Defensive All World Core Equity Strategy

The Defensive All World Core Equity Strategy seeks to provide investors with core all country equity market exposure, but in a more defensive way seeking lower volatility relative to traditional equity investments. The strategy seeks to achieve lower volatility through active management of structured investments offering leveraged upside participation and a minimum 10% downside buffer. This outcome-oriented solution is meant to be used as a strategic allocation which seeks to complement asset class diversification as an additional risk management tool for the equity sleeve of client portfolios.

The "Enhanced Beta" strategy seeks to provide core all country equity exposure at a lower level of volatility than traditional equity beta (see illustrative potential results below).

Source: MSIM, for illustrative purposes only. This illustration does not take into consideration a client’s specific investment objectives, risk tolerance or financial situation.

1 Diversification neither assures a profit nor guarantees against loss in a declining market.
2 Initial Strike refers to the closing level of the reference underlying index for the structured investment on strike date.
3 Approach targets a range of return or “payoff”, with an allowance for a defined range of risk at a specific point in time in the future. There is no guarantee any investment objective or target will be achieved.
4 Wealth manager advisory fees and platform fees will apply and are not included in the investment management fee. Transaction costs are not included in the investment management fee but are included in the purchase price of the structured notes that the strategy invests in, and will therefore impact strategy performance. For additional information about the investment manager, please refer to the Form ADV provided by your wealth advisor.
5 Team members may change without notice from time to time.
Investments can be highly volatile and may engage in leverage and other speculative investment practices, which can increase investment loss.

Fixed-income securities are subject to the ability of an issuer to make timely principal and interest payments (credit risk), changes in interest rates (interest-rate risk), the prepayment of the underlying mortgage-backed securities (prepayment risk), and the issuer’s (or the guarantor’s, if applicable) ability to pay for any obligations at any time before maturity. Changes in interest rates or general market conditions may adversely affect the market value of fixed-income investments.

Foreign investments entail special risks such as currency, political, economic, market, and liquidity risks. The risks of investing in emerging market countries are greater than the risks generally associated with investments in foreign developed countries. Returns may increase or decrease as a result of currency fluctuations.

Diversification does not eliminate risk of loss. When comparing asset classes, keep in mind that each has differences and that all investments involve risks, including the possible loss of principal.

The risks of investing in the Strategy may be intensified because the Strategy's investments may be concentrated in securities of a limited number of issuers. As a result, the performance of a particular issuer or a small group of issuers may affect the Strategy's performance more than it would if the Strategy held securities of a larger number of issuers.

Derivative instruments can be illiquid, may disproportionately increase losses and may have a potentially large negative impact on the portfolio’s performance.

Investing in illiquid securities, which may be difficult to sell, may be adversely affected by the investor's ability to sell the investment at any time.

While the investment manager generally will seek to achieve, over a full market cycle, the level of volatility in the portfolio’s performance as described, there can be no guarantee that such a performance level will be achieved, actual volatility for any particular period may be materially higher or lower depending on market conditions. In addition, the investment manager’s efforts to manage the portfolio’s volatility can be expected, in a period of generally positive equity market returns, to reduce the portfolio’s performance below what could be achieved without seeking to manage volatility and, thus, the portfolio would generally be expected to underperform market indices that do not seek to achieve a specified level of volatility.

Zero coupon securities are more sensitive to interest rate changes than comparable interest-paying securities.

The U.S. federal income tax consequences of an investment in the structured investment are uncertain. There is no direct benefit and no certainty regarding the proper U.S. federal income tax treatment of the structured investment, and we do not plan to request a ruling from the Internal Revenue Service (the “IRS”). Consequently, significant aspects of the tax treatment of the structured investment are uncertain, and the IRS or a court might not agree with the treatment of the structured investment as described by the issuer in the relevant offering documents. If the IRS were successful in asserting an alternative treatment for the structured investment, the tax consequences of the ownership and disposition of the structured investment could be materially and adversely affected. In addition, in 2007 the Treasury Department and the IRS released a notice requesting comments on various issues regarding the U.S. federal income tax treatment of “prepaid forward contracts” and similar instruments. Any Treasury regulations or other guidance promulgated after consideration of these issues could materially and adversely affect the tax consequences of an investment in the structured investment, possibly with retroactive effect.

A DECISION TO INVEST SHOULD ONLY BE MADE AFTER READING THE STRATEGY DOCUMENTATION AND CONDUCTING IN-DEPTH AND INDEPENDENT DUE DILIGENCE.

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A separately managed account may not be appropriate for all investors. Separate accounts managed according to the Strategy include a number of securities and will not necessarily track the performance of any index. Risk Management objectives, risks and fees of the Strategy carefully before investing. A minimum asset level is required. For important information about the investment manager, please refer to Form ADV Part 2.

There is no guarantee that any investment strategy will work under all market conditions, and the investor should evaluate their ability to invest for the long-term, especially during periods of downturn in the market.

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