Morgan Stanley

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Income Generation with Consistency

Overview

- The **S&P 500 Intraday Index (SPXF40D4)** (the "Index"), launched August 2024, is a new index for Structured Products offered by **Morgan Stanley's Institutional Equity Division**.
- The Index seeks to deliver **high-yielding** returns, based on the performance of US broad-based equity markets, on a **consistent basis**.
- S&P 500 Intraday Index can be traded within an income-generating **Structured Product** vehicle.
- On an intraday basis, the index dynamically adjusts its exposure to optimize higher **risk-adjusted returns**, while increasing **Sharpe Ratio** and dampening portfolio **volatility.**

Our Strategy can potentially help RIAs…

- Who are seeking similar or **enhanced yield** once their income generating Structured Product has been called.
- Who may be spending time vetting through Structured Product offerings or trying to time the market for optimal entry points, when that time could have been spent **growing their book of business.**
- Achieve **higher coupon** paying Structured Products with less volatility, rather than increasing risk tolerance in the form of uncorrelated single stock underliers, lower downside protection, or steeper coupon barriers.

How Does It Work?

S&P 500 Exposure
The index allocates dynamically to S&P 500 futures.

Risk Control
The index is volatility controlled, targeting a 40% level of annualized volatility.

Daily Rebalances
The index adjusts allocations up to 7 times a day by using intraday price information.

Synthetic Dividend
The index overlays a 4% per annum dividend to lower the cost of derivative access.

Indicative Income Generating Ideas

The below Structured Product terms are indicative and for educational purposes only.

Structure	Auto-callable Yield Note	Auto-callable Yield Note	Auto-callable Yield Note	Auto-callable Yield Note
Tenor	5yr	*5yr*	*5yr*	*5yr*
Call Restrictions	Non-callable 1yr	*Non-callable 6m*	*Non-callable 6m*	*Non-callable 6m*
Underlier	**S&P Intraday (SPXF40D4)**	*Lesser performing-of Broad Based US Equities*	*Lesser performing-of US Tech Exposure*	*Lesser performing-of MSFT/GOOG/META*
Principal Protection	50% (50% European Barrier)	*50% (50% European Barrier)*	*50% (50% European Barrier)*	*50% (50% European Barrier)*
Coupon Protection	30% (70% Coupon Barrier)	*30% (70% Coupon Barrier)*	*30% (70% Coupon Barrier)*	*30% (70% Coupon Barrier)*
Autocall Barrier	100%	*100%*	*100%*	*100%*
Call Frequency	Quarterly	*Quarterly*	*Quarterly*	*Quarterly*
Coupon Frequency	Monthly	*Monthly*	*Monthly*	*Monthly*
Coupon (p.a.)	**18.00%**	*6.50%*	*6.00%*	*12.50%*

If you are interested in learning more about how the Advisor Solutions Team can work with you on customized portfolio solutions, please reach out:

Advisor Solutions Team
Morgan Stanley | Institutional Equity Division
1585 Broadway, 2nd Floor | New York, NY 10036
Email: advisor_solutions@morganstanley.com
Direct: +1 (212) 761-2505