

# Morgan Stanley

## Diversified Markets Memory Income Autocall

### December 2021 Factsheet



#### INVESTMENT DESCRIPTION

A 6 year investment linked to the performance of the Italian, Japanese and US Indices.

If on any of the quarterly observation dates, including the Final Observation, the closing levels of all the Underlyings are at or above 80% of their initial levels, the income will be paid plus any previously missed income payments.

This investment will autocall and mature early if all Underlyings are equal to or above their initial levels on any semi-annual observation date starting at 18 months. If early maturity occurs, full capital is returned and the investment will end. If early maturity does not occur the investment will continue to the Final Observation date.

At the Final Observation date, if all Underlyings are at or above 65% of their initial levels, then full capital is returned. If any Underlying is below 65% of its original level, capital return will be reduced on a 1-for-1 basis. For example if the worst performing Underlying has fallen to 40% of its original level, 40% of the capital will be returned.

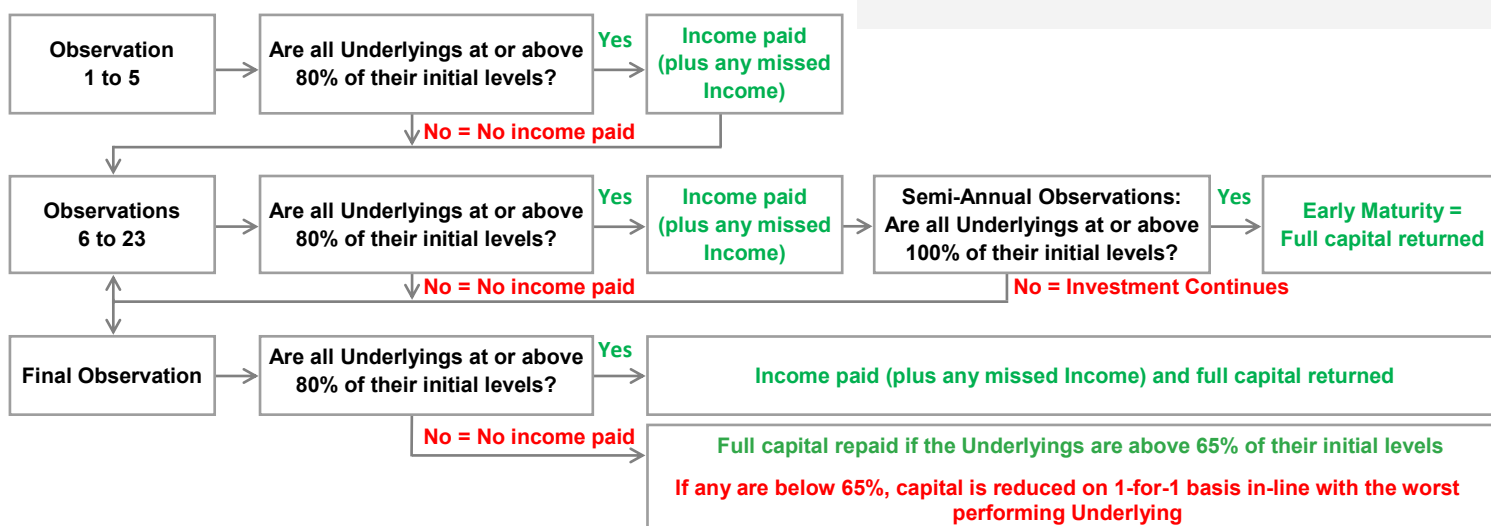
#### BENEFITS

- Opportunity for regular income payments even where the Underlyings show significant falls.
- A memory feature, whereby income previously unpaid, will be included when the income trigger is next activated.
- Autocall feature potentially shortens the investment term and is triggered by minimal growth.
- Early maturity provides an opportunity to re-assess client's wealth strategy.
- Daily pricing.

#### RISKS

- The return is limited to the pre-defined investment terms.
- The income payment is conditional upon the Underlying performance.
- Investors will be exposed to the credit risk of the Issuer. If the Issuer becomes insolvent or cannot make the payments on the Product for any other reason, investors could lose some or all of their investment. A decline in the Issuer's credit quality is likely to reduce the market value of the Product and therefore the price an investor may receive for the Product if they were to sell them in the market.
- There is a risk to capital should one of the Underlyings breach the capital protection barrier on its Final Observation date.
- Should investors need to sell their investment before maturity, the trading price will likely mean they get back less than they invested.

#### HOW THE INVESTMENT WORKS



#### Product Facts & Features

<b>Issuer:</b>	Morgan Stanley B.V.
<b>Guarantor:</b>	Morgan Stanley
<b>Credit Ratings:</b>	Moody's A1, S&P BBB+, Fitch A <b>Source:</b> Bloomberg 09.11.2021
<b>Maximum Term:</b>	6 years
<b>Investment Structure:</b>	Quarterly Memory Income with a Semi-Annual Autocall
<b>Autocall Opportunities:</b>	Semi-Annual (First Observation at 18 months)
<b>Autocall Trigger:</b>	100% of initial level
<b>Memory Income Rate:</b>	GBP = 1.25% Quarterly (5.00% p.a.) USD = 1.50% Quarterly (6.00% p.a.)
<b>Income Trigger:</b>	80% of initial level
<b>Capital Risk:</b>	Not capital protected
<b>Capital Protection Barrier:</b>	65% Final level (European style)
<b>Underlying Basket</b>	<b>Bloomberg Code</b>
Italy: FTSE MIB	FTSEMIB Index
Japan: Nikkei 225	NKY Index
US: Russell 2000	RTY Index

#### Key Information

<b>Subscription Period:</b>	09 Nov 2021 – 06 Dec 2021 (4.30pm UK Time)
<b>Issue Price:</b>	100%
<b>Strike Date:</b>	07 December 2021
<b>Issue Date:</b>	14 December 2021
<b>1st Coupon Observation:</b>	07 March 2022
<b>1st Autocall Observation:</b>	07 June 2023
<b>Final Observation:</b>	07 December 2027
<b>Maturity Date:</b>	21 December 2027
<b>Denominations:</b>	GBP = 1,000 then lots of 1,000 USD = 1,000 then lots of 1,000
<b>ISIN:</b>	GBP = XS2385965566 USD = XS2385965723

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#### OBSERVATION DATES (some dates may vary if a bank holiday or non-business day occurs, GBP dates are shown below)

	Observation Date	Payment Date	Income Trigger	Autocall Trigger
Observation 1	07 March 2022	21 March 2022	80%	n/a
Observation 2	07 June 2022	21 June 2022	80%	n/a
Observation 3	07 September 2022	21 September 2022	80%	n/a
Observation 4	07 December 2022	21 December 2022	80%	n/a
Observation 5	07 March 2023	21 March 2023	80%	n/a
Observation 6	07 June 2023	21 June 2023	80%	100%
Observation 7	07 September 2023	21 September 2023	80%	n/a
Observation 8	07 December 2023	21 December 2023	80%	100%
Observation 9	07 March 2024	21 March 2024	80%	n/a
Observation 10	07 June 2024	21 June 2024	80%	100%
Observation 11	09 September 2024	23 September 2024	80%	n/a
Observation 12	09 December 2024	23 December 2024	80%	100%
Observation 13	07 March 2025	21 March 2025	80%	n/a
Observation 14	09 June 2025	23 June 2025	80%	100%
Observation 15	08 September 2025	22 September 2025	80%	n/a
Observation 16	08 December 2025	22 December 2025	80%	100%
Observation 17	09 March 2026	23 March 2026	80%	n/a
Observation 18	08 June 2026	22 June 2026	80%	100%
Observation 19	08 September 2026	22 September 2026	80%	n/a
Observation 20	07 December 2026	21 December 2026	80%	100%
Observation 21	08 March 2027	22 March 2027	80%	n/a
Observation 22	07 June 2027	21 June 2027	80%	100%
Observation 23	07 September 2027	21 September 2027	80%	n/a
Final Observation	07 December 2027	21 December 2027	80%	65% European Barrier

IDAD was established in 2002 and our approach from the outset, is what we call the "IDAD Difference". The selection of the investments we offer is not decided in terms of profitability alone and when developing investment products, we favour evidence over dogma. We are happy to work with advisers and product providers alike to deliver a range of investment options to suit differing client wealth strategies. We're proud of our approach to business as well as the investments delivered as a result of the "IDAD Difference". We are committed to building upon our reputation for bringing benefits to all involved in the investment process, but most importantly to the clients.

**Morgan Stanley**, a bank holding company, provides diversified financial services on a worldwide basis. The Company operates a global securities business which serves individual and institutional investors and investment banking clients. Morgan Stanley also operates a global asset management business.

Source: Bloomberg 09.11.2021

#### RATIONALE

Structured products are becoming increasingly popular for investors due to the wide variety of payoffs and levels of protection that can be achieved by the different types of structures that are available.

The opportunity for an income stream can be of key importance to investors as part of their wealth planning. The probability of an income payment being triggered is increased with this investment as an Underlying needs to show a fall of 20% from its initial level on any observation date before the income stream is disrupted.

The investment also benefits from a memory feature so that if any income payments have missed being paid, they will catch-up the next time all Underlyings are above 80% of their initial levels on an observation date.

The three Underlyings detailed overleaf have been selected in order to support the anticipated delivery of that income.

The autocall payoff can bring an early return of capital allowing the opportunity for a re-assessment of investment strategy. The value of this feature cannot be underestimated as it brings with it the opportunity to secure capital value, as well as the chance to take advantage of future market trends.

To manage the capital risk, a final level barrier set at 65% means an Underlying must fall by more than 35% over 6 years before capital is at risk.

#### SUITABILITY

This product may be suitable for investors who:

- Are seeking the opportunity for higher returns than current cash rates at the time this product was launched.
- Are seeking income rather than growth.
- Understand and accept there is a risk to capital and how the Capital Protection Barrier works.
- Understand the impact of global economic issues and how they will affect the product.
- Understand the criteria which will determine the income payments.
- Are looking to invest for the medium to long term, being happy to remain invested until maturity.
- Can afford to have their cash invested for the full term of the Product.
- Wish to use this investment as part of a well-diversified portfolio.
- Understand that the returns are pre-defined and that they will forgo any growth in the Underlyings which exceeds the fixed level available with this investment product.
- Understand the risk to capital in the event of a counterparty default.
- Should they need to sell their investment, accept that the trading price will likely mean they get back less than they invested.
- Appreciate that income payments are conditional but understand that the memory feature can deliver previously missed income payments.

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#### THE UNDERLYINGS

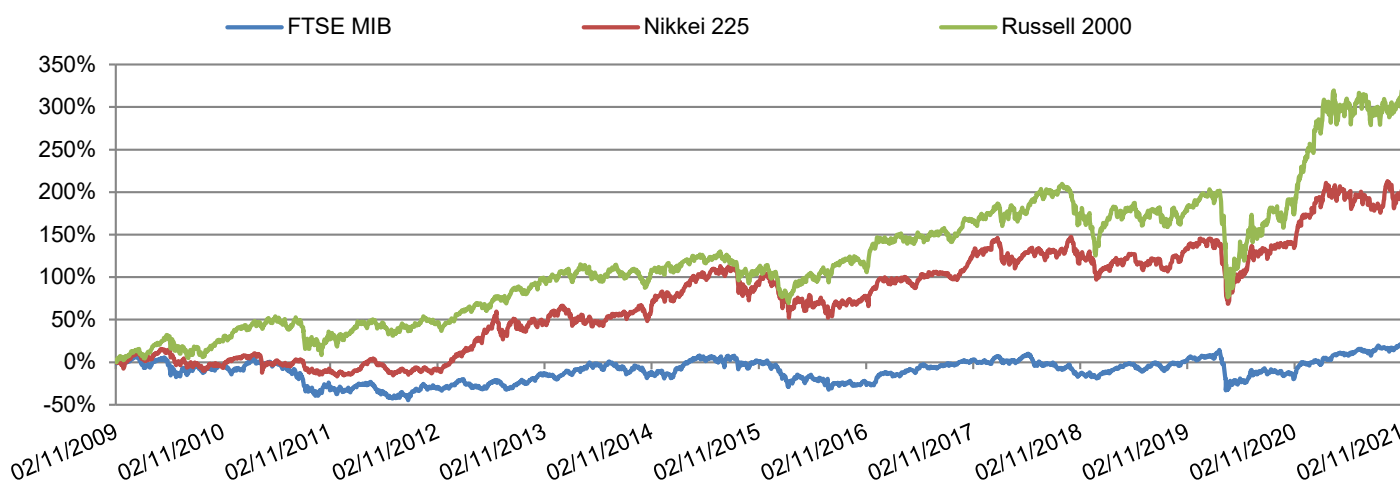
The **FTSE MIB Index** consists of the 40 most liquid and capitalized stocks listed on the Borsa Italiana. In the FTSE MIB Index foreign shares are eligible for inclusion.

The **Nikkei-225 Stock Average** is a price-weighted average of 225 top-rated Japanese companies listed in the First Section of the Tokyo Stock Exchange. The Nikkei Stock Average was first published on May 16, 1949, where the average price was ¥176.21 with a divisor of 225.

The **Russell 2000 Index** is comprised of the smallest 2000 companies in the Russell 3000 Index, representing approximately 8% of the Russell 3000 total market capitalization. The real-time value is calculated with a base value of 135.00 as of December 31, 1986.

Source: Bloomberg 09.11.2021

#### MOVEMENT IN THE UNDERLYINGS OVER A 12 YEAR PERIOD



#### 12 YEAR BACK-TESTING

Back-testing shows how the investment would have performed historically using data from previous potential strike dates and observations. Although past performance is not an indication of future performance, it can give a factual insight into how the investment would have performed historically.

This 12 year back-test shows the historical data for a full 6 years of 6 year products that could reach the full term.

Of the 1,501 scenarios tested, 5.06% would reach the full term without autocalling and none would have breached the 65% final level barrier.

Every coupon observation has also been tested, and out of all 1,501 scenarios tested, 99.98% of coupons would have been paid.

Autocall Test	Autocalled	%	Autocall Test	Autocalled	%
18 Months	667	44.44%	48 Months	116	7.73%
24 Months	72	4.80%	54 Months	74	4.93%
30 Months	123	8.19%	60 Months	57	3.80%
36 Months	126	8.39%	66 Months	47	3.13%
42 Months	143	9.53%	Total	1,425	94.94%

Total Number Tested	% Matured Early	% To Reach Final Date	% That Returned Full Capital	% Barrier Breach	% Of Coupons Paid	Average Historic Return GBP	Average Historic Return USD
1501	94.94%	5.06%	100%	0.00%	99.98%	5.00% p.a.	6.00% p.a.

**Past performance is not a reliable indicator of future performance and should not be used to assess the future returns or risks**

Source: Bloomberg 09.11.2021, Data period: 02.11.2009 to 02.11.2021 - Assumptions shown are net of any initial fees or costs and describe the potential historic return that a client would have received based on the terms of this Product.

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#### Placing Trades

Trade orders should be sent to [orders@idad.com](mailto:orders@idad.com)

All trades will be settled direct with IDAD's Euroclear a/c 44382

#### Secondary Market

The Issuing bank will endeavour to provide quotes under normal market conditions for trading purposes upon request, subject to a Bid-Offer spread of 1%. On the secondary market, traded prices will include any accrued interest ("dirty prices").

Sale trades will settle 2 days after the trade date. Trading details as above.

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Fees of up to 0.833% p.a. for the maximum term of the investment may be paid by the Issuer to cover marketing, distribution and advice costs. The fees have been fully accounted for in the calculation of the Product's structure. For example, this means that an investment of £10,000 will have any income/growth payments and capital protection based on the full £10,000.

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