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Product spotlight | Summary factsheet

Long Income Plan: October 2018

What is this plan?

This is a maximum 10 year plan, linked to the UK stock market, offering conditional income each year – with an early maturity feature from the end of the 5th year.

The potential for income payments depends on the level of the UK stock market, represented by the FTSE 100. We have designed the plan to generate income each year, if the FTSE 100 is at or above 60% of the start level on each annual income date.

The plan also includes an early maturity feature, which means that it can mature automatically on any annual income date from the end of the 5th year, depending on the level of the FTSE 100.

The plan does not need the FTSE 100 to rise in order to generate income. In addition, it provides a defined level of protection at maturity, if it falls.

ANNUAL INCOME FEATURE	The plan offers potential income of 5.25% each year, which is payable on each annual income date at which the FTSE 100 closes at or above 60% of the start level.
EARLY MATURITY FEATURE	If the FTSE 100 closes at or above 125% of the start level on any annual income date from the end of the 5th year, the plan will mature automatically. Investors will receive the income payment for that year, together with the money invested.

What are the risks of the plan?

Both the potential income payments of the plan and repaying the money invested at maturity are linked to the level of the UK stock market – and depend upon the financial stability of the Issuer and Counterparty Bank.

Income will not be payable on any annual income date at which the FTSE 100 is below 60% of the start level. If the FTSE 100 is below 60% of the start level on each annual income date, no income will be generated. If early maturity does not take place, repaying the money invested will depend on the level of the FTSE 100 on the end date:

<p>If on the end date the FTSE 100 closes at or above 60% of the start level, money invested will be repaid in full (less any agreed adviser fees and withdrawals).</p> <p>If on the end date the FTSE 100 closes below 60% of the start level, the amount of money repaid will be reduced by the amount that the FTSE 100 has fallen. For example, if the FTSE 100 has fallen by 45%, the repayment of money will be reduced by 45%.</p>	STOCK MARKET RISK
As with most structured products, the plan also depends on the financial stability of the Issuer and Counterparty Bank. Both the potential returns of the plan and money invested are at risk if the Issuer and Counterparty Bank fail during the investment term.	ISSUER RISK

Who has this plan been designed for?

This plan has been designed for professionally advised investors, who are clients of authorised and regulated investment firms, investing as part of a diversified and balanced portfolio. Prospective investors will want the potential for income each year, which will be paid if the FTSE 100 is at or above the level needed, and will be prepared and able to leave their money invested for up to 10 years. **As with all forms of investment, there are risks involved. This plan does not guarantee to repay the money invested. The potential income payments and repaying the money invested are linked to the level of the FTSE 100 and also depend on the financial stability of the Issuer and Counterparty Bank. Prospective investors should only consider this plan if they understand and accept the risk of losing some or all of any money invested.**

If you would like to find out more about this plan, please contact us...

Professional advisers should refer to the plan brochure and plan application pack, and other important documents, for full details of the plan, including its features and risks. We also provide professional adviser information packs, which include information regarding the identified target market for our plans; and details of the stress testing that we undertake, including the back-testing, forward-modelling and value-for-money assessments. If you would like to find out more about this plan, please contact us...

This document is intended solely for FCA authorised persons, including financial advisory firms and wealth managers ('Professional Advisers'). It is not suitable for, and should not be distributed to, clients or potential clients.

All information is believed to be correct as of 01 Aug 2018.

Plan details

Plan Manager	Tempo Structured Products		
Plan Administrator	James Brearley & Sons		
Issuer / Counterparty Bank	Morgan Stanley B.V.	Morgan Stanley	
Counterparty credit ratings and outlook	S&P	BBB+	Stable
	Moody's	A3	Stable
	Fitch	A	Stable
'TICS' Category rankings	Amalgamated	21 / 39	
	Credit Ratings	30 / 39	
	CDS	11 / 39	
	Fundamentals: Balance Sheet	11 / 39	
	Fundamentals: Market Indicators	14 / 39	
	Systemic Importance	28 / 39	
Market index link	FTSE 100		
Barrier: level and type	60%	End of term	
Currency	GBP		
ISIN	GB00BZVQZY07		
UKSPA Product Code	1290 (Conditional income)		

Ways to invest

Ways to invest	ISA, ISA Transfer, Direct investment		
	Pensions: SIPP, SSAS trustees		
	Companies, Charities and Trustees		

Important dates: Offer period

Deadline for ISA transfers	The date by which ISA transfer applications must be received	05 Oct 2018
Deadline for cheques	The date by which applications accompanied by cheques must be received.	12 Oct 2018
Deadline investments / End of offer period	The date by which all other applications and cleared funds must be received.	19 Oct 2018

Important dates: Investment term

Start date	The date that the investment term of the plan starts.	26 Oct 2018
Kick-out anniversary / Early maturity dates	The dates on which the plan could kick-out and mature early.	26 Oct 2023, 28 Oct 2024, 27 Oct 2025, 26 Oct 2026, 26 Oct 2027
Income dates	The dates of the potential annual income payments.	28 Oct 2019, 26 Oct 2020, 26 Oct 2021, 26 Oct 2022, 26 Oct 2023, 28 Oct 2024, 27 Oct 2025, 26 Oct 2026, 26 Oct 2027, 26 Oct 2028
End date	The final date at which the plan could mature if there has not been a kick-out on one of the kick-out anniversary dates.	26 Oct 2028
Investment term	10 years maximum: may mature early from year 5.	

Potential returns

Option 1

If the FTSE 100 closes at or above 60% of the start level on an annual income date, the plan will generate an income payment of 5.25%.

The plan also includes an early maturity feature. If the FTSE 100 closes at or above 125% of the start level on any annual income date from year 5 onwards, the plan will mature early automatically.

Year	Index level	Potential income	Year	Index level	Potential kick-out
Year 1	At or above 60%	5.25%	Year 1	If inx is at or above 125%	n/a
Year 2	At or above 60%	5.25%	Year 2	If inx is at or above 125%	n/a
Year 3	At or above 60%	5.25%	Year 3	If inx is at or above 125%	n/a
Year 4	At or above 60%	5.25%	Year 4	If inx is at or above 125%	n/a
Year 5	At or above 60%	5.25%	Year 5	If inx is at or above 125%	Y
Year 6	At or above 60%	5.25%	Year 6	If inx is at or above 125%	Y
Year 7	At or above 60%	5.25%	Year 7	If inx is at or above 125%	Y
Year 8	At or above 60%	5.25%	Year 8	If inx is at or above 125%	Y
Year 9	At or above 60%	5.25%	Year 9	If inx is at or above 125%	Y
Year 10	At or above 60%	5.25%	Year 10	If inx is at or above 125%	Y

Market risk to potential returns

Whether or not the plan generates an income for investors depends on the closing level of the FTSE 100 on the annual income dates. If the FTSE 100 closes below the level needed on an annual income date, the plan will not generate any income for that year.

Market risk to repayment of money invested

If the closing level of the FTSE 100 is below the level needed for early maturity on each annual income date from the end of the 5th year, repaying the money invested at maturity will depend on the closing level of the FTSE 100 on the end date.

If on the end date the FTSE 100 closes at or above 60% of the start level, money invested will be repaid in full (less any agreed adviser fees and withdrawals).

However, if on the end date the FTSE 100 closes below 60% of the start level, the amount of money repaid (less any agreed adviser fees and withdrawals) will be reduced by the amount that the FTSE 100 has fallen. For example, if the FTSE 100 has fallen by 45%, the repayment of money invested will be reduced by 45% (meaning that you will get 55% of your investment back).

Issuer and Counterparty Bank risk

Both the potential returns of the plan, and repaying the money invested, depend on the financial stability of the Issuer and Counterparty Bank.

The investments for the plan are issued by Morgan Stanley B.V., which is part of Morgan Stanley, the Counterparty Bank for the plan.

If Morgan Stanley B.V. and Morgan Stanley become insolvent, or similar, or fail to be able to meet their obligations, it is likely that investor will receive back less than they invested.



It is important to understand that it is not usually possible to claim under the Financial Services Compensation Scheme ('FSCS') if the Issuer and Counterparty Bank fail to meet their obligations or if the index falls.

Target market identification

We have designed the plan for investors who can say yes to the following points. If investors are unable to say yes to each of the points it is possible that the plan is not suitable for their circumstances:

✓	Are comfortable with investment products that are linked to the UK stock market, represented by the FTSE 100.	✓	Want the potential for a higher level of income than might be achieved from bank or building society savings accounts.
✓	Want the potential for income each year, that will be paid if the FTSE 100 is at or above the level needed – but understand that if it is below the level needed no income will be paid for that year.	✓	Are prepared and able to leave any money invested for up to 10 years if the level of the FTSE 100 means that early maturity does not happen at one of the annual income dates from the end of the 5th year.
✓	Want to decrease the likelihood of losing money if the FTSE 100 falls, but understand that if it is below the defined level of protection on the end date, it will reduce the amount of any money repaid.	✓	Are likely to have some investment experience and already hold a portfolio of different investment products.
✓	Understand that the potential income payments and repaying the money invested depend on the financial stability of the Issuer and Counterparty Bank during the investment term – and accept the potential risk of loss if it fails.	✓	Understand that any investment should be part of a diversified and balanced portfolio.
		✓	Take advice from a Professional Adviser, who is part of an authorised and regulated investment firm and assesses the suitability of the plan for investors' personal circumstances.

What documents and other resources and materials should I consider?

There are various documents and materials and resources available to you, that you should consider as a Professional Adviser, to ensure that you fully understand the plan, including its features, risks and terms and conditions.

- We produce the plan brochure and plan application pack, which include the terms and conditions of an investment in the plan, and together form the plan documents.
- The Issuer produces three documents. Firstly, the 'Key Information Document', which is designed to help investors compare different types of investments. Secondly, the 'prospectus', which describes the general terms and conditions and certain risks relating to the securities that are issued for the plan. Thirdly, the 'final terms', which gives details of the specific terms, and may also include details of certain risks, of the securities.
- We produce a 'professional adviser information pack', which is designed to explain how we meet our Manufacturer responsibilities and to help Professional Advisers meet their Distributor responsibilities. In addition, we make internal documents, including our 'product proposal pack' and a 'governance overview' available to Professional Advisers.
- We also provide collateral materials and resources for Professional Advisers, both specifically to support their research due diligence for the plan and generally with regard to understanding structured products. These include: the Tempo Issuer & Counterparty Scorecards ('TICS'), a TICS Reports for the Counterparty Bank; and our Professional Adviser Academy, which offers accredited modules that advisers can use to validate, advance and test their working knowledge of structured products.

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