

## Tempo Structured Products FTSE 100 Long Income Plan February 2019


### Summary information

<b>Report</b>	5056
<b>Provider</b>	Tempo Structured Products
<b>Issuer</b>	Morgan Stanley & Co International plc
<b>Plan Manager</b>	Tempo Structured Products

### Provider contact details:

<b>Website:</b>	<a href="https://www.tempo-sp.com">https://www.tempo-sp.com</a>
<b>Email:</b>	<a href="mailto:info@tempo-sp.com">info@tempo-sp.com</a>
<b>Provider page:</b>	<a href="#">Tempo Structured Products</a>

### Documents from the product provider

<b>Brochure</b>	
<b>KID</b>	
<b>TICS Report</b>	

### Product features

- Total of 5 autocall points
- First autocall point after 5 years and then every year
- Minimum level of 125% required for autocall meaning the underlying has to rise
- Contingent coupons of 5.15% will be paid every year
- Coupons are paid if the relevant underlying asset is at or above the coupon barrier of 60% of its strike level
- European barrier of 60%

## Key product information

<b>Product type</b>	Income Autocall	<b>ISA Transfer date</b>	01 Feb 2019
<b>Vehicle</b>	Plan	<b>Closing date</b>	15 Feb 2019
<b>Capital</b>	At risk	<b>Strike date</b>	22 Feb 2019
<b>Aim</b>	Income	<b>Final market date</b>	22 Feb 2029
<b>Investment Length</b>	10 years	<b>Report published</b>	08 Jan 2019
<b>Product currency</b>	GBP		
<b>Asset style</b>	Single		
<b>Counterparty</b>	Morgan Stanley & Co International plc		
<b>Underlying Asset</b>	FTSE 100 Index		
<b>Issuer credit rating</b>	S&P: A+ , Moody's: A1		
<b>Credit rating band</b>	A band		
<b>Tax wrapper(s)</b>	Direct investment , ISA , ISA transfer , SIPP/SSAS , Trustees of a trust , Corporate/Commercial , Charities , Offshore bond , Direct Investment (for Joint Accounts)		
<b>Min/Max Investment</b>	Minimum: £5,000. The overall ISA limit is £20,000 for the 2018/2019 tax year		
<b>ISIN</b>	GB00BZVR0Q04		
<b>PRIIPs SRI</b>	3		

## Product description

<b>Strike</b>	100%	<b>First AC level - return</b>	125 - 100
<b>Zero coupon bond</b>	100%	<b>Num of coupons</b>	10
<b>Downside gearing</b>	100%	<b>Date of first coupon</b>	24 Feb 2020
<b>Barrier</b>	60%	<b>Maximum coupon level</b>	5.15%
<b>Barrier type</b>	European	<b>Coupon barrier</b>	60%
<b>Num of AC points</b>	5	<b>Memory feature</b>	No
<b>Date of first AC point</b>	22 Feb 2024		

### Potential Returns:

This product is classified by FVC as an 'Income Autocall'.

This type of product has both contingent income and autocall components. It will pay the annual return of 5.15%, if, on the relevant annual measurement date, the FTSE 100 is at or above the contingent coupon level of 60%. If the FTSE 100 is above the required level on any of the autocall observation dates, the product will mature early, returning the initial investment in addition to any income owed.

If on any annual measurement date, the contingent coupon conditions are not met, no payment will be made for that period.

The full autocall schedule for this product is shown in figure 4.

### Capital Repayment:

The product has a European barrier. This means that the barrier is observed at maturity only. The barrier is set at 60% of the strike level and will be breached if the final level of the underlying asset is below 60% of the strike level. If the FTSE 100 finishes below the European barrier of 60% on the final day of the investment some capital is lost.

If the product has not been called on any of the observation dates, the repayment of capital will depend on whether or not the final level of the FTSE 100 is below the barrier level. If the FTSE 100 finishes at or above the barrier level, the investor will be repaid 100% of their initial investment in addition to any income accrued.

If the underlying asset finishes below the 60% barrier, the investor will be paid an amount equal to the final level of the underlying asset, with respect to its strike level. For example, if the final level of the FTSE 100 is 40% of its strike level and therefore the barrier is breached, the investor will be returned 40% of their capital investment.

Figure 1 : Statistics

This figure shows some key statistics of the product and compares them to averages of other open products in the market. Full details of the methodology can be found [here](#)

The overall, price and return scores are expressed on a scale of 0-10 with 10 representing the most favourable. The price score is derived from our estimate of value for money while the return score gives an indication of risk-adjusted return prospects. The overall score is the average of the price and risk scores.

The riskmap is expressed on a scale of 0 to 10, where 0 represents lowest risk and 10 the highest. It is calculated from contributions from market risk and credit risk which are shown separately. The maturity and duration (expected maturity) are also stated.

	This product	All products	All At risk
Overall score	7.28	7.71	7.5
Price score	6.4	7.46	7.09
Return score	8.16	7.95	7.9
Riskmap (0-10 scale)	3.51	3.7	4.2
Market riskmap	2.7	3.24	3.83
Credit riskmap	0.81	0.46	0.38
Maturity	10	7.18	7.6
Duration	7.81	4.02	3.86

Figure 2 : Payoff chart

This chart shows a sample of simulated outcomes of the final underlying value and the product payoff for the structured product to help identify the risk and return prospects of the investment.

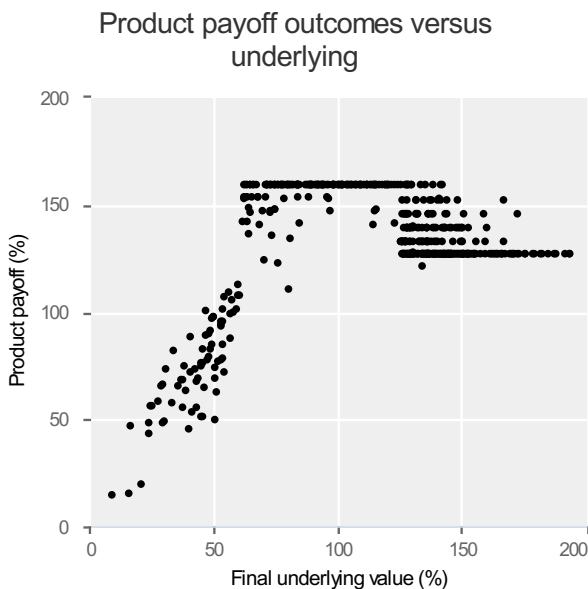
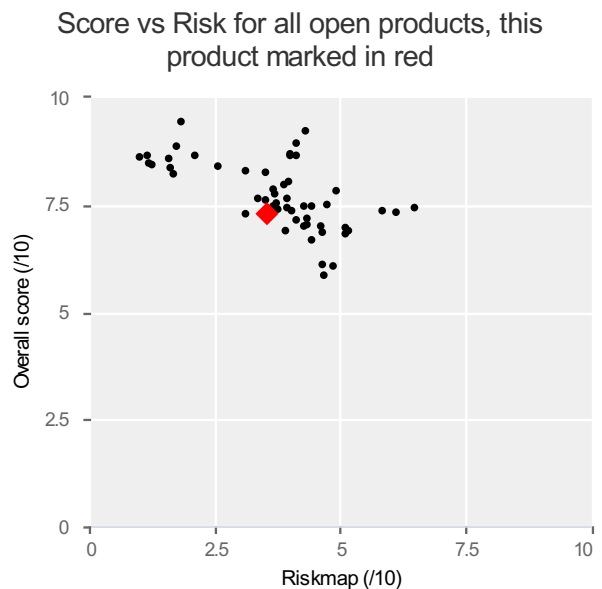


Figure 3 : Comparison chart

This chart plots the riskmap and overall score for all products on report centre, which shows all products listed on this site which are open for investment. The current product is shown with a red marker.



## Breakdown of results and outcomes

Figure 4 : Investor results summary

Summary of possible product performances. Calculations from forward looking simulation and 10 year historical backtest (market risk only). This table shows a number of mutually exclusive outcomes of product performance classifications and associated statistics.

Result	Investment length (years)	Average payoff (%)	Simulated probability (%)	Backtested frequency (%)
Autocall on 22 Feb 2024 if at or above 125%	5.00	125.75	30.16	17.24
Autocall on 24 Feb 2025 if at or above 125%	6.00	130.89	9.47	4.47
Autocall on 23 Feb 2026 if at or above 125%	7.00	135.80	6.49	7.71
Autocall on 22 Feb 2027 if at or above 125%	8.00	140.70	4.11	7.43
Autocall on 22 Feb 2028 if at or above 125%	9.00	145.88	3.15	6.45
Full capital return	10.00	148.55	32.90	56.35
Capital loss but total return at or above capital	10.00	102.83	1.02	0.20
Total return loss	10.00	65.49	12.70	0.16

Figure 5 : Prospects for return of capital

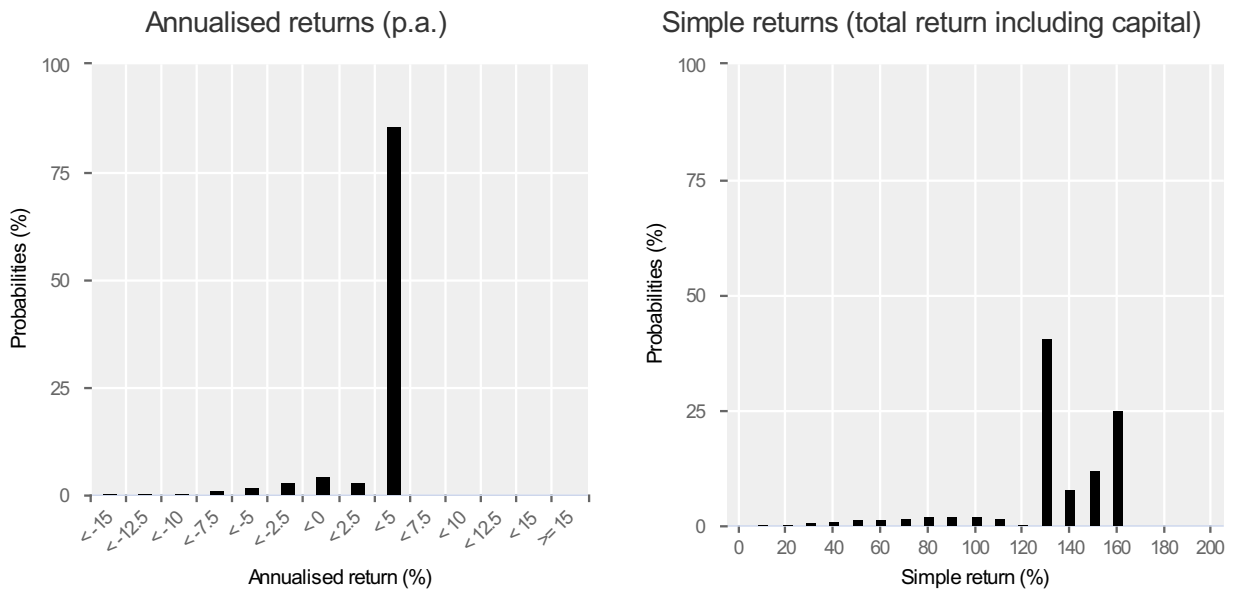
This figure shows prospects for return of capital, calculating whether the return might be greater than, equal to or lower than capital invested. These calculations use probabilities from forward looking simulations and the observed frequencies from a 10 year historical backtest.

Outcome	Simulated probability	Backtested frequency
Return less than capital	11.28	0.00
Return exactly capital	0.00	0.00
Return more than capital	88.72	100.00

Figure 6 : Charts of product outcomes (annualised and simple returns)

Charts of distribution of structured product returns based on forward looking simulation.

These two charts illustrate the probabilities of return. The first chart shows the annualised return of the product in 2.5% buckets. The second chart shows the simple return of the product. Both of these charts are market risk only.



## Disclaimer:

This report has been compiled by Future Value Consultants (FVC), a UK based structured products specialist. The analysis presented here is based on the prospectus, brochure or other literature made available to FVC. This research is aimed at financial professionals as part of their product evaluation process. This research is not intended for investors in any jurisdiction nor is it a recommendation to buy or sell securities. It should not be relied upon for any purpose and no responsibility of any kind is accepted for any usage of this report or application.

The scores and assessments made are based on an objective, consistent, standardised methodology developed and prepared by FVC in good faith using its own pricing models and methods and independently sourced data. However other methodologies or assumptions might yield significantly different results. No recommendation of any investment is made or implied and the user should draw their own conclusions and take account of the needs of any individual investor.

All methodologies and calculations are copyright and the exclusive property of FVC.

## About Structured Edge

Structured Edge is the structured product research service from FVC. As well as all the latest product research it has a searchable database, comparison tools, rankings, news and education. It can be accessed at [www.structurededge.co.uk](http://www.structurededge.co.uk)

## About FVC

Future Value Consultants (FVC) is a research and analytics consultancy, specialising in structured product research, stress testing structured products, independent valuations and index calculation.

## Company contact details

Future Value Consultants Limited  
[www.futurevc.co.uk](http://www.futurevc.co.uk)  
Auckland House, 151 Sheen Lane  
London, SW14 8LR, UK

