

MORGAN STANLEY CAPITAL PROTECTED NOTE

Fundsmith Equity Fund Feeder - December 2019

Capital Protected Notes (the “Notes”) are designed for investors seeking capital protection and an opportunity to participate in the growth of the underlying fund.

PRODUCT CHARACTERISTICS

| | | | |
|---------------------------------|---|------------------------------|--|
| Issuer: | Morgan Stanley B.V | Underlying: | Fundsmith Equity Fund Feeder |
| Guarantor: | Morgan Stanley (A3/A/BBB+) | Issuance Type: | Note |
| Term: | 6 years | Strike Date: | 6th December 2019 |
| Investment Return (USD): | 109% x quarterly averaged performance of Fundsmith Equity Fund Feeder | Issue Date: | 20th December 2019 |
| Capital Protection: | 95% Capital Protected | Final Valuation Date: | 8th December 2025 |
| Participation: | 109% | Maturity Date: | 22nd December 2025 |
| | | Averaging: | Quarterly, through out. There are 24 averaging dates in total. |

ADVANTAGES

- 95% capital protection at Maturity unless a Credit Event occurs with the issuer.
- The final growth has no cap and so the investment benefits from the averaged growth in the fund.
- Averaging can reduce the effect of dramatic market falls towards the end of the fixed term. There are 24 averaging dates in total.

DRAWBACKS

- The delivery of both returns and capital are subject to the issuer not defaulting on their obligations.
- In constantly rising markets, averaging can result in reducing the return that would have been payable by investing directly into the fund itself.
- Inflation may have the effect of reducing the value of your investment by maturity.
- Selling out of note early may result in a capital loss: If the notes are sold or redeemed prior to maturity, the price will depend on numerous factors, including the level of volatility of the underlying indices, the remaining time to maturity, interest rates and the perception of the issuers credit quality, and may be less than the amount initially invested.

| Currency | Isin | Investment return | Capital Protection |
|----------|--------------|---|--------------------|
| USD | XS2068012983 | 109% x quarterly averaged performance of FSEQFTA:LX | 95% |

DESCRIPTION

This 6 year fixed term investment offers capital protection at maturity irrespective of how the linked fund performs. At the end of the fixed term 109% of the un-capped quarterly averaged growth in the fund is applied to the capital invested. The final growth calculation employs quarterly averaging across the full 6 years of the fixed term, there are 24 averaging dates in total.

REPAYMENT AT MATURITY

- At the end of the fixed term, if the underlying is greater than its initial level, the note returns 95% of the capital invested plus 109% x performance of the underlying.
- At the end of the fixed term, if the underlying is less than 100% of its initial level, then 95% of the capital is returned.

OBSERVATION DATES FOR QUARTERLY AVERAGING

| Observation Date | | | | | |
|------------------|------------------|------------------|------------------|------------------|------------------|
| 9 March 2020 | 8 March 2021 | 8 March 2022 | 8 March 2023 | 8 March 2024 | 10 March 2025 |
| 8 June 2020 | 8 June 2021 | 8 June 2022 | 8 June 2023 | 10 June 2024 | 9 June 2025 |
| 8 September 2020 | 8 September 2021 | 8 September 2022 | 8 September 2023 | 9 September 2024 | 8 September 2025 |
| 8 December 2020 | 8 December 2021 | 8 December 2022 | 8 December 2023 | 9 December 2024 | 8 December 2025 |

PAYOFF DIAGRAM

Potential investment returns based on an initial investment of \$100,000.

| FSEQFTA:LX quarterly averaged performance (compared to the initial index level) | Potential Return (USD) |
|---|------------------------|
| -50% | \$95,000 |
| -25% | \$95,000 |
| 0% | \$95,000 |
| 25% | \$122,250 |
| 50% | \$149,500 |
| 75% | \$176,750 |
| 100% | \$204,000 |

FUNDSMITH EQUITY FUND FEEDER PERFORMANCE



THE FUND AT A GLANCE

The Fundsmith Equity Fund Feeder is an open-end fund incorporated in Luxembourg. The Fund's objective is to achieve long-term growth in value. The Fund invests in shares of the Fundsmith Equity Fund, which invests in equities on a global basis.

Source: Bloomberg, as of 28/10/2019.

Past performance is not an indication of future performance.

ABOUT MORGAN STANLEY

Morgan Stanley is a global financial services firm that, through its subsidiaries and affiliates, advises, and originates, trades, manages and distributes capital for, governments, institutions and individuals. More information on Morgan Stanley can be found on their website www.morganstanley.com. Morgan Stanley acts as guarantor of the securities issued by Morgan Stanley B.V, which means that Morgan Stanley will make the payments under the securities if Morgan Stanley B.V. is unable to fulfil its payment obligations.

CREDIT RATING

| | Moody's | Fitch | S&P |
|----------------|---------|-------|------|
| Morgan Stanley | A3 | A | BBB+ |

Source: Bloomberg, as of 28/10/2019.

ABOUT CAUSEWAY SECURITIES

Causeway Securities is an independent cross asset brokerage authorised in the UK by the FCA. We offer a personalised and independent service to source and manage bespoke structured investment solutions, exclusively designed to meet our investors' varying risk and return profiles.

We have relationships with many major global banks and cover a comprehensive range of asset classes to best service our clients across Europe, the Middle East, Asia and Africa. Our clients include discretionary fund managers, financial advisers, family offices, and private banks, amongst others.

With over 50 years combined industry experience across investment structuring and distribution, we have pride in our transparency, efficiency and best of breed investment solutions.

Causeway Securities Limited is authorised and regulated in the UK by the Financial Conduct Authority (FRN 749440) and is registered as a private limited company in England and Wales (Registered No. 10102661).

IMPORTANT INFORMATION

Causeway Securities Limited is authorised and regulated by the Financial Conduct Authority. This marketing material is issued in the United Kingdom by Causeway Securities Limited. This material has been provided to you for discussion purposes only. It does not constitute and should not be interpreted as either an investment or trading recommendation or advice. This marketing material and any pricing is indicative only and is not intended to set forth a final expression of the terms and conditions of any contract, financial product or transaction. This is not an offer of securities. The securities described in this document are only available as an underlying investment for life insurance policies and/or investment funds and are only available to retail investors provided they have received financial advice. This product note is for internal use by professional advisers only. Not for re-distribution. Causeway Securities Limited may have arranged to pay an introducing fee or other remuneration to a third party in relation to this transaction or service provided to you. Details of third party and amount paid will be made available on request. The research noted in this marketing material may come from third parties. The views expressed are those of Causeway Securities Limited at the time of the marketing material and are subject to change. Information on past performance of structured products is no guide to or guarantee of future performance. The value of an investment can fall as well as rise and is not guaranteed. Please be aware that the investment products displayed in these pages place your capital at risk and you may not receive back your original investment in full. Structured products typically involve a high degree of risk and are not necessarily suitable for everyone. If the investor is not a professional client or eligible counterparty as defined by the FCA or is considered a retail investor, they should seek suitable financial advice before investing, to ascertain the full risks and terms associated with the investment. All investments must be made via an authorised counterparty. This product has daily liquidity and 100% allocation rate. Under normal market conditions, the Issuing bank intends to provide daily indicative prices in the secondary market. All of the details set out in this sales brochure pertaining to the Securities comprise a mere summary, and are not a complete description of the Securities. Investors should read all of the details pertaining to the Securities that are set out in the prospectus in respect of the Securities. Such prospectus is available from Causeway Securities Limited upon request. This sales brochure has not been prepared or reviewed by the issuing bank, the issuer of the underlying securities or any of its affiliates and neither the issuing bank nor any of its affiliates or any of its directors, officers or agents accept any responsibility or liability for the contents of this sales brochure.

This is not an offer of securities. The securities described in this document are only available as an underlying investment for life insurance policies and/or investment funds and are only available to retail investors provided they have received financial advice. Not for offer or sale to persons in the United States ("US"): This communication is directed only at persons outside the US and must not be acted upon by persons in the US. This document does not constitute a prospectus and is for marketing purposes only. This document needs to be read together with the relevant offering documents.