in 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 20549-1520.

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 (as defined herein) under the advisory agreement, including portfolio management, investment research and equity 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 (as defined herein) 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 advisory and administrative 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, Fees and Expenses of the Trust

The Board reviewed the performance, fees and expenses of the Trust compared to its peers, as determined by Lipper, and to appropriate benchmarks where applicable. The Board discussed with the Adviser the performance goals and the actual results achieved in managing the Trust. When considering a fund's performance, the Board and the Adviser place emphasis on trends and longer-term returns (focusing on one-year, three-year and five-year performance, as of December 31, 2008, as applicable). When a fund underperforms its benchmark and/or its peer group average, the Board and the Adviser discuss the causes of such underperformance and, where necessary, they discuss specific changes to investment strategy or investment personnel. The Board noted that the Trust's performance was better than its peer group average for the one-, three- and five-year periods. The Board discussed with the Adviser the level of the advisory and administration fees (together, the management fee) for this Trust relative to comparable funds advised by the Adviser and compared to its peers as determined by Lipper. In addition to the management fee, the Board also reviewed the Trust's total expense ratio. The Board noted that the management fee and total

expense ratio were lower than the peer group average. After discussion, the Board concluded that the Trust's management fee, total expense ratio and performance were competitive with the peer group average.

Economies of Scale

The Board considered the size and growth prospects of the Trust and how that relates to the Trust's total expense ratio and particularly the Trust's management fee rate, which does not include breakpoints. In conjunction with its review of the Adviser's profitability, the Board discussed with the Adviser how a change in assets can affect the efficiency or effectiveness of managing the Trust and whether the management fee level is appropriate relative to current and projected asset levels and/or whether the management fee structure reflects economies of scale as asset levels change. The Board considered that, with respect to closed-end funds, the 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 its 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. The Board has determined that its review of the analysis of the Adviser's expenses and profitability supports its decision to approve the Management Agreement.

Other Benefits of the Relationship

The Board considered other benefits to the Adviser and its affiliates derived from their relationship with the Trust and other funds advised by the Adviser. These benefits may include, among other things, float benefits derived from handling of checks for purchases and sales, research received by the Adviser generated from commission dollars spent on funds portfolio trading and fees for distribution and/or shareholder servicing. The Board reviewed with the Adviser each of these arrangements and the reasonableness of its costs relative to the services performed. The Board has determined that its review of the other benefits received by the Adviser or its affiliates supports its decision to approve the Management Agreement.

Resources of the Adviser and Historical Relationship Between the Trust and the Adviser

The Board considered whether the Adviser is financially sound and has the resources necessary to perform its obligations under the Management Agreement. 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 the Adviser has the financial resources necessary to fulfill its obligations under the Management Agreement and 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. In reaching this conclusion the Board did not give particular weight to any single factor referenced above. The Board considered these factors over the course of numerous meetings, some of which were in executive session with only the Independent Board members and their counsel present. It is possible that individual Board members may have weighed these factors differently in reaching their individual decisions to approve the Management Agreement.

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Morgan Stanley Quality Municipal Securities
Portfolio of Investments - October 31, 2009

PRINCIPAL AMOUNT IN THOUSANDS		COUPON RATE	MATURITY DATE	VALUE
	Tax-Exempt Municipal Bonds (147.8%)			
	<i>Alabama (0.9%)</i>			
\$ 2,000	County of Jefferson, School Ser 2004 A	5.50 %	01/01/22	\$ 1,670,780
	<i>Alaska (1.1%)</i>			
3,000	Northern Tobacco Securitization Corp., Asset Backed Ser 2006 A	5.00	06/01/46	1,993,500
	<i>Arizona (3.4%)</i>			
425	Maricopa County Pollution Control Corp., Ser 2009 A	6.00	05/01/29	440,857
3,890	Salt River Project Agricultural Improvement & Power District, 2002 Ser B (a)	5.00	01/01/22	4,025,170
1,010	State of Arizona, Ser 2008 A (COPs) (FSA Insd)	5.00	09/01/24	1,059,035
1,000	Surprise Municipal Property Corp., Ser 2007	4.90	04/01/32	809,840
				6,334,902
	<i>California (26.0%)</i>			
1,010	Alhambra Unified School District, Ser 2009 B (AGC Insd) (b)	0.00	08/01/35	213,312
1,635	Alhambra Unified School District, Ser 2009 B (AGC Insd) (b)	0.00	08/01/36	324,237
765	Alvord Unified School District, Ser 2007 A (FSA Insd)	5.00	08/01/24	788,906
710	Beverly Hills Unified School District, Election of 2008 Ser 2009 (b)	0.00	08/01/26	309,404
1,370	Beverly Hills Unified School District, Election of 2008 Ser 2009 (b)	0.00	08/01/31	438,153
3,000	California Health Facilities Financing Authority, Cedars-Sinai Medical Center Ser 2005	5.00	11/15/34	2,840,160
5,000	California State Public Works Board, Mental Health 2004 Ser A	5.00	06/01/24	4,770,500
540	City & County of San Francisco, Refg Laguna Honda Hospital Ser 2008 R-3 (AGC Insd) (a)	5.00	06/15/28	554,966
355	Clovis Unified School District, Election of 2004 Ser A (NATL-RE & FGIC Insd) (b)	0.00	08/01/29	110,430
1,000		5.00	09/01/34	814,160

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	County of San Diego, Burnham Institute for Medical Research Ser 2006 (COPs)			
2,690	Dry Creek Joint Elementary School District, Election 2008 Ser 2009 E (b)	0.00	08/01/43	277,608
4,825	Dry Creek Joint Elementary School District, Election 2008 Ser 2009 E (b)	0.00	08/01/44	464,744
1,980	El Segundo Unified School District, 2008 Ser A (b)	0.00	08/01/32	504,563
2,000	Golden State Tobacco Securitization Corp., Enhanced Asset Backed Ser 2005 A (AMBAC Insd)	5.00	06/01/29	1,849,300
4,000	Golden State Tobacco Securitization Corp., Enhanced Asset Backed Ser 2007 A-1	5.125	06/01/47	2,657,560
1,400	Golden State Tobacco Securitization Corp., Enhanced Asset Backed Ser 2007 A-1	5.75	06/01/47	1,034,432
310	Indio Redevelopment Agency, Ser 2008 A	5.00	08/15/23	298,025

See Notes to Financial Statements

Morgan Stanley Quality Municipal Securities
Portfolio of Investments - October 31, 2009 *continued*

PRINCIPAL AMOUNT IN THOUSANDS		COUPON RATE	MATURITY DATE	VALUE
\$ 310	Indio Redevelopment Agency, Ser 2008 A	5.00 %	08/15/24	\$ 295,328
4,000	Los Angeles Community College District, California, 2003 Ser B (FSA Insd)	5.00	08/01/27	4,107,000
5,000	Los Angeles Department of Water & Power, 2004 Ser C (NATL-RE Insd) (a)	5.00	07/01/23	5,201,807
1,010	Menifee Union School District, Election of 2008 Ser 2009 C (AGC Insd) (b)	0.00	08/01/34	212,373
3,040	Milpitas Redevelopment Agency, Area #1 Ser 2003 (NATL-RE Insd)	5.00	09/01/22	3,022,733
1,120	Moreland School District, Ser 2014 C (AMBAC Insd) (b)	0.00	08/01/29	333,054
815	Oak Grove School District, Election 2008 Ser A (b)	0.00	08/01/28	262,194
4,025	Patterson Joint Unified School District, Election of 2008 Ser 2009 B (FSA Insd) (b)	0.00	08/01/36	723,292
1,590	Patterson Joint Unified School District, Election of 2008 Ser 2009 B (FSA Insd) (b)	0.00	08/01/37	263,686
2,040	Poway Unified School District, School Facilities Improvement District No. 07-1, 2008 Election Ser A (b)	0.00	08/01/27	729,157
2,545	Poway Unified School District, School Facilities Improvement District No. 07-1, 2008 Election Ser A (b)	0.00	08/01/31	690,153
20,480	San Bernardino Community College District, Ser 2009 B (b)	0.00	08/01/48	1,760,666
4,240	San Diego County Water Authority, Ser 2004 A (COPs) (FSA Insd) (a)	5.00	05/01/29	4,305,148
465	San Rafael City High School District, Election Ser 2002 B (NATL-RE & FGIC Insd) (b)	0.00	08/01/25	192,436
3,000	State of California, Various Purpose dtd 05/01/03	5.00	02/01/32	2,841,720
2,000	State of California, Various Purpose dtd 12/01/05	5.00	03/01/27	1,979,300
2,000	Tobacco Securitization Authority of Northern California, Sacramento County Tobacco Securitization Corporation Ser 2006 A-1	5.00	06/01/37	1,506,260
850	Twin Rivers Unified School District, Ser 2009 (BANs) (b)	0.00	04/01/14	683,476
1,170	William S Hart Union High School District, Ser 2009 A (b)	0.00	08/01/32	282,766
5,725		0.00	08/01/33	1,296,941

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William S Hart Union High School District,
Ser 2009 A (b)

48,939,950

Colorado (2.3%)

2,590	Arkansas River Power Authority, Power Ser 2006 (XLCA Insd)	5.25	10/01/40	2,320,148
2,000	Colorado Health Facilities Authority, Adventist/Sunbelt Ser 2006 D (WI)	5.00	07/01/39	1,896,320
165	Public Authority for Colorado Energy, Natural Gas Ser 2008	6.25	11/15/28	171,432
				4,387,900

District of Columbia (2.4%)

1,540	District of Columbia, Income Tax, Ser 2009 A (a)	5.25	12/01/27	1,694,071
2,000	District of Columbia Ballpark, Ser 2006 B-1 (NATL-RE & FGIC Insd)	5.00	02/01/31	1,824,000
1,000	Metropolitan Washington Airports Authority, Airport System Ser 2009 B (BHAC Insd)	5.00	10/01/29	1,050,240