

Tempo Structured Products

FTSE 100 Long Income Builder Plan August 2018



Summary information

Report	4821
Provider	Tempo Structured Products
Issuer	Morgan Stanley B.V.
Plan Manager	Tempo Structured Products

Provider contact details:

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Provider page:	Tempo Structured Products

Documents from the product provider

Brochure	
TICS Report	
KID	

Product features

- The first annual contingent coupon is 4.95%. Coupon amounts increase by 0.25% each year.
- Contingent coupons will be paid if the relevant underlying asset is at or above the coupon barrier of 80% of its strike level every year
- There is a memory feature which allows missed coupon payments to be made if the underlying is above the coupon barrier at a subsequent coupon date
- European barrier of 60%

Key product information

Product type	Standard Income	ISA Transfer date	03 Aug 2018
Vehicle	Plan	Closing date	24 Aug 2018
Capital	At risk	Strike date	24 Aug 2018
Aim	Income	Final market date	24 Aug 2028
Investment Length	10 years	Report published	26 Jun 2018
Product currency	GBP		
Asset style	Single		
Counterparty	Morgan Stanley		
Underlying Asset	FTSE 100 Index		
Issuer credit rating	S&P BBB+ (BBB band)		
Tax wrapper(s)	Direct investment , ISA , ISA transfer , SIPP/SSAS , Trustees of a trust , Corporate/Commercial , Charities , Offshore bond , Direct Investment (for Joint Accounts)		
Min/Max Investment	Minimum: £5,000. The overall ISA limit is £20,000 for the 2018/2019 tax year		
PRIIPs SRI	4		

Product description

Strike	100%	Date of first coupon	27 Aug 2019
Downside gearing	100%	Maximum coupon level	7.2%
Barrier	60%	Coupon barrier	80%
Barrier type	European	Memory feature	Yes
Num of coupons	10		

Potential Returns:

This product is classified by FVC as a 'Standard Income'.

This is a contingent income product. The first annual contingent coupon is 4.95%. Coupon amounts increase by 0.25% each year. The product will pay the contingent coupons, if, on the relevant measurement dates, the FTSE 100 level is above the trigger level of 80%. If the level of the underlying asset is at or below 80% of its strike level on any of the quarterly measurement dates, the investor receives no payment on that observation period.

This product includes a memory feature which allows investors to recover missed payments. If the level of the FTSE 100 is above 80% of its strike level at subsequent measurement dates, the investor will receive the missed coupon payment and the current coupon payment at once. For example, if the level of the FTSE 100 is 100%, 100%, 70%, 100%, the investor would receive no coupon payment on the third coupon payment date but as the fourth observation is above 80%, both coupon payments will be paid, resulting in a coupon stream as follows: 4.95%, 5.2%, 0%, 11.15%.

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 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	8.46	7.81	7.67
Price score	7.78	7.36	7.13
Return score	9.13	8.26	8.21
Riskmap (0-10 scale)	3.55	3.66	3.93
Market riskmap	2.9	3.35	3.63
Credit riskmap	0.65	0.31	0.29
Maturity	10	7.17	7.43
Duration	10	3.93	3.9

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.

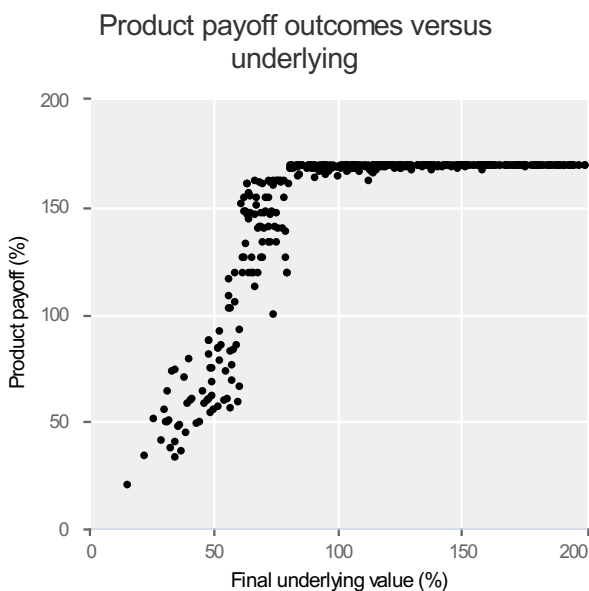
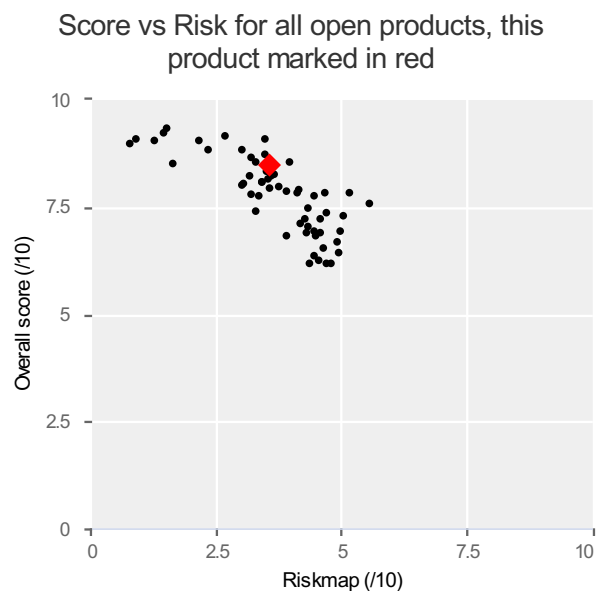


Figure 3 : Comparison chart

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 (%)
Full capital return	10.00	157.41	87.33	99.64
Capital loss but total return at or above capital	10.00	104.97	0.52	0.36
Total return loss	10.00	61.94	12.15	0.00

Figure 5 : Prospects for return of capital

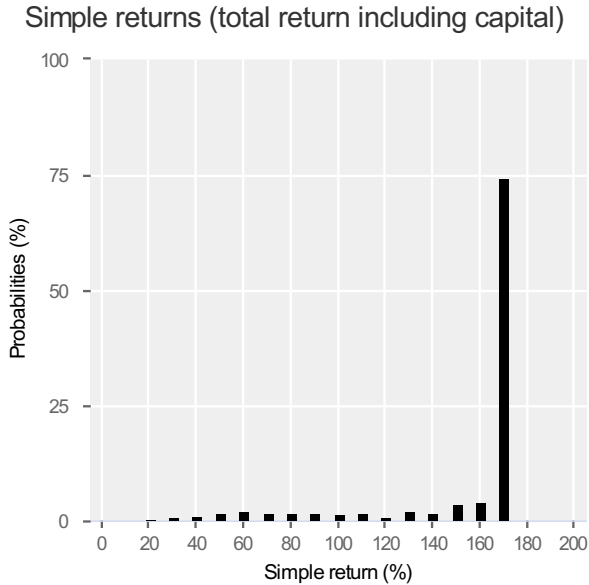
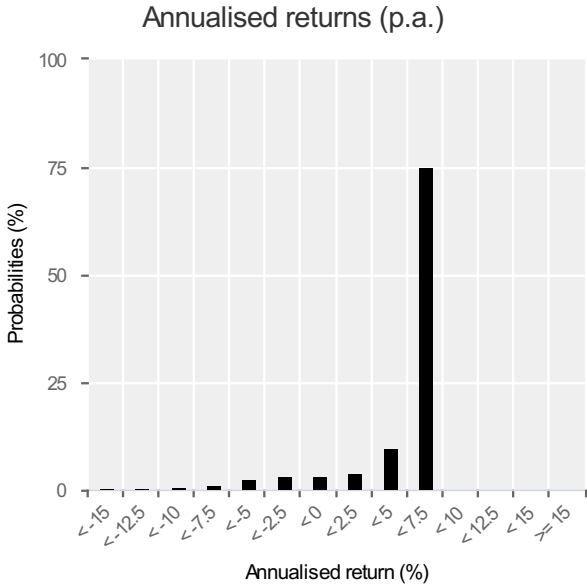
This figure shows prospects for return of capital, calculating whether the return might be greater than, equal to or lower than capital invested. This is measured as probabilities from forward looking simulations and the observed frequencies from a 10 year historical backtest.

Outcome	Simulated probability	Backtested frequency
Return less than capital	11.32	0.00
Return exactly capital	0.19	0.00
Return more than capital	88.49	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:

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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.

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