INDEX DESCRIPTION

MS 7% Risk Control ER Index linked to Global Equity Absolute Return Fund
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No representation is made by any member of the Morgan Stanley Group with respect to the eligibility of the MS 7% Risk Control ER Index linked to Global Equity Absolute Return Fund for investment (including, but not limited to, compliance with the UCITS Directive (2009/65/EC), as amended and supplemented from time to time (the "**UCITS Directive**")), or its use in connection with any Financial Product to be entered into or held, by any prospective investor. Prospective investors should make their own independent analysis of whether the MS 7% Risk Control ER Index linked to Global Equity Absolute Return Fund meets the eligibility criteria for their investment (including, but not limited to, compliance with the UCITS Directive) or use by them in relation to the relevant Financial Product and of whether the MS 7% Risk Control ER Index linked to Global Equity Absolute Return Fund responds to their criteria, needs and objectives for investment or otherwise. The term "investor" will include any counterparty, holder or contract party in relation to a Financial Product.

Nothing contained in this Description should be construed as an offer or solicitation to purchase or sell securities or to enter into any transaction or engage in investment activity of any kind. If you do invest in a Financial Product or engage in any other investment activity, you should ensure that you fully understand the nature of such investment and the risks involved and are satisfied that the investment is suitable and appropriate for your circumstances. If you are in any doubt about this you should take advice from an appropriately qualified advisor.

This Description does not constitute investment, taxation, legal, accounting or other advice, including within the meaning of Article 53 of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 or investment advice within the meaning of Article 4(4) of MiFID II.

This document (the “**Description**”) consists of the following sections:

1. Introduction

This Description sets out the methodology of the MS 7% Risk Control ER Index linked to Global Equity Absolute Return Fund (the "**Index**") and the basis on which the Index is calculated.

This Description is intended to provide the information relating to the Index required by the Regulation on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) 596/2014 ((EU) 2016/1011)) (as amended) (the "**EU Benchmarks Regulation**") as it forms part of "retained EU law" in the United Kingdom as defined in the European Union (Withdrawal) Act 2018 (as amended from time to time) (the "**UK Benchmarks Regulation**" and, together with the EU Benchmarks Regulation, the "**Benchmarks Regulation**"). This Index is a non-significant benchmark for the purposes of the UK Benchmarks Regulation.

As at the date of publication of this Description, Morgan Stanley & Co. International plc appears on the register of benchmark administrators established and maintained by the Financial Conduct Authority pursuant to Article 36 of the Benchmarks Regulation. Morgan Stanley & Co. International plc's benchmark statement (the "**MS Benchmark Statement**") can be accessed via the following link:

https://www.morganstanley.com/disclosures

ESG Disclosures pursuant to Commission Delegated Regulation (EU) 2020/1817 of 17 July 2020 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards the minimum content of the explanation on how environmental, social and governance factors are reflected in the benchmark methodology, as on-shored in the United Kingdom by way of The Benchmarks (Amendment and Transitional Provision) (EU Exit) Regulations 2019:

EXPLANATION OF HOW ESG FACTORS ARE REFLECTED IN THE KEY ELEMENTS OF THE BENCHMARK METHODOLOGY	
Item 1. Name of the benchmark administrator.	Morgan Stanley & Co. International plc
Item 2. Type of benchmark or family of benchmarks.	Multi Asset
Item 3. Name of the benchmark or family of benchmarks.	Multi Asset Signal-based
Item 4. Does the benchmark methodology for the benchmark or family of benchmarks take into account ESG factors?	No

Subject as provided in Section 10 (*Adjustment and Disruption Provisions*), this Description is subject to change or adjustment at any time (including, without limitation, in accordance with the requirements of the UK Benchmarks Regulation) and will be superseded by any subsequent Description. A copy of the current version of the Description can be obtained following the method described in Section 8 (*Publication*).

No one may reproduce, distribute or disseminate this Description, any information contained in this Description or any Index Level (as applicable) without the prior written consent of the Index Sponsor. This Description is not intended for distribution to, or use by any person in, a jurisdiction where such distribution is prohibited by law or regulation.

2. Risk Factors and Investment Considerations

Prior to making an investment decision in respect of any Financial Product, prospective investors should consider carefully all of the information set out in this Description, including in this Section 2 (*Risk Factors and Investment Considerations*). This Section 2 (*Risk Factors and Investment Considerations*) is intended to describe various risk factors which the Index Sponsor believes represent the principal risks associated with any securities issues, derivative transactions or other financial product the return of which is linked to, or otherwise determined by reference to, the Index (each such issue, transaction or product, a "Financial Product"). Each investor in relation to a Financial Product is referred to as a "Financial Product Investor". There may be other risks and considerations not set out below that prospective investors should consider that are relevant either to their particular circumstances or more generally, whether arising from market factors or otherwise. In particular, other risks may exist in relation to the Financial Product itself. Each prospective investor should make their own investigations and form their own views as to the appropriateness or otherwise of the Index taking into account their own circumstances.

Index Specific Risk Considerations

Weights – With respect to baskets with more than one Index Component, the Weight applied to each Index Component is determined by a rules-based algorithm. The correlation between the Index and Index Components, and the correlation between the Index Components, may vary over time and may increase or decrease by reference to a variety of factors, which may include macro-economic factors and speculation. The Weights applied may not be optimal weights.

Costs – The calculation of the Index Level may include a deduction for certain costs. Such costs are calculated in accordance with the methodology specified in this Description. Any such deduction(s) shall mean that the Index Level is less than would be the case if no costs were deducted.

Leverage – The formula used for calculating the Index Level in respect of an Index Business Day contains a multiplier in respect of the Base Index Level. Therefore, the percentage change in the performance of the Index on each Index Business Day can be greater than any actual positive and/or negative performance of the Base Index. Prospective investors should note that financial products or transactions referencing an index which include such a multiplier or leverage factor represent a very speculative and risky form of investment, since any loss in value of the relevant underlying reference asset may carry the risk of a disproportionately higher loss on the relevant financial product or transaction.

Indices linked to the performance of funds - Investments offering direct or indirect exposure to the performance of funds are generally considered to be particularly risky and may bear similar risks, including but not limited to, market risks in relation to a direct investment in funds.

Financial Product Investors should also be aware that if one or more events occurs in relation to the Fund or any Fund Service Provider, including the insolvency of the Fund or Fund Service Provider, the Index Sponsor shall determine whether the procedures under Section 10.1 (*Adjustment Events*) will apply. Taking any actions pursuant to such procedures may have an adverse effect on the return and risk profile of Financial Products and consequently, the value of such Financial Products and the return on any Financial Product may be considerably less than that originally anticipated by a Financial Product Investor.

No duty to monitor the occurrence of Fund Events – No member of the Morgan Stanley Group has the obligation to monitor or determine if a Fund Event has occurred at any time or to take any action in respect thereof. In certain circumstances it may be the case that if action were taken by the Index Sponsor at a different time or at all, the terms of any adjustment or other consequential determination made in respect of the Index would have resulted in a higher return to Financial Product Investors.

Investment risks in relation to funds – Financial Product Investors should note that there are substantial risks in directly or indirectly investing in funds including, without limitation, the following:

(i) different types of funds are subject to differing levels of regulatory supervision;

(ii) funds may have varying restrictions on leverage. Leverage presents the potential for a higher rate of return but also increases the volatility of the fund and increases the risk of a total loss of the amount invested;

(iii) funds may have differing investment restrictions and some funds may invest in assets which are illiquid or difficult to transfer. This may have an effect on the realisation of such assets and in turn, the value and performance of the fund. In addition, a fund's assets or investments may be concentrated in a few markets, countries, industries, commodities, sectors of an economy or issuers. If so, adverse movements in a particular market, country, industry, commodity, economy or industry or in the value of the securities of a particular issuer could have a severely negative effect on the value of such fund. In addition, a fund may use a single advisor or employ a single strategy, which could mean a lack of diversification and higher risk;

(iv) substantial redemptions by holders of interests in a fund within a short period of time could require the fund's investment manager(s) and/or advisor(s) to liquidate positions more rapidly than would otherwise be desirable, which could adversely affect the value of the fund's assets; and

(v) the performance of a fund will be heavily dependent on the performance of investments selected by its advisors or investment managers and the skill and expertise of such fund service providers in making successful and profitable investment decisions. Such skill and expertise may be concentrated in a number of the advisor's or investment manager's key personnel. Should these key personnel leave or become no longer associated with the fund's advisor or investment manager, the value or profitability of the fund's investments may be adversely affected as a result. The past performance of a fund advisor or investment manager, or any investment strategy adopted by such entity in respect of any other fund, may not be reflective of the present or future performance or strategy of a fund.

Determinations made by the Index Sponsor in respect of Fund Potential Adjustment Events and Fund Events may have an adverse effect on the value of a Financial Product – Upon the determination by the Index Sponsor that a Fund Potential Adjustment Event has occurred, the Index Sponsor shall determine whether such Fund Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the relevant Fund Interest and, if so, whether the procedures under Section 10.1 (*Adjustment Events*) will apply, or if an Extraordinary Event has occurred the procedures under Section 10.1 (*Adjustment Events*) will apply which may, in each case, adversely affect the Index Level and, therefore, the value of a Financial Product.

Fund Potential Adjustment Events include, amongst other things (a) a sub-division, consolidation or re-classification of Fund Interests, (b) an extraordinary dividend, (c) a repurchase by the relevant Fund of the relevant Fund Interests or (d) any event having a dilutive or concentrative effect on the value of the relevant Fund Interest. Fund Events include, amongst other things, (1) a nationalisation of the relevant Fund Interest, (2) the occurrence of one or fund insolvency events, (3) a breach of strategy by the relevant Fund and (4) a force majeure event in respect of the relevant Fund Interests.

Effective Exposure – The Effective Exposure is determined by a rules-based algorithm. The correlation between the Index and the Index Components may vary over time and may increase or decrease by reference to a variety of factors, which may include macro-economic factors and speculation.

Reform of interest rate and other "benchmarks" – The use and application of benchmarks such as EURIBOR in transactions and other documents have been the subject of recent national, international and other regulatory guidance and proposals for reform. Some of these reforms are already effective while others are still to be implemented. These reforms may cause such "benchmarks" to perform differently than in the past, or to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on the Index or any of its constituents. Any of the international, national or other proposals for reform or the general increased regulatory scrutiny of "benchmarks" could increase the costs and risks of administering or otherwise participating in the setting of a "benchmark" and complying with any such regulations or requirements. Such factors may have the effect of discouraging market participants from continuing to administer or participate in certain "benchmarks," trigger changes in the rules or methodologies used in certain "benchmarks" or lead to the disappearance of certain "benchmarks." The disappearance of a "benchmark" or changes in the manner of administration of a "benchmark" could have materially adverse consequences in relation to the Index or any of its constituents. In particular, but without limitation, any change, cessation, increase in costs or other event relating to a "benchmark" may result in the occurrence of a Disruption Event in relation to the Index, pursuant to which the Index Sponsor may take action in accordance with this Description.

Different methods for calculating volatility may give different results – There are different methods for calculating volatility, and using a different method from the method used for the purposes of the Index may give a different result. The volatility targeting methodology of the Index measures volatility with reference to a specified number of days. Measuring volatility over a different number of days may give a different result.

Volatility targeting may be unsuccessful - The volatility targeting methodology of the Index may not succeed in maintaining the annualised volatility of the level of the Index at the volatility target specified in respect of it. The actual annualised volatility of the level of the Index may be higher than or lower than the volatility target that is specified in respect of it. The volatility targeting methodology of the Index will not prevent a decrease in the level of the Index.

Volatility targeting may result in reduced performance – The volatility targeting methodology of the Index may result in the exposure of the Index to the Index Components being considerably less than 100%. This means that the gains of any Financial Product may be significantly less than the gains of any investment product linked to the Index Components.

Rebalancing Period – The Index rebalances on a monthly basis. However, such period may not be the optimal holding period for the Index Components and a different holding period may produce higher returns.

The Index may be adjusted by deductions included in the Index Level - Notional embedded costs, in the form of a Rebalancing Cost, a Funding Rate, Holding Cost and Funding Spread may be included within the Index and may reduce the Index Level. Any such amounts may be deducted from the performance of the Index with the intention of reflecting synthetically the costs of implementing index servicing costs (which are applicable to the Index rather than the Index Components and are applicable on an ongoing basis) a strategy that mirrors the Index.

The Index may be adjusted by the deductions of a specified Decrement Rate – If so specified in the Description, the Index Level may be adjusted by the deduction of a Decrement Rate, which represents the anticipated synthetic dividend payable by the Index Components, over the life of any transaction in Financial Products. The deduction of a Decrement Rate enables the Index

Sponsor to replicate synthetically the economic performance of an index component with a fixed dividend yield.

General Index Risk Considerations

The Index performance is subject to fluctuations – The Index is a notional, rules-based index comprising the Index Components and the Index Level may decline. The Index methodology described in this Description was developed based on historical data and conditions and there are no assurances that the methodology will generate positive performance in the future. The performance of the Index is dependent on many factors, including developments and trends in the markets for the Index Components. The Index performance can go up as well as down, and can register significant losses, including in some cases that the Index falls to zero. Any past performance of the Index (actual or simulated) is not an indication of its future performance.

Risks and rewards of a Financial Product – Financial Product Investors should ensure that they review the economic terms of the relevant Financial Product and not only the terms of the Index in order to understand the risks and rewards of an investment in such Financial Product.

The Index is not an investment in the Index Components – The Index is calculated as a "notional" index. This means that the Index is calculated by reference to the Index Component Value in respect of each Index Component, however the strategy embedded in the Index means that any return might be higher or lower than the aggregate performance of the Index Components. However, there is no requirement for the Index Sponsor to obtain an exposure in relation to any Index Component in order to calculate the Index.

A Financial Product Investor will have no rights in respect of the Index or any Index Components – The investment exposure provided by the Index is synthetic. An investment referenced to an Index therefore not make a Financial Product Investor a holder of, or give a Financial Product Investor a direct investment position in, an Index or any Index Component (or any components thereof).

An investment in the Index may be subject to dilution, which may limit the gains in such investment – The Index may be subject to dilution, such that Financial Product Investors may not benefit fully from increases or decreases (depending on whether the exposure is long or short) in the value of an Index Component. Dilution means that the return or loss on an investment is subject to a multiplier decreasing exposure to such investment and reducing the volatility and risk of loss should the value of such investment decline, but reducing the potential gain should the value of such investment increase. Financial Product Investors should be aware that if the value of an Index Component increases or decreases, an investment linked to the Index may not have the same magnitude of increased or decreased value as such Index Component.

No liability – Notwithstanding any other provision within this Description, and subject as provided by any applicable law or regulation, in no event shall the Index Sponsor or the Index Calculation Agent, acting in each case in such capacity, be liable (whether directly or indirectly, in contract, tort or otherwise) for any loss incurred by any person that arises out of or in connection with the Index, including in relation to the performance of the Index Sponsor or the Index Calculation Agent, as applicable, of any part of its respective role under this Description, provided that nothing shall relieve each of the Index Sponsor and the Index Calculation Agent from any liability arising by reason of fraud or acts or omissions constituting any breach of regulation or other applicable law.

The Index Sponsor may make adjustments to this Description in certain circumstances – The Index Sponsor may make adjustments to this Description without consulting with Financial Product Investors in circumstances where the Index Sponsor has determined that such change is not material to Financial Product Investors, including if it is of a formal, minor or technical nature. Before making any other adjustment to this Description, the Index Sponsor will give prior notice to Financial Product Investors. Such adjustments could include, but are not limited to: (i) adjusting any relevant Index Component Value, (ii) replacing or removing an Index Component, (iii) postponing the publication of an Index Level or (iv) suspending or cancelling the Index. Any adjustments made to the Index may impact its future performance and result in an adverse return to a Financial Product Investor.

Discretion – This Description confers on each of the Index Sponsor and the Index Calculation Agent the right to make determinations, calculations, adjustments and modifications in relation to the Index and related matters, which involve, in certain circumstances, a degree of discretion in order to ensure that the Index can, where reasonably practicable, continue to be calculated and determined notwithstanding the relevant circumstances or, to allow a delay or a cancellation of the Index (including, without limitation, upon the occurrence of certain Adjustment Events or certain dilutive or concentrative events or other market disruption events in relation to Index Components as specified in this Description). Such adjustments may include, without limitation, adjusting the composition of the Index which exposes Financial Product Investors to the risk that any replacement Index Component may perform differently from the original Index Component, which may have an adverse effect on the performance of the Index.

Each of the Index Sponsor and the Index Calculation Agent will, as far as reasonably practicable, exercise any such discretion with the aim of ensuring that the Index continues to reflect, as closely as possible, the underlying economic interest it is designed to represent. The exercise of these discretions may have a significant effect on the Index and a Financial Product. Financial Product Investors should note that they are exposed to the exercise by the Index Sponsor of such discretions and in exercising such discretions, the Index Sponsor and the Index Calculation Agent have no obligations to consider the interests of any other person including (but not limited to) Financial Product Investors. Each of the Index Sponsor and the Index Calculation Agent, unless otherwise specified, is required to act using reasonable discretion, however, there can be no assurance that the exercise of any such discretion (or the absence of exercise, as the case may be) will not increase or decrease the Index Level and/or alter the volatility of the Index.

Political and economic factors – Index Component Values may be influenced by a number of circumstances, including, but not limited to, political events, general economic conditions, government intervention, changes in balances of payments and trade, domestic and international rates of inflation, international trade restrictions and currency devaluations. Any such circumstance (or a combination of them) may cause unexpected volatility or illiquidity in the relevant markets. The Index may fail to take account of such events and, as a result, investment losses may occur which may in turn have an adverse effect on the performance of a Financial Product.

With respect to any emerging or developing nation, there is the possibility of nationalisation, expropriation or confiscation, political changes, government regulation, social instability or other developments (including war) which could affect adversely the economies of such nations or Index Component Values that are linked or have an exposure to such nations.

Market volatility – The underlying markets for Index Components (including, without limitation and, if applicable, in commodities, metals, financial instruments, interest rates and indices) may be volatile and subject to sudden fluctuations of varying magnitude, any may be influenced by, amongst other things, government trade, fiscal, monetary and exchange control programmes and policies, national and international political and economic events and changes in interest rates. The volatility of such underlying markets may render it difficult or impossible to predict or anticipate fluctuations in the value of Index Components which could result in losses and an adverse effect on the Index.

Rules-based Index – The Index is quantitative and rules-based and is not managed actively by the Morgan Stanley Group or any third party. Consequently, the Morgan Stanley Group does not have discretion to change this Description if there are significant changes in the performance of the Index Components that cause the Index to decline significantly or underperform.

Information about the Index is no guarantee of the performance of the Index – Certain presentations and historical analysis or other statistical analysis materials in respect of the operation and/or potential returns of the Index which may be provided are based on a number of assumptions, historical estimates, simulated analyses and hypothetical circumstances to estimate how the Index may have performed prior to its actual existence. The Index Sponsor may use historical data that is available to calculate the hypothetical level of the Index prior to its inception. If the Index Sponsor determines that such historical data is not available or is incomplete, the Index Sponsor may use alternate sources of data in place of such historical data as well as make certain modifications to the index methodology as it deems necessary to calculate the hypothetical level of the Index prior to its inception. The Index Sponsor provides no assurance or guarantee that the Index will operate or would have operated in the past in a manner consistent with those materials.

Index Base Date – The Index will only have been calculated since the Index Base Date, being a date determined by the Index Sponsor as the date on which the Index Level would have been equal to the Initial Index Level based on back-testing (using simulated analyses and hypothetical circumstances, as further described in this Description). As such, any historical returns or any hypothetical simulations based on such back-tested data or analyses with respect to the period from the Index Base Date to the date on which Financial Products are first implemented (which may be materially later than the Index Base Date), may not reflect the performance of, and are no guarantee or assurance in respect of the performance or returns of, the Index over any time period.

Limited operating history and unanticipated performance – The Index is a relatively new strategy. Where limited historical performance data exists with respect to the Index Components and the Index itself, any investment in respect of which returns are linked to the performance of the Index or the Index Components may involve a greater risk than an investment linked to returns generated by an investment strategy with a proven track record. While a longer history of actual performance could provide more reliable information on which to assess the validity of the Index and on which to base an investment decision, the fact that the Index and the Index Components are relatively new would not allow this. There can be no guarantee or assurance that the Index or the Index Components will operate in a manner consistent with the data available.

Reliance on information – Calculations related to the Index may rely on information obtained from various publicly available sources. The Morgan Stanley Group and the Index Calculation Agent have relied on and will rely on these sources. In addition, the Morgan Stanley Group and the Index Calculation Agent have not verified independently and will not verify independently the information extracted from these sources. Accordingly, Financial Product Investors are subject to the risk that such third party information is inaccurate or incomplete and, in such circumstances, any such inaccuracy or incompleteness will be reflected in the calculation of the Index and may have a material impact on the performance of the Index.

No disclosure of information – The Morgan Stanley Group may be in possession at any time of information in relation to Index Components which may not be available to Financial Product Investors. There is no obligation on any member of the Morgan Stanley Group to disclose to Financial Product Investors any such information.

Conflict of interests – The Morgan Stanley Group (including the Index Calculation Agent and the Index Sponsor) may from time to time engage in transactions involving the Index Components for their own account and/or for the account of their clients and may act as market-maker for such Index Components. Such activities may not be for the benefit of Financial Product Investors and may have an effect on the value of the Index and, consequently, on the value and performance of any Financial Products. In addition, the Morgan Stanley Group may from time to time act in other capacities such as the issuer of investments or the advisor thereof. Morgan Stanley Group entities also may issue, hold or enter into financial instruments and/or enter into derivative contracts in respect of the Index Components and the use of such instruments and/or derivatives may affect the value of the Index Components. Morgan Stanley Group entities may, but are not obliged to, enter into hedging transactions in respect of the Index Components in order to meet obligations in respect of Financial Products or for any other purpose which may affect the value of such components or of any Financial Products. If they do, Morgan Stanley Group entities will have certain rights pursuant to such hedging transactions and/or in relation to any transactions that have given them exposure to Index Components and will pursue actions and take steps as they deem appropriate to protect their own interests.

In addition, the unwinding of such hedging transactions may affect the value of such Index Components or instruments which may affect the value of the Index. Morgan Stanley Group entities may make gains and/or losses from such hedging activity. In acting in any of these capacities, subject as provided by any applicable law or regulation, no member of the Morgan Stanley Group is obliged to take into account the interests of any person including (but not limited to) Financial Product Investors.

Litigation and disputes – The Index Sponsor, the Index Calculation Agent or any member of the Morgan Stanley Group may be subject to litigation or arbitration proceedings or disputes with other entities. Any such event may adversely affect the ability of the Index Sponsor or the Index Calculation Agent to perform their duties in respect of the Index and, therefore, may adversely affect the Index and, consequently, any Financial Product.

Morgan Stanley research – The Morgan Stanley Group may issue research reports on securities or other financial instruments that are, or may become, Index Components. These reports are independent of the obligations of the Index Sponsor and the Index Calculation Agent described in this Description.

The Index Sponsor's determinations are final and conclusive – The Index Calculation Agent is responsible for compiling and calculating the Index pursuant to this Description and has certain discretions relating to the Index. The Index Sponsor retains the discretion to appoint an alternative Index Calculation Agent. The Index Sponsor retains the final discretion as to the manner in which the Index is calculated and constructed. Furthermore, the Index Sponsor has the final authority on the Index and the interpretation and application of this Description. The Index Sponsor makes no representation (implied or otherwise) as to the performance of any Index Component and/or the Index.

Tax Considerations

In July 2015, the U.S. Treasury Department and the IRS released a notice designating certain "basket contracts" and substantially similar transactions as "transactions of interest," subject to information reporting requirements as "reportable transactions" under Section 6011 of the Code. The scope of this notice is unclear, and it is therefore possible that instruments linked to the Index could be subject to the notice. Recent case law has put the enforceability of this notice and similar notices into question. However, on July 11, 2024 the U.S. Treasury Department and the IRS proposed new regulations ("Proposed Regulations") that are substantively similar to the previous notice, designating these same "basket contracts" as "listed transactions" instead of "transactions of interest." If the instruments linked to the Index are subject to the notice, or if the Proposed Regulations are finalized in their current form and the instruments linked to the Index are subject to the Proposed Regulations, holders of such instruments would be required to report certain information to the IRS, as set forth in the applicable Treasury regulations regarding "reportable transactions". If the IRS determines such a transaction is a "transaction of interest" or "listed transaction" and you fail to disclose the transaction, you could be subject to penalties. If the Proposed Regulations are finalized as drafted, reporting thereunder may be required even for instruments issued prior to the finalization of the Proposed Regulations. Holders should consult their tax advisers regarding the potential application of this notice and the Proposed Regulations to instruments linked to the Index.

3. <u>Overview</u>

This section provides an overview of a number of features of the Index. There are aspects of the Index to which this section does not refer. Prospective investors should read the entire Description, including (without limitation) Section 2 (Risk Factors and Investment Considerations), before making any investment decision. Capitalised terms not otherwise defined shall have the meaning given to them elsewhere in this Description.

Summary

The Index aims to provide exposure to the Index Components and to maintain the volatility of the Index at a specified level through the use of the volatility target mechanism which adjusts the Effective Exposure if the predicted volatility of the Index exceeds the volatility target by a pre-specified trigger threshold.

An Index Level is calculated in relation to each Index Business Day by the Index Calculation Agent. This will be used in connection with one or more Financial Products issued or entered into by a member of the Morgan Stanley Group. Generally, only a Financial Product issued or entered into by a member of the Morgan Stanley Group is permitted to use or reference the Index (directly or indirectly) but other Financial Products issued or entered into by financial services providers other than members of the Morgan Stanley Group may be permitted to use or reference the Index with the consent of a member of the Morgan Stanley Group. A Financial Product Investor has no ownership or other rights to or in respect of Index Components in its capacity as a Financial Product Investor or any other assets which are from time to time comprised in the Index.

The Index references a “notional” or synthetic exposure to the Index Components and there is no actual portfolio of assets to which any person is entitled or in which any person has any ownership. The Index merely identifies the Index Components and a rules-based strategy, the performance of which is used as a reference point for calculating the Index Level.

This Section 3 (*Overview*) is subject to, and qualified by, the remainder of this Description.

4. <u>Index Sponsor</u>

The Index has been developed by Morgan Stanley & Co. International plc ("**MSIP**"). The Index is administered by the index sponsor or any successor thereto (the "**Index Sponsor**"). The initial Index Sponsor is MSIP.

The Index Sponsor controls the creation and operation of the Index administrative process, including all stages involved in the production and dissemination of the Index. The Index Sponsor also is responsible for the manner in which the Index is calculated and constructed, and is the final authority on the Index and the interpretation and application of this Description. Notwithstanding that the Index relies on information from third party sources, the Index Sponsor has primary responsibility for all aspects of the Index administration and determination process.

Although the Index Sponsor will obtain information for inclusion in or for use in the calculation of the Index from sources which the Index Sponsor considers reliable, the Index Sponsor will not independently verify such information and does not guarantee the accuracy and/or the completeness of the Index or any data included therein.

The Index Sponsor is not acting as a manager or an investment advisor in relation to the Index and has no relationship of agency or trust or any fiduciary duty to any person in respect of the Index and is not required to take the interests of any person into account in making any determination or calculation in relation to the Index.

The Index Sponsor makes no warranty or representation (implied or otherwise) as to the performance of any Index Component and/or the Index.

No Financial Product is sponsored, endorsed, sold or promoted by MSIP or the Index Sponsor, and neither MSIP nor the Index Sponsor makes any express or implied representations or warranties as to (a) the advisability of purchasing or assuming any risk in connection with any Financial Product, (b) the levels at which the Index stands at any particular time on any particular date, (c) the results to be obtained by the issuer or obligor of any Financial Product, or any Financial Product Investor, or any other person or entity from the use of the Index or any data included therein in connection with any licensed rights or for any other use or (d) any other matter. Neither MSIP nor the Index Sponsor make any express or implied representations or warranties of merchantability or fitness for a particular purpose with respect to the Index or any data included therein.

Subject as provided by any applicable law or regulation, and without limiting any of the foregoing, in no event shall MSIP or the Index Sponsor have any liability (whether in negligence or otherwise) to any person for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

Subject as provided by any applicable law or regulation, neither MSIP nor the Index Sponsor accepts any legal liability to any person for publishing or not continuing to publish for any period of time any Index Level at any particular place or any particular time.

MSIP may in its sole and absolute discretion delegate and/or transfer any of its obligations and/or functions in relation to the administration and determination of the Index to one or more third parties as it deems appropriate from time to time. MSIP in exercising such right is not required to take into account the interests of any Financial Product Investors or transactions linked in whole or in part to the Index.

5. Index Calculation Agent

The Index is calculated by MSIP (or any successor thereto) (the “**Index Calculation Agent**”).

The Index Calculation Agent is responsible for compiling and calculating the Index pursuant to this Description. The Index Sponsor retains the discretion to terminate the appointment of the Index Calculation Agent and to appoint an alternative Index Calculation Agent.

Subject as provided by applicable law and regulation, the Index Calculation Agent expressly disclaims all liability for any inaccuracy in calculations and the publication of the Index, the information used for making adjustments to the Index and the actual adjustments, as well as for the quality, accuracy, timeliness or completeness of the information contained in the Index or this Description or for delays, omissions, interruptions in the delivery of the Index or information related to it. No liability to any person shall attach to the Index Calculation Agent in connection with the exercise or non-exercise by it of any powers, duties or discretions.

The Index Calculation Agent makes no representation (implied or otherwise) as to the performance of any Index Component and/or the Index.

The Index Calculation Agent’s calculations and determinations in relation to the Index shall be binding on all persons in the absence of manifest error. The term “manifest error" as used herein shall mean an error that is plain and obvious and can be identified from the results of the calculation or determination itself without (i) recourse to the underlying data or (ii) any application or re-application of any formulae. No person (whether a Financial Product Investor or otherwise) will be entitled to proceed (and shall be deemed to have agreed to waive proceedings) against the Index Calculation Agent in connection with any such calculations or determinations or any failure to make any calculations or determinations in relation to the Index.

For so long as the Index Calculation Agent constitutes and calculates the Index, the Index Calculation Agent does not accept any liability for loss or damage of any kind (including, without limitation, any special, punitive, indirect or consequential damages (including loss of profits)) arising from the use of such information in any such calculation or determination. The Index Calculation Agent makes no representation (implied or otherwise) as to the performance of any Index Component and/or the Index itself and disclaims all warranties of merchantability or fitness for a particular purpose or use with respect to the Index or any information in connection with it.

6. **Index Data**

The Index is calculated on the basis of publicly available third party data. In particular, the Index will utilise the Index Component Value, the Index Funding Rate and/or the Funding Rate in respect of each Index Component or the Index (as applicable), as published on the relevant price source.

No assurance can be given that any such Index Component Values, Index Funding Rate or Funding Rate will be published on the relevant Index Component Price Source, on the Index Funding Rate Screen Page or on the Funding Rate Screen Page accurately, in a timely manner or at all and the Index Sponsor and the Index Calculation Agent have relied on, and will rely on, such Index Component Values, Index Funding Rate and Funding Rate as they are published on the relevant Index Component Price Source, Index Funding Rate Screen Page or Funding Rate Screen Page. Neither the Index Sponsor nor the Index Calculation Agent has independently verified the information extracted from such sources and accepts no responsibility or liability in respect thereof.

7. Calculation of the Index

7.1 Total Return Index Level

The Total Return Index Level in respect of the Index Base Date shall be equal to the Initial Index Level.

The Total Return Index Level in respect of each Index Business Day (each an "**Index Business Day t**") from (but excluding) the Index Base Date shall be an amount, expressed in the Index Currency, calculated by the Index Calculation Agent in accordance with the following formula:

$$TRIndex_t = Max\Bigg(0, TRIndex_{t-1} \times \Bigg[1 + Effective\ Exposure_{t-1} \times \left(\frac{BaseIndex_t}{BaseIndex_{t-1}} - 1\right) + (1 - Effective\ Exposure_{t-1}) \times Rate_{t-1} \times \frac{\Delta t}{DayCount}\Bigg] - TC_t\Bigg) \times (1 - AF_t)$$

Where:

max, followed by amounts (or values) inside brackets, means whichever is the greater of the amounts (or values) separated by a semi-colon or comma inside such brackets;

TRIndex Level(*t-1*) means the Total Return Index Level in respect of the Index Business Day immediately preceding Index Business Day t;

Effective Exposure(*t-1*) means the Effective Exposure in respect of Index Business Day t-1, calculated as per Section 7.5 below;

Base Index (*t*) means the Base Index Level in respect of Index Business Day t, calculated as per Section 7.7 below;

Base Index(*t-1*) means the Base Index Level in respect of the Index Business Day immediately preceding Index Business Day t;

Rate(*t-1*) means the Index Funding Rate in respect of the Index Business Day immediately preceding Index Business Day t;

Δt means the number of calendar days from (and including) the Index Business Day immediately preceding Index Business Day t to (but excluding) Index Business Day t;

DayCount means 360;

TC(*t*) means the Transaction Cost in respect of Index Business Day t and is an amount calculated by the Index Calculation Agent in accordance with the following formula:

$$TC_t = |Nb\ Shares\ Base\ Index\ (t) - Nb\ Shares\ Base\ Index\ (t-1)| \times Base\ Index\ (t) \times RC$$

Where RC is the Rebalancing Cost and has the meaning given to it in the Annex

AF(*t*) means, the Accrued Fee in respect of Index Business Day t, an amount calculated by the Index Calculation Agent in accordance with the following formula:

$$AF(t) = \left[\frac{\Delta t}{DayCount} \times Decrement\ Rate\right]$$; and

Decrement Rate has the meaning given to it in the Annex

7.2 Excess Return Index Level

The Excess Return Index Level in respect of the Index Base Date shall be equal to the Initial Index Level.

The Excess Return Index Level in respect of each Index Business Day (each an "**Index Business Day t**") from (but excluding) the Index Base Date shall be an amount, expressed in the Index Currency, calculated by the Index Calculation Agent in accordance with the following formula:

$$ERIndex_t = Max\left(0, ERIndex_{t-1} \times \left[1 + Effective\ Exposure_{t-1} \times \left(\frac{Base\ Index_t}{Base\ Index_{t-1}} - 1\right)\right] - TC_t\right) \times (1 - AF_t)$$

7.3 Calculation of the Exposure

The theoretical exposure (the **"Theoretical Exposure**") in respect of an Index Business Day shall be an amount calculated by the Index Calculation Agent in accordance with the formula set out below:

$$TheoreticalExposure_t = Min[maxExposure, UnconstrainedExposure_t]$$

Where:

$$UnconstrainedExposure_t = \frac{Vol\ Target}{Realised\ Volatility\ (\mathrm{t})}$$

The exposure (the **"Exposure**") in respect of an Index Business Day shall be an amount calculated by the Index Calculation Agent in accordance with the formula set out below:

- Where Rebalance Rule is set as "ABSOLUTE" in the Annex:

$$Exposure_t = \begin{cases} TheoreticalExposure_t\ if\ |TheoreticalExposure_t - Exposure_{t-1}\ | > Threshold \\ Exposure_{t-1}, \quad Otherwise \end{cases}$$

- Where Rebalance Rule is set as "RELATIVE INVERSE" in the Annex:

$$Exposure_t = \begin{cases} TheoreticalExposure_t\ if\ \left|\frac{Exposure_{t-1}}{UnconstrainedExposure_t} - 1\right| > Threshold \\ Exposure_{t-1}, \quad Otherwise \end{cases}$$

Where:

maxExposure has the meaning given to it in the Annex

VolTarget has the meaning given to it in the Annex

Threshold has the meaning given to it in the Annex

Lag has the meaning given to it in the Annex

Realised Volatility (t-Lag) means the Realised Volatility in respect of Index Business Day (t-Lag)

7.4 Calculation of the Number of Shares Base Index

The number of shares of the Base Index in respect of any Index Business Day shall be an amount calculated by the Index Calculation Agent in accordance with the below formulae:

Where Index Business Day t is the Index Base Date or any of the following Lag – 1 Index Business Days:

$$NbShares\ Base\ Index\ (t) = 0$$

Where Index Business Day t falls on any subsequent day:

- In respect of the Total Return Index:

$$NbShares\ Base\ Index\ (t) = \frac{Exposure_{t-Lag} \times TRIndex_{t-Lag}}{Base\ Index_{t-Lag}}$$

- In respect of the Excess Return Index

$$NbShares\ Base\ Index\ (t) = \frac{Exposure_{t-Lag} \times ERIndex_{t-Lag}}{Base\ Index_{t-Lag}}$$

7.5 Calculation of the Effective Exposure

The effective exposure (the **"Effective Exposure"**) in respect of an Index Business Day shall be an amount calculated by the Index Calculation Agent in accordance with the below formulae:

- In respect of the Total Return Index

$$Effective\ Exposure\ (t) = NbShares\ Base\ Index\ (t) \times \frac{Base\ Index\ (t)}{TRIndex_t}$$

- In respect of the Excess Return Index

$$Effective\ Exposure\ (t) = NbShares\ Base\ Index\ (t) \times \frac{Base\ Index\ (t)}{ERIndex_t}$$

7.6 Calculation of the Realised Volatility

The Realised Volatility in respect of an Index Business Day shall be an amount calculated by the Index Calculation Agent in accordance with the formula set out below:

- Where the Realised Volatility Format is set as ARITHMETIC in the Annex:

$$Realised\ Volatility\ (t) = \ Max\ \left(ST\ Vol\ (t), LT\ Vol\ (t)\right)$$

Where:

$$ST\ Vol\ (t) = \sqrt{\frac{252}{ST\ Tenor\ \times STReturn\ Size} \times \sum_{k=t-STTenor-1}^{t} \ln\left(\frac{Base\ Index\ (k)}{Base\ Index\ (k - STReturn\ Size)}\right)^2}$$

$$LT\ Vol\ (t) = \sqrt{\frac{252}{LT\ Tenor\ \times LTReturn\ Size} \times \sum_{k=t-LTTenor-1}^{t} \ln\left(\frac{Base\ Index\ (k)}{Base\ Index\ (k - LTReturn\ Size)}\right)^2}$$

- Where the Realised Volatility Format is set as GEOMETRIC in the Annex:

$$Realised\ Volatility\ (t) = \ Max\ \left(ST\ Vol\ (t), LT\ Vol\ (t)\right)$$

Where:

$ST\ Vol\ (t)$ means:

(i) Where such Index Business Day is the Index Base Date or any of the immediately following ST Return Size – 1 Index Business Days, an amount calculated by the Index Calculation Agent in accordance with the following formula:

$$ST\ Vol\ (t) \ = Initial\ Volatility$$

(ii) in respect of each Index Business Day t from (but excluding) the Index Base Date, an amount calculated by the Index Calculation Agent in accordance with the following formula:

$$ST\ Vol\ (t) = \sqrt{\lambda_{ST} \times ST\ Vol\ (t-1)^2 + (1 - \lambda_{ST}) \times \ln\left(\frac{Base\ Index_t}{Base\ Index_{t-ST\ Return\ Size}}\right)^2 \times \frac{252}{ST\ Return\ Size}}$$

$LT\ Vol\ (t)$ means:

(i) Where such Index Business Day is the Index Base Date or any of the immediately following LT Return Size – 1 Index Business Days, an amount calculated by the Index Calculation Agent in accordance with the following formula:

$$LT\ Vol\ (t) \ = Initial\ Volatility$$

(ii) in respect of each Index Business Day t from (but excluding) the Index Base Date, an amount calculated by the Index Calculation Agent in accordance with the following formula:

$$LT\ Vol\ (t) = \sqrt{\lambda_{LT} \times LT\ Vol\ (t-1)^2 + (1-\lambda_{LT}) \times \ln\left(\frac{Base\ Index_t}{Base\ Index_{t-LT\ Return\ Size}}\right)^2 \times \frac{252}{LT\ Return\ Size}}$$

Where:

λ_{ST} has the meaning given to it in the Annex

$\mathrm{ST\ Tenor}$ has the meaning given to it in the Annex

$\mathrm{ST\ Return\ Size}$ has the meaning given to it in the Annex

λ_{LT} has the meaning given to it in the Annex

$\mathrm{LT\ Tenor}$ has the meaning given to it in the Annex

$\mathrm{LT\ Return\ Size}$ has the meaning given to it in the Annex

7.7 Calculation of the Base Index

7.7.1 Calculation of the Base Index Level

The Base Index level (the "**Base Index Level**") in respect of the Initialisation Date shall be equal to the Initial Base Index Level as defined in the Annex.

The Base Index Level in respect of each Index Business Day from (but excluding) the Initialisation Date shall be an amount, expressed in the Index Currency, calculated by the Index Calculation Agent in accordance with the following formula:

$$Base\ Index_t = Base\ Index_{t-1} + Performance_t + FundingCost_t - AHC_t$$

Where:

$Performance_t$ is defined in Section 7.7.2

$FundingCost_t$is defined in Section 7.7.3

AHC_t is defined in Section 7.7.4

7.7.2 Calculation of the Base Index Performance

The Base Index performance (the "**Base Index Performance**") in respect of each Index Business Day from (but excluding) the Initialisation Date shall be an amount, expressed in the Index Currency, calculated by the Index Calculation Agent in accordance with the following formula:

$$Performance_t = \sum_{i=1}^{N} N_{i,t-1} \times \left(CL_{i,t} - CL_{i,t-1}\right) \times FX_{i,t}$$

Where:

N is the number of Index Components within the Base Index as defined in the Annex

$N_{i,t-1}$ is the Number of Units of Base Index Component i in respect of Index Business Day t-1 as defined in Section 7.7.5

$CL_{i,t}$ means the Index Component Value of Base Index Component i in respect of Index Business Day t

$FX_{i,t}$ means the FX Rate for Base Index Component i in respect of Index Business Day t

7.7.3 Calculation of the Funding Cost

The funding cost (the "**Funding Cost**") in respect of each Index Business Day from (but excluding) the Initialisation Date shall be an amount, expressed in the Index Currency, calculated by the Index Calculation Agent in accordance with the following formula:

$$FundingCost_t = \sum_{CCY} FundingBalance_{t-1}^{CCY} \times (Rate_{t-1}^{CCY} + Spread^{CCY}) \times DCF_{t-1,t} \times FX_{CCY,t}$$

Where:

$$FundingBalance_t^{CCY} = -\sum_{i=1}^{N} N_t^{i|Funded \cap CCY} \times CL_t^{i|Funded \cap CCY}$$

$i|Funded \cap CCY$ means the Base Index Component i, where such Base Index Component is specified as Funded in the Annex and is denominated in currency CCY provided that such currency is other than the Index Currency

$Rate_{t-1}^{CCY}$ means the Funding Rate for currency CCY as defined in the Annex

$Spread^{CCY}$ means the Funding Spread for currency CCY as defined in the Annex

$DCF_{t-1,t}$ means the number of calendar days from (and including) Index Business Day t-1 to and (excluding) Index Business Day t divided by 360

$FX_{CCY,t}$ means the FX Rate for Base Index Component I in respect of Index Business Day t, where such Base Index Component is denominated in a currency other than the Index Currency

7.7.4 Calculation of the Aggregate Holding Cost

The aggregate holding cost in respect of each Index Business Day from (but excluding) the Initialisation Date shall be an amount, expressed in the Index Currency, calculated by the Index Calculation Agent in accordance with the following formula:

$$AHC_t = \sum_{i=1}^{N} N_{i,t-1} \times CL_{i,t} \times FX_{i,t} \times HC_i \times DCF_{t-1,t}$$

Where:

HC_i is the Holding Cost for Base Index Component i as specified in the Annex.

7.7.5 Calculation of the Number of Units of Base Index Components

On the Initialisation Date, the Number of Units invested in the Base Index Component i per unit of the Base Index is calculated by the Index Calculation Agent in accordance with the following formula:

$$N_{i,t=0} = 0$$

In respect of any Index Business Day thereafter:

- If t is a Scheduled Base Index Rebalancing Day:

$$N_{i,t} = \frac{W_i \times Base\ Index_{Max(0,t-BaseIndexUnitLag)}}{CL_{i,Max(0,t-BaseIndexUnitLag)} \times FX_{i,Max(0,t-BaseIndexUnitLag)}}$$

- Otherwise

$$N_{i,t} = N_{i,t-1}$$

Where:

W_i means the Weight for Base Index Component i as defined in the Annex

7.8 <u>Miscellaneous</u>

The Index Level shall be published by the Index Calculation Agent (rounded to two decimal places, with 0.005 being rounded upwards), as set out in Section 8 (*Publication*).

For the avoidance of doubt, the Index Level is tracked without rounding by the Index Calculation Agent, and all calculations in this Section 7 (*Calculation of the Index*) are based on the unrounded Index Level, while the rounded level is disseminated for publication.

The methodology described in this Section 7 (*Calculation of the Index*) is subject to the provisions set out in Section 10 (*Adjustment and Disruption Provisions*).

7.9 <u>Index Live Date and Retrospective Calculations</u>

The Index has been calculated by the Index Calculation Agent since the Index Live Date on a live basis.

Index performance in respect of the period from (and including) the Index Base Date to (but excluding) the Index Live Date (the "**Back-test Period**") has been simulated and is not actual performance. Accordingly the Index has been calculated retrospectively by the Index Calculation Agent on a hypothetical basis with the Index having an Index Level equal to the Initial Index Level on the Index Base Date.

The Index was launched by the Index Sponsor on the Index Live Date. The Index has been calculated by the Index Calculation Agent for the period from (and including) the Index Base Date. All prospective investors should be aware that any retrospective calculation of the Index means that no actual investment existed at any time during the period of the retrospective calculation and as such, the performance of the Index is purely hypothetical. Past performance (actual or simulated) is not a guide to future performance.

The methodology and the strategy used for the calculation and retrospective calculation of the Index have been developed with the advantage of hindsight. In reality, it is not possible to invest with the advantage of hindsight and therefore past performance is purely theoretical.

The market conditions which existed during the Back-test Period are not necessarily representative of the market conditions which may exist in the future. In addition, the market conditions in the Back-test Period do not reflect the effect on the relevant markets of the launch of the Index and of the delivery of exposures to the Index through Financial Products, which may include any hedging by the provider or issuer of such Financial Products. Where the Index has been developed to identify and to monetise a particular opportunity in the relevant markets, it should be noted that corresponding investments made by market participants, including any hedging by the providers of Financial Products, may erode such an opportunity, and therefore the hypothetical Index performance in respect of the Back-test Period may overstate the actual performance of any Financial Product.

8. <u>Publication</u>

Subject to Section 10 (*Adjustment and Disruption Provisions*) below, the Index Calculation Agent will make available (i) the Index Level in respect of each Index Business Day as soon as reasonably practicable after 8 am London time (the "**Index Publication Time**") on the second Index Business Day immediately following such Index Business Day or where, in the sole discretion of the Index Calculation Agent, publication on such Index Business Day is not possible or practicable, the immediately following Index Business Day on the Bloomberg Page or such other source as the Index Sponsor may select from time to time at its reasonable discretion and (ii) details of any adjustments made to the Index as described in Section 10 (*Adjustment and Disruption Provisions*) to Financial Product Investors.

Subject as provided by applicable law or regulation, the Index Sponsor accepts no liability to any person for any publication, suspension of publication or non-publication of the Index Level for any period or in any place.

Any publication described in this Section 8 (*Publication*) may be restricted, except as otherwise provided by law, by means determined as appropriate for such purpose by the Index Sponsor in its reasonable discretion including, without limitation, restricting access to a limited set of persons in accordance with arrangements agreed between MSIP and such persons.

9. Definitions

“**Adjustment Event**” means (i) an Index Component Disruption Event, (ii) a Disruption Event, (iii) a Force Majeure Event, (iv) an Index Component Adjustment Event.

“**Affiliate**” means in relation to any entity (the “**First Entity**”), any entity controlled, directly or indirectly, by the First Entity, any entity that controls, directly or indirectly, the First Entity or any entity directly or indirectly under common control with the First Entity. For these purposes, "control" means ownership of a majority of the voting power of an entity.

“**Accrued Fee**” has the meaning given to it in Section 7.1.

“**Back-test Period**” has the meaning given to it in Section 7.9 (*Index Live Date and Retrospective Calculations*).

“**Base Index Unit Lag**” has the meaning given to it in the Annex.

“**Benchmarks Regulation**” has the meaning given to it in Section 1 (*Introduction*).

“**Bloomberg**” means Bloomberg L.P. or any of its Affiliates, or any successor market price information provider(s).

“**Bloomberg Page**” has the meaning given to it in the Annex or any Successor Source thereto.

“**Change**” has the meaning given to it in Section 10.2 (*Adjustment procedures, notification and consultation process*).

“**Change in Law**” means there has been a change in applicable law or regulation or the promulgation of or any change in the interpretation of any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation that prevents or will prevent the Index Sponsor and/or the Index Calculation Agent from calculating and/or publishing the Index.

“**Description**” has the meaning given to it on the second page of this Description.

“**Disappearance or Unavailability Event**” means there is (i) a permanent discontinuation of trading in an Index Component or (ii) a disappearance or permanent discontinuance or unavailability of an Index Component Value, notwithstanding the status of trading in the relevant Index Component (if applicable), or any other source data required to calculate the Index.

“**Disrupted Day**” means, in respect of a Fund, any day on which an Underlying Fund Disruption Event has occurred or is continuing in respect of such Fund.

“**Disruption Event**” means each of (i) a Change in Law, (ii) a Disappearance or Unavailability Event, (iii) a Hedging Disruption, (iv) a Price Source Disruption Event or (v) a Termination of Data Licence.

“**Financial Product**” has the meaning given to it in Section 2 (*Risk Factors and Investment Considerations*).

“**Financial Product Investor**” has the meaning given to it in Section 2 (*Risk Factors and Investment Considerations*).

“**Force Majeure Event**” means an event or circumstance has occurred beyond the reasonable control of the Index Sponsor (including, without limitation, a systems or IT failure (including, without limitation, a systems breakdown, incomplete or ineffective upgrade, malfunction, malware, virus or other similar circumstances affecting the Index Sponsor's information technology and related processing systems), fire, flood, building evacuation, natural or man-made disaster, act of God, armed conflict, act of terrorism, riot or labour disruption or any similar intervening circumstance) which directly or indirectly prevents or otherwise affects the determinations of the Index Sponsor and/or the Index Calculation Agent in relation to the Index.

"**Frequency of Fund Interest Valuation**" means, in respect of a Fund Interest, the frequency of occurrence of a Fund Business Day of such Fund Interest as determined by reference to the Fund Documents in effect on the Index Live Date.

"**Fund**" means, in respect of a Fund Interest, the issuer of, or other legal arrangement (including, if applicable, any class or series) giving rise to such Fund Interest as specified in the Annex hereto.

"**Fund Administrator**" means, in respect of a Fund, any fund administrator, manager, trustee or similar person responsible for the administration of such Fund and the determination and reporting of any official price or value of such Fund according to the Fund Documents or any successor acceptable to the Index Sponsor.

"**Fund Advisor**" means any person appointed in the role of discretionary investment manager or non-discretionary investment advisor (including a non-discretionary investment advisor to a discretionary investment manager or to another non-discretionary investment advisor) for such Fund and/or a Fund Administrator and/or any other person(s) designated in the Fund Documents as responsible for the oversight of the Fund, or any successor to any such person acceptable to the Index Sponsor.

"**Fund Business Day**" means, in respect of a Fund, each of a Scheduled Fund Valuation Date and any day on which the Fund or the primary Fund Administrator acting on behalf of the Fund is scheduled to effect subscription and redemption requests.

"**Fund Documents**" means, in respect of a Fund and the related Fund Interest, the constitutive and governing documents, subscription agreements and other agreements of the related Fund specifying the terms and conditions of such Fund Interest (including, without limitation, the prospectus, information memorandum or other offering document issued by such Fund in connection with such Fund Interest), in each case and unless where otherwise specified, as amended and/or supplemented from time to time.

"**Fund Event**" means, the occurrence or announcement by the Fund or a Fund Service Provider at any time of any of the following events:

(i) *Nationalisation*: all the Fund Interests or all or substantially all the assets of the Fund are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof;

(ii) *Fund Insolvency Event*: in respect of a Fund Interest and the related Fund (a) the Fund and/or any Fund Service Provider (A) is dissolved or has a resolution passed for its dissolution, winding-up, official liquidation (other than pursuant to a consolidation, amalgamation or merger); (B) makes a general assignment or arrangement with or for the benefit of its creditors; (C)(1) institutes or has instituted against it, by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official, or (2) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and such proceeding or petition is instituted or presented by a person or entity not described in (1) above and either (x) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (y) is not dismissed, discharged, stayed or restrained in each case within 15 days of the institution or presentation thereof; (D) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets; (E) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 15 days thereafter; or (F) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in (A) through (E) above; or (without prejudice to the foregoing) (b) by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting a Fund, (A) all the Fund Interests are required to be transferred to a trustee, liquidator or other similar official or (B) holders of Fund Interests become legally prohibited from transferring them;

(iii) *NAV Trigger/Restriction Event*: in respect of a Fund Interest (A) the Reported Net Asset Value as of the last Fund Valuation Date of any month has decreased by a percentage equal to, or greater than, fifty per cent. of the Reported Net Asset Value as of the Fund Valuation Date of the same month in the immediately preceding calendar year (or, if the first year of operation of the relevant Fund Interest, as of its highest Reported Net Asset Value on the last Fund Valuation Date of any month during such first year); or (B) the related Fund has violated any leverage restriction that is applicable to, or affecting, such Fund or its assets by operation of any law, any order or judgment of any court or other agency of government applicable to it or any of its assets, the Fund Documents or any contractual restriction binding on or affecting the Fund or any of its assets;

(iv) *Fund Advisor Event:* (a) that at any time after the Index Live Date, the total value of the assets managed by the relevant Fund Advisor (including in relation to the Fund) is equal to or less than 100,000,000 U.S. Dollars (or its equivalent) or (b) that over any period of twelve months, the total value of the assets managed by the relevant Fund Advisor (including in relation to the Fund) has decreased by fifty per cent. (whether due to redemptions or decrease in the value of such assets or otherwise);

(v) *Changes to Fund or Fund Service Providers*: (a) any change in the organisation of the Fund or of any Fund Service Provider without the prior written consent of the Index Sponsor including, without limitation, a change of control of, or a change of the main shareholders, managing directors or individual(s) designated as fund manager(s) in the Fund Documents as at the Index Live Date (if any) of a Fund Service Provider, (b) any Fund Service Provider ceasing to act in the relevant capacity in relation to the Fund unless immediately replaced in such capacity by a successor acceptable to the Index Sponsor or (c) any delegation or transfer by the Fund Advisor of any of its powers, duties or obligations under the Fund Documents to a third party without the prior written consent of the Index Sponsor;

(vi) *Fund Modification*: any change, modification or termination of the related Fund Documents or of any rights attaching to the related Fund Interests (including without limitation any change or modification affecting management policy, the Fund Interest Currency, the Frequency of Fund Interest Valuation, the terms relating to subscription, transfer and/or redemption of such Fund Interest including any change to the form or schedule of payment or notice period) from those prevailing on the Index Live Date and which could reasonably be expected to affect the value of such Fund Interests;

(vii) *Strategy Breach*: any material breach of or non-compliance with any investment objective, investment restrictions or other strategy or investment guidelines or requirements, subscription and redemption provisions (including, without limitation, the days treated as Fund Business Days) or valuation provisions (including, without limitation, the method of determining the net asset value of the relevant Fund Interest), in each case as set out in the Fund Documents as in effect on the Index Live Date;

(viii) *Breach by Fund Service Provider*: the breach by any relevant Fund Service Provider of any obligation (including, without limitation, non-compliance with any investment guidelines relating to the Fund Interest), representation or warranties concerning the relevant Fund (including, without limitation, pursuant to any agreement with the Fund), which breach, if capable of remedy, has not been remedied within ten (10) calendar days of its occurrence;

(ix) *Regulatory Event*: (1) any change in the legal, tax, accounting, or regulatory treatments of the relevant Fund or its Fund Advisor that is reasonably likely to have an adverse impact on the value of the related Fund Interest or on any investor therein (as determined by the Index Sponsor) or (2) the related Fund Interest or any of its Fund Service Providers becoming subject to any investigation, proceeding, arbitration, litigation or official action by any relevant governmental, legal or regulatory authority involving the alleged violation of, or non-compliance with, applicable law or regulation in relation to any activities relating to or resulting from the operation of the Fund or another fund where, in the opinion of the Index Sponsor, such circumstances may have an adverse effect on the Fund or (B) (i) the withdrawal, cancellation, suspension or revocation of any registration, licence or approval of the Fund Interests or the Fund by any governmental, legal or regulatory entity with authority over such Fund Interest or Fund; (ii) the withdrawal, suspension, cancellation or modification of any licence, consent, permit, authorisation or clearance required for the Fund or any one or more of its significant Fund Service Providers to carry out their activities as they are or should be carried out in compliance with applicable law or regulation; and/or (iii) the failure of the Fund and/or the Fund Interests to comply with any applicable requirements from time to time applied by any relevant listing authority, stock exchange, quotation system and/or regulator that allow it to be used to determine amounts due under the Financial Products (or, in the case of (B)(i), (ii) or (iii), any official announcement indicating that any such circumstances may occur);

(x) *Reporting Disruption*: (A) the occurrence of any event affecting the Fund Interest that, in the determination of the Index Sponsor, would make it impossible or impracticable for the Index Sponsor to determine the value of such Fund Interest and the Index Sponsor does not expect such event to cease in the foreseeable future; (B) any failure of the Fund to deliver, or cause to be delivered, or recipients in general to receive (1) information that such Fund has agreed to deliver, or cause to be delivered to any member of the Morgan Stanley Group or (2) information that has been previously delivered to any member of the Morgan Stanley Group, in accordance with such Funds, or its authorised representative's, normal practice and that the Index Sponsor deems necessary for it to monitor such Fund's compliance with any investment guidelines, asset allocation methodologies or any other similar policies relating to such Fund; (C) the Fund ceases, for any reason whatsoever (either directly or through any Fund Service Provider acting on its behalf for this purpose) to provide, publish or make available its net asset value on any Fund Reporting Date; or (D) a Fund Service Provider informs any member of the Morgan Stanley Group that any Reported Net Asset Value of the Fund Interest should not be relied on (whether by reason of it being only a provisional or estimated net asset value or for any other reason) and/or, in the opinion of the Index Sponsor, any Reported Net Asset Value is inaccurate (which, for the avoidance of doubt, includes without limitation circumstances where any net asset value reported by a Fund Service Provider to the Index Sponsor, any member of the Morgan Stanley Group and/or investors in Fund Interests generally differs from any net asset value published on any one or more publishing service);

(xi) *Compulsory Redemption or Assignment*: (i) the repurchase or redemption by the Fund of all or some of the Fund Interests otherwise than at the request of a holder of such Fund Interests; or (ii) any event or circumstance (whether or not in accordance with the constitutive documents and investment guidelines of the Fund) which would mandatorily oblige a holder of Fund Interests to redeem, sell, assign or otherwise dispose of any Fund Interests and which the Index Sponsor determines could affect a Hypothetical Investor;

(xii) *Closure to Subscriptions*; *Dealing Restrictions*: (A) the closure of the related Fund to new subscriptions of Fund Interests, or (B) the imposition of any dealing restrictions (including, without limitation, material amendments to relevant documentation, delay (partial or otherwise), suspension or termination (partial or otherwise) of subscription, redemption or settlement) relating to the Fund or transactions in the Fund Interests by any Fund Service Provider, any Affiliate or agent of any Fund Service Provider;

(xiii) *Disposals*: *Material Change*: *Merger*: (A) a disposal to any person(s) of all, or a material part, of the assets of (x) the Fund, or (y) any significant Fund Service Provider; or (B) a material change in the business of the Fund or any significant Fund Service Provider, or (C) the merger, amalgamation or consolidation of the related Fund and/or such Fund Interest with (x) any other sub-fund or compartment of the Fund or (y) any other collective investment undertaking (or sub-fund or compartment of such other collective investment undertaking, including another fund), which, in either case, may, in the determination of the Determination Agent, have an adverse effect on the Fund;

(xiv) *Fraud*: the Fund is the object of a material fraud which may, in the determination of the Index Sponsor, have an adverse effect on the Fund or the value of Fund Interests; or any act or omission of a Fund Service Provider constitutes fraud (including, but not limited to, theft, misappropriation, mispricing of holdings or concealment of trades), bad faith, wilful misconduct or negligence, as determined by the Index Sponsor in its reasonable discretion;

(xv) *Fund Force Majeure Event*: any Fund Service Provider fails to perform any of its obligations pursuant to the Fund Documents to the extent that such performance is prevented, hindered or delayed by a Fund Force Majeure Event, where "**Fund Force Majeure Event**" means any event due to any cause beyond the reasonable control of the applicable Fund Service Provider, such as unavailability of communications system, failure of or interruptions in power supply or network computer systems, sabotage, fire, flood, explosion, acts of God, civil commotion, riots, insurrection or war;

(xvi) *Delisting*: where there is or was intended to be an Underlying Fund Exchange in respect of the Fund Interests that (A) such Underlying Fund Exchange announces that pursuant to the rules of such Underlying Fund Exchange, such Fund Interests cease (or will cease) being listed or publicly quoted on the Underlying Fund Exchange for any reason and are not immediately re-listed or re quoted on an exchange or quotation system located in the same country as the Underlying Fund Exchange (or, where the Underlying Fund Exchange is within the European Union, in any Member State of the European Union), or (B) Fund Interests are never so listed or quoted as intended and disclosed in the relevant Fund Documents as at the Index Live Date;

(xvii) *Fund Accounting Event*: any (i) change in the currency in which the Fund Interest's accounts are denominated; or (ii) material adverse change in the accounting treatment of the relevant Fund which does or could affect a Hypothetical Investor and/or any actual or potential requirement to consolidate its accounts with any such entity; and/or

(xviii) *Fees or Charges Event*: (i) any charge of a transaction fee for subscription or redemption of Fund Interests; (ii) any imposition of any taxes or similar charges for subscription or redemption of Fund Interests (whether by the Fund or a Fund Advisor in respect of holders of Fund Interests generally).

"**Fund Interest**" means, in respect of a Fund, a share, unit or other interest in respect of such Fund

"**Fund Interest Currency**" means, in respect of a Fund Interest, the currency in which such Fund Interest is denominated on the Index Live Date as set out in the Fund Documents and as indicated in CCY in the Annex.

"**Fund Potential Adjustment Event**" means, in respect of a Fund Interest where:

(i) a subdivision, consolidation or reclassification of interests in such Fund Interest, or a free distribution or dividend of any interests in such Fund to existing holders by way of bonus, capitalisation or similar issue;

(ii) a distribution, issue or dividend to existing holders of Fund Interests of (a) an additional amount of Fund Interests, or (b) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Fund equally or proportionately with such payments to holders of Fund Interests, or (c) share capital or other securities of another issuer acquired or owned (directly or indirectly) by the Fund as a result of a spin-off or other similar transaction, or (d) any other type of securities, rights or warrants or other assets, in any case for payment (cash or other consideration) at less than the prevailing market price as determined by the Index Sponsor;

(iii) an amount per Fund Interest is determined by the Index Sponsor to be an extraordinary dividend;

(iv) a repurchase by the Fund of Fund Interests whether the consideration for such repurchase is cash, securities or otherwise, other than in respect of a redemption initiated by an investor in such Fund Interest; or

(v) any other event that may have a diluting or concentrative effect on the theoretical value of the relevant Fund Interest,

and, in each case, the determination by the Index Sponsor that (A) such event has had a diluting or concentrative effect on the theoretical value of any Fund Interest and (B) if so, that a change in the composition or calculation of the Index is required to account for such diluting or concentrative effect (provided that no adjustments shall be made to account solely for changes in volatility, expected dividends, stock loan rate or liquidity relative to such Fund Interest).

"**Fund Reporting Date**" means, in respect of a Fund Interest and a Fund Valuation Date, the date on which the Reported Net Asset Value of such Fund Interest as determined as of such Fund Valuation Date is reported (as provided in the definition of Reported Net Asset Value).

"**Fund Service Provider**" means, in respect of a Fund, any person who is appointed to provide services, directly or indirectly, to that Fund, whether or not specified in the Fund Documents or any successor acceptable to the Index Sponsor, including without limitation any Fund Advisor, Fund Administrator, operator, management company, depositary, custodian, sub-custodian, prime broker, administrator, trustee, registrar and transfer agent or domiciliary agent.

"**Fund Valuation Date**" means, in respect of a Fund Interest, the date as of which such Fund Interest (or its Fund Service Provider that generally determines such value) determines the value of such Fund Interest or, if the related Fund only reports its aggregate net asset value, the date as of which such Fund determines its aggregate net asset value.

"**Funding Rate**" has the meaning given to it in the Annex.

"Funding Rate Screen Page" has the meaning given to it in the Annex.

"FX Rate" has the meaning given to it in Annex.

"**FX Rate Screen Page"** has the meaning given to it in the Annex.

"**Hypothetical Investor**" means, in respect of a Fund Interest, a hypothetical investor in such Fund Interest deemed to have (a) the benefits and obligations, as provided under the Fund Documents, of an investor holding, as of the Index Live Date, an interest in the relevant Fund in an amount equal to the relevant number of relevant amount of Fund Interests; (b) in the case of any deemed redemption of Fund Interests, to have submitted to the relevant Fund on the relevant Redemption Notice Date, a duly completed notice requesting redemption of the relevant number of such Fund Interests; and (c) in the case of any deemed investment in Fund Interests, to have submitted, on the Index Live Date, a duly completed notice to the relevant Fund, requesting subscription to the relevant number of Fund Interests.

"**Hedging Disruption**" occurs if the Index Sponsor determines that a hypothetical market participant would as a result of extraordinary market circumstances relating to an Index Component, be unable, after using commercially reasonable efforts, to:
a) Acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transactions or instruments it deems necessary to hedge its position in relation to any securities issue or other relevant transactions relating to or calculated by reference to the Index; or
b) Realize, recover or remit the proceeds of any such transactions or instruments.

"**Index**" has the meaning given to it in Section 1 (*Introduction*).

"**Index Base Date**" has the meaning given to it in the Annex.

"**Index Business Day**" has the meaning given to it in the Annex.

"**Index Calculation Agent**" has the meaning given to it in Section 5 (*Index Calculation Agent*).

"**Index Committee**" has the meaning given to it in Section 12 (*Governance*).

"**Index Component**" means each component specified in the Annex hereto.

"**Index Component Adjustment Event**" means a Fund Potential Adjustment Event.

"**Index Component Disrupted Day**" means any day which is an Underlying Fund Disrupted Day.

"**Index Component Disruption Event**" means the occurrence of an event that results in the occurrence of an Index Component Disrupted Day.

"**Index Component Price Source**" means, in respect of an Index Component, as specified in Annex 1 hereto or, in each case, any Successor Source thereto.

"**Index Component Scheduled Trading Day**" means, in respect of a Fund, a Fund Valuation Date in respect of such Fund.

"**Index Component Screen Page**" means, in respect of an Index Component, as specified in the Annex hereto or, in each case, any Successor Source thereto.

"**Index Component Underlying Price Source**" means, in respect of an Index Component, any information service, exchange or data source used to calculate the price or level of any share, security, commodity, rate, index or other component included in such Index Component, as determined by the Index Calculation Agent.

"**Index Component Value**" means, in respect of an Index Component which is a Fund, the Underlying Fund Price in respect of such Fund.

"**Index Currency**" has the meaning given to it in the Annex.

"**Index Funding Rate"** has the meaning given to it in the Annex

“**Index Funding Rate Screen Page”** has the meaning given to it in the Annex.

“**Index Level**” means, in respect of each Index Business Day, an amount, expressed in the Index Currency, being the level of the Index in respect of such Index Business Day, as determined in accordance with Section 7 (*Calculation of the Index*). If Return Type is set to Total Return, the Index Level is then equal to Total Return Index Level as determined in accordance with Section 7.1. If Return Type is set to Excess Return, the Index Level is then equal to Excess Return Index Level as determined in accordance with Section 7.2.

“**Index Live Date**” has the meaning given to it in the Annex.

“**Index Publication Time**” has the meaning given to it in Section 8 (*Publication*).

“**Index Sponsor**” has the meaning given to it in Section 4 (*Index Sponsor*).

“**Initial Index Level**” has the meaning given to it in the Annex.

“**IOSCO**” has the meaning given to it in Section 12 (*Governance*).

“**Material Change**” has the meaning given to it in Section 10.2 (*Adjustment procedures, notification and consultation process*).

“**MiFID II**” means Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (as may be amended or replaced from time to time).

“**Morgan Stanley Group**” has the meaning given to it on the front page of this Description.

“**MSIP**” has the meaning given to it in Section 4 (*Index Sponsor*).

“**MS Benchmark Statement**” has the meaning given to it in Section 1 (*Introduction*).

“**NB Shares Base Index**” has the meaning given to it in Section 7 (*Calculation of the Index*).

“**Price Source Disruption Event**” means any Index Component Price Source, Index Component Underlying Price Source, Index Funding Rate Screen Page, Funding Rate Screen Page or other source data required to calculate the Index is insufficient, inaccurate or unreliable or not available whether due to temporary or permanent discontinuance or failure of the price source for such data or otherwise, as determined by the Index Calculation Agent.

"**Principles**" has the meaning given to it in Section 12 (*Governance*).

"**Redemption Notice Date**" means, in respect of a Fund Interest, the last date on which a Hypothetical Investor in such Fund Interest would be permitted, pursuant to the Fund Documents of the related Fund, to submit a redemption notice that would be timely for a redemption as a Scheduled Redemption Valuation Date.

"**Redemption Proceeds**" means, in respect of the relevant amount of Fund Interests, the redemption proceeds that in the determination of the Index Sponsor would be paid by the relevant Fund to a Hypothetical Investor who, as of the relevant Redemption Valuation Date, redeems such amount of Fund Interests and (for the avoidance of doubt after deduction of any tax, levy, charge, assessment or fee of any nature that, in the determination of the Index Sponsor, would (or would be very likely to) be withheld or deducted from such amount); provided that (i) any such proceeds that would be paid in property other than cash shall be deemed to have a value of zero and (ii) if the Hypothetical Investor would be entitled to elect payment of such redemption proceeds to be made either in the form of cash or other property, then the Hypothetical Investor shall be deemed to have elected cash payment.

"**Redemption Valuation Date**" means, in respect of a Fund Interest and any Scheduled Redemption Valuation Date, the date as of which the relevant Fund (or its Fund Service Provider that generally determines such value) determines the net asset value of Fund Interests for purposes of calculating the redemption proceeds to be paid to a Hypothetical Investor that has submitted a valid notice for redemption on or before the related Redemption Notice Date.

"**Relevant Fund**" has the meaning given to such term in Section 10.3 (*Consequences of Fund Events*).

"**Removal Value**" means, in respect of a Relevant Fund and the Fund Interest in respect of such Relevant Fund, the value calculated by the Index Sponsor in the same manner as would be used in determining the Underlying Fund Price of Fund Interests in the related Fund. Where the Removal Value is required to be converted into the Index Currency it shall be so converted by the Index Sponsor at such time and by reference to such sources as it deems appropriate.

"**Reported Net Asset Value**" means, in respect of any Fund Interest and a Fund Reporting Date relating to such Fund Interest, the official net asset value per Fund Interest as of the related Fund Valuation Date or, if the related Fund reports only its aggregate net asset value, the portion of such Fund's aggregate net asset value relating to a Fund Interest as of the related Fund Valuation Date, in each case as reported on the Fund Reporting Date relating to such Fund Valuation Date by the Fund Service Provider that generally reports such value on behalf of the Fund to its investors or a publishing service.

"Return Type" has the meaning given to it in the Annex.

"**Scheduled Fund Valuation Date**" means, in respect of a Fund Interest, the date as of which the related Fund (or its Fund Service Provider that generally determines such value) is scheduled, according to its Fund Documents (without giving effect to any gating, deferral, suspension or other provisions permitting the Fund to delay or refuse redemption of Fund Interests), to determine the value of such Fund Interest or, if the related Fund only reports its aggregate net asset value, the date as of which such Fund determines its aggregate net asset value.

"**Scheduled Redemption Payment Date**" means, in respect of a Fund Interest and any Scheduled Redemption Valuation Date, the date by which the related Fund is scheduled to have paid, according to its Fund Documents, all or a specified portion of the Redemption Proceeds to an investor that has submitted a timely and valid notice requesting redemption of such Fund Interest as of such Scheduled Redemption Valuation Date.

"**Scheduled Redemption Valuation Date**" means, in respect of a Fund Interest and any relevant day, the date as of which the related Fund (or its Fund Service Provider that generally determines such value) is scheduled, according to its Fund Documents (without giving effect to any gating, deferral, suspension or other provisions permitting the Fund to delay or refuse redemption of Fund Interests), to determine the net asset value of such Fund Interest for the purposes of calculating the redemption proceeds to be paid to an investor that has submitted a valid and timely notice for redemption of Fund Interests based on the value determined as of the Scheduled Redemption Valuation Date for which the Scheduled Redemption Payment Date falls on or immediately prior to such day.

"**SEK**" means Swedish Krona.

"**Successor Source**" means, in relation to any display page, other published source, information vendor or provider:

(i) the successor display page, other published source, information vendor or provider that has been officially designated by the sponsor of the original page or source; or

(ii) if the sponsor of the original page or source has not officially designated a successor display page, other published source, service or provider (as the case may be), the successor display page, other published source, service or provider, if any, designated by the relevant information vendor or provider (if different from such sponsor).

"**Termination of Data Licence**" means the occurrence of a termination, revocation or suspension of any third-party license agreement or permission pursuant to which data is supplied to compile or calculate the Index.

"**Theoretical Exposure**" has the meaning given to it in Section 7.3.

"**Underlying Fund Disrupted Day**" means, in respect of a Fund, any day on which an Underlying Fund Disruption Event has occurred or is continuing.

"**Underlying Fund Disruption Event**" means, in respect of a Fund, any of the following events:

(i) in respect of any Fund Interest, the failure of (i) an Index Business Day to be a Fund Valuation Date or any continued postponement or suspension of such Fund Valuation Date; and/or (ii) there to be a Fund Reporting Date and/or Reported Net Asset Value relating to the relevant Fund Valuation Date;

(ii) in respect of any Fund Interest (a) there is a failure by the Fund to pay the full amount (whether expressed as a percentage or otherwise) of the Redemption Proceeds in the Fund Interest Currency with respect to the relevant amount of such Fund Interest scheduled to have been paid on or by such day according to the Fund Documents (without giving effect to any gating, deferral, suspension or other provisions permitting the Fund to delay or refuse redemption of such Fund Interests) or (b) a Hypothetical Investor which had submitted a valid redemption notice in respect of such Fund Interest on the last date permitted pursuant to the relevant Fund Documents would, in the reasonable opinion of the Index Sponsor, not have received in full the Redemption Proceeds in respect of such redemption(s) on or before the date it was scheduled to do so in accordance with the Fund Documents; and/or

(iii) any closure other than for ordinary public holidays and/or any restriction or suspension in trading of foreign exchange markets or money markets in a relevant Fund Interest Currency or Index Currency that, in the opinion of the Index Sponsor, would have a material effect on the ability market participants to effect transactions in such markets,

provided that if any event would otherwise be both an Underlying Fund Disruption Event and Fund Event, such event shall be treated solely as a Fund Event.

"**Underlying Fund Exchange**" means, in respect of a Fund Interest, the principal exchange or quotation system for such Fund Interest, as determined by the Index Sponsor, and any successor to such exchange or quotation system or any substitute exchange or quotation system to which such Fund Interest have temporarily relocated.

"**Underlying Fund Price**" means, in respect of a Fund Interest and the Underlying Fund Valuation Time on any relevant day, the Reported Net Asset Value of such Fund Interest for the related Fund Valuation Date falling on such day.

"**Underlying Fund Valuation Time**" means, in respect of a Fund Interest, the time on or in respect of any relevant day at which the applicable Underlying Fund Price is scheduled to be determined in accordance with the relevant Fund Documents.

10. <u>Adjustment and Disruption Provisions</u>

10.1 Adjustment Events

Subject as provided in Section 10.2 (*Adjustment procedures, notification and consultation process*), if the Index Sponsor determines in its reasonable discretion that an Adjustment Event has occurred or may occur, the Index Sponsor may, acting in good faith and a commercially reasonable manner:

(i) substitute any Index Component, the Index Funding Rate or the Funding Rate (as applicable) which is affected by such Adjustment Event with a replacement component or rate (as applicable), provided that such replacement has substantially similar characteristics to the affected component or rate (as applicable), having regard to the manner in which the affected component or rate (as applicable) is used in the calculation of the Index (as determined by the Index Sponsor in its sole and absolute discretion) and, if so, will (I) determine the effective date of such substitution and (II) make such adjustment(s) to the terms of the Index as it deems appropriate to account for the effect on the Index of such substitution; and/or

(ii) provide data from alternative but comparable sources to the Index Calculation Agent, in each case for such period as it determines appropriate; and/or

(iii) determine that the Index Component Value in respect of any Index Component which is affected by such Adjustment Event in respect of each Index Business Day following the Index Business Day on which such Adjustment Event occurred (the "**Relevant Day**") shall be equal to the Index Component Value in respect of such Relevant Day; and/or

(iv) reallocate the portion of the Index exposed to any Index Component which is affected by such Adjustment Event to the cash until the next Index Business Day on which it determines that no Adjustment Event exists (and make such adjustment(s) to the terms of the Index as it deems appropriate to account for the effect on the Index of such reallocation; and/or

(v) make such determinations and/or adjustments to the terms of the Index as it considers appropriate to determine any part of the Index (including, without limitation, the value of any Index Component) or calculate the Index Level in respect of an Index Business Day; and/or

(vi) delay calculating and making available the Index Level until the next Index Business Day on which it determines that no Adjustment Event exists; and/or

(vii) cancel the Index and permanently cease to calculate the Index Level.

10.2 Adjustment procedures, notification and consultation process

The Index is calculated on the basis of algorithmic formulas and therefore no discretion can be exercised by the Index Sponsor or the Index Calculation Agent in the calculation of the Index. The Index Sponsor will, subject as provided below, employ the methodology set out in this Description to calculate the Index. While the Index Sponsor currently employs this methodology, no assurance can be given that fiscal, market, regulatory, juridical, financial or, without limitation, any other circumstances will not arise that would, in the view of the Index Sponsor, necessitate or make desirable a modification or change to this Description.

However, on occasion, there may be situations, outside the pre-defined adjustments and rebalances, which may make an adjustment of the methodology appropriate or necessary to ensure that the Index continues to achieve its objectives. These situations may include fiscal, market, regulatory, juridical, financial or, without limitation, any other circumstance that was not anticipated to occur when the Index was launched.

The Index Sponsor may decide that these situations necessitate or make desirable a modification or change to this Description. Any such decision will however be taken in a commercially reasonable manner and exclusively in order to ensure that the Index continues to reflect, as closely as possible, the underlying economic interest it was designed to represent in the sole determination of the Index Sponsor and the Index Calculation Agent.

The Index Sponsor may make any amendment to this Description (a "**Change**") which in its determination is not material to Financial Product Investors, including if it is of a formal, minor or technical nature or to correct a manifest error. In this case the Index Sponsor is not required to consult with Financial Product Investors. Details of the Change will be made available by the Index Sponsor in accordance with Section 8 (*Publication*). For the purposes of determining the materiality of a Change, the Index Sponsor shall consider a change to be material if it may have a potentially material effect on any future level of the Index.

In relation to any Change to this Description other than as described in the immediately preceding paragraph (a "**Material Change**") the Index Sponsor will give prior notice to Financial Product Investors that a Material Change is proposed. Details of the Material Change will then be available upon request to the Index Sponsor to allow Financial Product Investors to give any comments on the proposed Material Change.

The Index Sponsor is required to give at least ten Index Business Days' notice of a Material Change before making this, provided that it may reduce this notice period to not less than one Index Business Day in the case of a Material Change which is required to ensure that the Index may be fully hedged on an effective basis by or on behalf of any member of the Morgan Stanley Group. Modifications or adjustments which the Index Sponsor may make include, without limitation, amendments to the methodology, and substitution or removal of underlying Index Components from the Index, which, in each case, may have a negative impact on the performance of the Index.

Any comments from Financial Product Investors and the Index Sponsor's responses to these will be made accessible to Financial Product Investors upon request to the Index Sponsor, except where the comment provider has requested confidentiality. However any such comments and responses may not be available prior to the Material Change being made.

Subject as provided in the MS Benchmark Statement, if any modification or adjustment is made to the composition or calculation of the Index in accordance with Section 10.2 (*Adjustment procedures, notification and consultation process*), the Index Sponsor will make such modifications or adjustments based on market conditions and other relevant factors as in the judgment of the Index Sponsor are necessary to ensure that the Index continues to reflect, as closely as possible, the underlying economic interest it is designed to represent.

10.3 Consequences of Fund Events

If the Index Sponsor determines that a Fund Event has occurred in respect of a Fund (a "**Relevant Fund**"), then the procedures under Section 10.1 (*Adjustment Events*) will apply. Any such adjustments made in accordance with the foregoing may include adjustments to account for the Removal Value of the Fund Interest in respect of such Relevant Fund instead of the Underlying Fund Price and, if relevant, an amount determined by the Index Sponsor in respect of interest (compounded on a daily basis) on the Removal Value of the Fund Interest in respect of such Relevant Fund accrued at an overnight rate relating to the Index Currency selected by the Index Sponsor from (and including) the date on which any replacement of the Relevant Fund is effective.

Where it is required to determine a valuation of the Relevant Fund for the purposes of this Section 10.3 (*Consequences of Fund Events*) by reference to the Underlying Fund Price of the Fund Interest in respect of such Relevant Fund, the Index Sponsor shall determine the mechanics for calculating such valuation of the Fund Interest in respect of such Relevant Fund (which valuation may be zero) by reference to such sources as it considers appropriate including, but not limited to, the value that a third party on arms’ length terms would be willing to pay for the transfer to it of such Fund Interest in respect of the Relevant Fund (or the portion of a hypothetical derivative contract in so far as it relates to the Fund Interest in respect of the Relevant Fund and does not take into account the creditworthiness of any party thereto).

11. Errors and Corrections

If:

(i) any Index Component Value in respect of any Index Component or other variable, input or other parameter that is used to calculate the Index is subsequently changed or corrected and the change or correction is published by the relevant Index Component Price Source or other data source (as applicable); or

(ii) the Index Calculation Agent identifies an error or omission in any of its calculations or determinations with respect to the Index Level in respect of any Index Business Day (including, without limitation, following an incorrect implementation of the methodology set out in this Description, an error in data entry, or a manual or system error),

then, in each case, the Index Sponsor may correct and restate any published Index Level in respect of any relevant Index Business Day (including, without limitation, a correction and restatement of the Index Level published for any relevant Index Business Day with retrospective effect) and/or each subsequent Index Business Day. Upon the occurrence of such event, the Index Calculation Agent shall inform the Index Sponsor and MSIP promptly.

The Index Sponsor will determine whether such error requires a change in the composition or calculation of the Index and, if so, the procedures under Section 10.2 (*Adjustment procedures, notification and consultation process*) will apply.

12. Governance

Morgan Stanley has adopted the "Principles for Financial Benchmarks" published by the International Organization of Securities Commissions ("**IOSCO**") on 17 July 2013 (the "**Principles**") on a proportionate basis.

The Index and this Description have been approved in accordance with and are subject to the internal governance procedures implemented by Morgan Stanley in compliance with the Principles and managed by an internal oversight committee (the "**Index Committee**").

The functions of calculation and valuation of the Index on each Index Business Day, as described in this Description, are carried out by a separate team at Morgan Stanley which is organisationally independent from the Index Sponsor.

The remuneration of the team which carries out the function of the Index Calculation Agent is not linked to the performance of the Index.

13. Discontinuation

Notwithstanding Section 10 (*Adjustment and Disruption Provisions*), the Index Sponsor may, in its sole discretion, after consultation with the Index Committee (except where, in the circumstances set out under (iii) below, such consultation is not possible), discontinue calculating and publishing the Index at any time upon the occurrence of any of the following:

(i) as outlined in Section 10 (*Adjustment and Disruption Provisions*), as the result of an Adjustment Event;

(ii) the Index Sponsor and/or, where no successor to it is available in the determination of the Index Sponsor, the Index Calculation Agent terminates its index/strategy publication or calculation (as applicable) business;

(iii) the Index Sponsor and/or the Index Calculation Agent is subject to a voluntary or involuntary liquidation, dissolution or winding-up or institutes or has instituted against it, by a regulator, supervisor or other similar official, a proceeding seeking a judgment of insolvency or bankruptcy or other similar;

(iv) subject as provided by applicable law or regulation, the Index Sponsor determines that it shall no longer continue to publish the Index; and/or

(v) the Index Sponsor determines in its sole and absolute discretion that the Index is or will be no longer representative of the economic reality it was intended to measure.

Upon any such discontinuance, the Index Sponsor will use commercially reasonable efforts to publicly announce such discontinuance as soon as is reasonably practicable prior to the effective date.

The Index Sponsor shall determine if a commercially reasonable alternative index, the sponsor of which is a member of the Morgan Stanley Group, is available for use as an alternative to the Index and, to the extent reasonably possible, it shall maintain the original Index in existence in order to facilitate an orderly transition to the alternative index.

14. Important Information

Complaints

The Morgan Stanley Group has a complaints management policy and procedures for receiving, investigating and retaining records concerning complaints, details of which can be provided on request by emailing complaintsms@morganstanley.com. If an investor has a complaint about the Morgan Stanley Group, they should raise it in the first instance with the employee acting for them. If they are not satisfied with the response of that employee (or if they prefer not to raise the matter with that employee) they may email the Compliance Department at complaintsms@morganstanley.com.

ANNEX

INDEX MAIN DEFINITIONS:

Index Currency	SEK
Initial Index Level	100
Index Business Day	means a day (i) on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in London and Dublin (ii) for which the Target2 payment system is open for payments and settlements and (iii) which is a Fund Valuation Date in respect of each Index Component
Index Base Date	4th September 2025
Initial Base Index Level	100
Initialisation Date	1st August 2019
Index Live Date	3rd September 2025
Index Funding Rate	N/A
Index Funding Rate Screen Page	N/A
Bloomberg Page	MSFDAR07 Index

INDEX MAIN PARAMETERS:

VolTarget	7.0%
Return Type	Excess Return
Decrement Rate	0.0%
Rebalancing Cost (RC)	0%
maxExposure	200%
Rebalance Rule	ABSOLUTE
Realised Volatility Format	ARITHMETIC
Initial Volatility	Not Applicable
Lag	2
Base Index Unit Lag	2
Threshold	5%
ST Tenor	20
LT Tenor	20
ST Return Size	1
LT Return Size	1
λ_{ST}	Not Applicable
λ_{LT}	Not Applicable
Scheduled Base Index Rebalancing Day	The last Index Business Day of each calendar month from (and including) the 30th September 2019

BASE INDEX/INDEX COMPONENTS DEFINITIONS:

Primary Information

Base Index Component / Index Component #	Base Index Component / Index Component	Index Component Price Source	Index Component Screen Page	Index Component ISIN
1	Jupiter Merian Global Equity Absolute Return Fund	Bloomberg (4 decimal points precision)	OMEAEHA ID Equity	IE00BLP5S460

Main Definitions

Base Index Component / Index Component #	Currency	Funded/Unfunded	Holding Cost	Funding Rate (Funding Rate Screen Page)	Funding Spread	Weight	FX Rate (FX Rate Screen Page)
1	EUR	Funded	0.0%	EURIBOR 3 month (EUR003M)	0.0%	100%	WMCO (Refinitiv)

OVERVIEW of the MS 7% Risk Control ER Index linked to Global Equity Absolute Return Fund

This section provides a narrative, non-technical explanation of the intended investment objective of the Index and its calculation methodology. The information in this section is by way of explanation of information appearing in the Index Rules. The Index is governed by the Index Rules and therefore a full understanding of the Index can only be achieved with a full reading of that section.

What is the Index?

The Index is a rules-based strategy denominated in SEK which aims to provide exposure to one equity mutual fund, as described below (the "**Fund**"), whilst maintaining a volatility at or around 7% (the "**Target Volatility**"). To pursue this objective, the Index implements a daily "*Risk Control Mechanism*" which adjusts the exposure of the Index in response to the increases or decreases of the volatility of the Fund. When volatility increases, the Index reduces exposure to the Fund and invests in a notional, non-interest bearing, cash investment. When the volatility decreases, the Index increases exposure to the Fund, up to a maximum exposure of 200%, and reduces its exposure to cash.

When the Index's exposure to the Fund is higher than 100%, the Index uses a "leveraged" exposure to the underlying fund. Leverage refers to the practice of using debt to amplify potential returns, by allocating more than 100% of the Index to the underlying fund. The maximum leverage the Index can employ is capped at 200%.

Does the Index represent a physical investment in the Fund?

The Index can be described as a "notional" investment in the Fund or as a "synthetic portfolio" as there is no actual asset held in respect of the Index. The Index simply reflects a strategy calculated using the value of a theoretical investment in each of the relevant components.

What does "Excess Return" mean?

The Index is construed as an "**Excess Return**" asset. This means that the level of the Index is determined net of costs, such as the cost of funding and/or borrowing a hypothetical investor would incur investing in the notional assets that make up the Fund. In practical terms, an Excess Return investment represents the returns of a hypothetical investment in an asset, where such investment is funded with borrowed cash, thus incurring running interest. This is in contrast to a Total Return investment which assumes that such investment is fully funded.

What does "Decrement" mean?

The Index is calculated by deducting a 0.00% per annum* percentage rate (the "**Decrement**") applied daily pro rata to the Index value. This deduction will impact negatively the performance of the Index over time, meaning that the Index annual performance would be on average 0.0% lower than what it would otherwise be without the Decrement.

*Per annum refers to a period of 360 calendar days.

How does the Risk Control Mechanism Work?

The Index targets a volatility at or around 7% by allocating exposure to the Fund based on the realised volatility of the Fund itself. The target weight assigned by the Index to the Fund on any business day is the ratio of 7% to the realised volatility of the Fund. The realised volatility of the Fund is measured using its returns within a 20-business day period ending 2 days prior to the time of calculation.

The realised volatility is a measure of the magnitude of changes in price of a given financial instrument. When the Fund experiences higher volatility, it means greater changes in its price. In such environment, exposure to the Fund can produce unpredictable results. Volatility can anticipate both a decline or a rebound in the Fund. A "volatility target" mechanism aims to achieve a target volatility so that, as volatility increases beyond the target, the Index reduces exposure to the Fund. In practical terms, when exposure to the Fund is reduced, the level of the Index is less sensitive to the volatility of the Fund and therefore will suffer less from a decline in the performance of the Fund. A "volatility target" mechanism can however also hinder the ability to participate in any increase in the value of the Fund when high volatility is associated with underlying value increase.

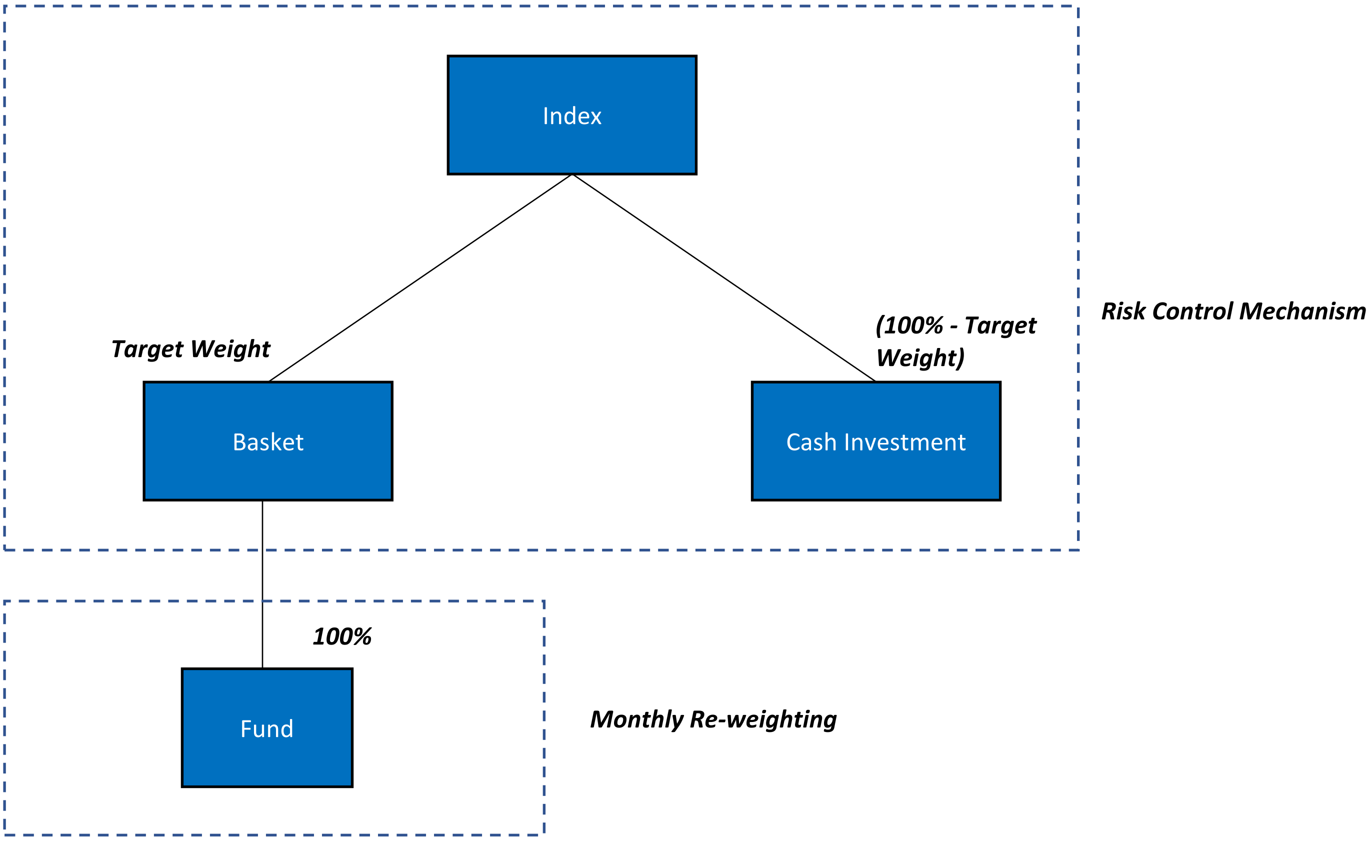
It should be highlighted that the minimum exposure to the Fund is 0% even when the Fund volatility has reached a level higher than the Target Volatility. As a result, exposure to the Fund cannot be negative.

What is the Fund underlying the Index?

Name of Reference Fund	*Bloomberg Code*	*ISIN*	*Share Class Type*	*Investment Manager*	*Weight in the Basket*	*Web-site to obtain further information**
Jupiter Merian Global Equity Absolute Return Fund	OMEAEHA ID	IE00BLP5S460	Accumulation (All income & dividends are reinvested within the fund)	Jupiter Asset Management Series plc	100%	https://www.jupiteram.com/uk/en/individual/

**None of Morgan Stanley & Co. International plc or its affiliates have been involved in the preparation of the information contained in such websites*

Representation of the Index in Diagram



In the above diagram, the target weight represents the percentage weight assigned by the Index to the Fund which is determined by the Risk Control Mechanism.

What impacts the level of the Index?

The main driver of the level of the Index is the performance of the underlying Fund. In general terms, if the Fund increases in value, the Index level will increase as well and vice versa proportionally to the allocation percentage assigned by the Index to the Fund as determined by the Risk Control Mechanism.

However, the Index level is impacted by a number of other components as follows:

- The Index is determined by deducting the cost of funding and/or borrowing a hypothetical investor would incur investing in the Fund. This cost is represented by the Euro Interbank 3-month rate. The higher the borrowing rates, the lower the performance of the Index. In an environment where borrowing rates are high, the Index may exhibit material underperformance when compared to a direct investment in the Fund.

- The Index is calculated by deducting the Decrement, which is deducted daily pro rata. This means that the Index annual performance would be on average 0.0% lower than what it would otherwise be without the Decrement.

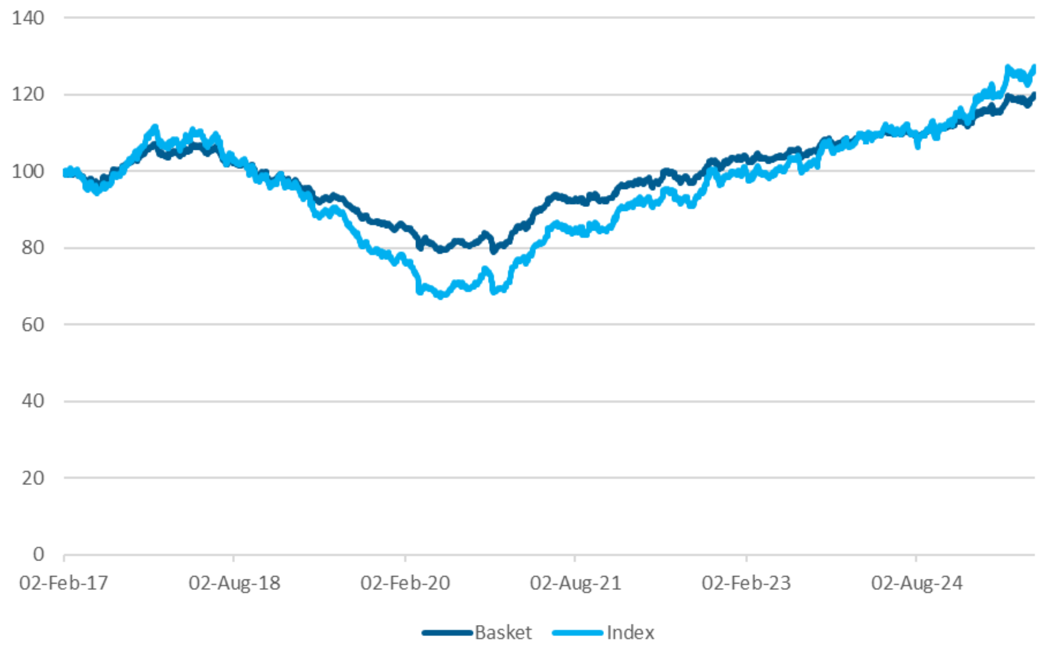
Simulated Historical Track Record of the Index

The below chart represents the simulated historical performance of the Index in comparison with the simulated historical performance of the Fund.

This is not actual historical performance, and it should not be taken as an indication of future performance of the Index or the Fund.

Simulation Start Date: 30th August 2019

Simulation End Date: 15th August 2025



Year	*Simulated Fund Performance**	*Simulated Index Performance**
2020	-3.6%	-6.6%
2021	17.7%	27.2%
2022	7.4%	9.9%

2023	4.1%	7.1%
2024	4.9%	7.6%

******Calculation Source***: Morgan Stanley. For illustrative purposes only. Simulated performance is not indicative of future performance. Simulated data prior to the live date. Approximations made in historical simulation. No representation is made that any results/returns indicated would be achieved or that all assumptions in achieving such returns have been considered or stated.**