

**Morgan Stanley & Co. International plc, as Issuer**

**Legal Entity Identifier (LEI): 4PQUHN3JPFQFNF3BB653**

Issue of 105 Equity Linked Warrants due 2028 (the "Warrants" or the "Securities")

under the

**Regulation S Program for the Issuance of Notes, Series A and B, Warrants and Warrants**

The Offering Circular referred to below (as completed by this Pricing Supplement) has been prepared on the basis that any offer of the Securities in any Member State of the European Economic Area or in the United Kingdom (each, a "Relevant State") will be made pursuant to an exemption under Regulation (EU) 2017/1129 (as amended, the "Prospectus Regulation") or the Prospectus Regulation as it forms part of "retained EU law", as defined in the European Union (Withdrawal) Act 2018 (the "EUWA") (the "UK Prospectus Regulation") from the requirement to publish a prospectus for offers of the Securities. Accordingly any person making or intending to make an offer in that Relevant State of the Securities may only do so in circumstances in which no obligation arises for the Issuer or any Distribution Agent to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or Article 3 of the UK Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation or Article 23 of the UK Prospectus Regulation, in each case, in relation to such offer. Neither the Issuer nor any Distribution Agent has authorised, nor do they authorise, the making of any offer of Securities in any other circumstances.

Warning: Neither this Pricing Supplement nor the Offering Circular referred to below constitutes a "prospectus" for the purposes of the Prospectus Regulation or the UK Prospectus Regulation, and the Pricing Supplement and the Offering Circular have been prepared on the basis that no prospectus shall be required under the Prospectus Regulation or the UK Prospectus Regulation in relation to any Securities be offered and sold under hereby.

**THE WARRANTS ARE NOT DEPOSITS OR SAVINGS ACCOUNTS AND ARE NOT INSURED BY THE U.S. FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENTAL AGENCY OR INSTRUMENTALITY OR DEPOSIT PROTECTION SCHEME ANYWHERE, NOR ARE THEY OBLIGATIONS OF, OR GUARANTEED BY, A BANK.**

**MIFID II PRODUCT GOVERNANCE / RETAIL INVESTORS / PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET:**

**SOLELY FOR THE PURPOSES OF THE MANUFACTURER'S PRODUCT APPROVAL PROCESS, THE TARGET MARKET ASSESSMENT IN RESPECT OF THE WARRANTS HAS LED TO THE CONCLUSION THAT:**

- (A) THE TARGET MARKET FOR THE WARRANTS IS ELIGIBLE COUNTERPARTIES, PROFESSIONAL CLIENTS AND RETAIL CLIENTS, EACH AS DEFINED IN MIFID II; AND**
- (B) ALL CHANNELS FOR DISTRIBUTION OF THE WARRANTS TO ELIGIBLE COUNTERPARTIES AND PROFESSIONAL CLIENTS ARE APPROPRIATE; AND**
- (C) THE FOLLOWING CHANNELS FOR DISTRIBUTION OF THE WARRANTS TO RETAIL CLIENTS ARE APPROPRIATE – INVESTMENT ADVICE, PORTFOLIO MANAGEMENT, AND NON-ADVISED SALES AND PURE EXECUTION SERVICES, SUBJECT TO THE DISTRIBUTER'S SUITABILITY AND APPROPRIATENESS OBLIGATIONS UNDER MIFID II, AS APPLICABLE.**

**ANY PERSON SUBSEQUENTLY OFFERING, SELLING OR RECOMMENDING THE WARRANTS (A "DISTRIBUTOR") SHOULD TAKE INTO CONSIDERATION THE MANUFACTURER'S TARGET MARKET ASSESSMENT; HOWEVER, A DISTRIBUTOR SUBJECT TO MIFID II IS RESPONSIBLE FOR UNDERTAKING ITS OWN TARGET MARKET ASSESSMENT IN RESPECT OF THE WARRANTS (BY EITHER ADOPTING OR REFINING THE MANUFACTURER'S TARGET MARKET ASSESSMENT) AND DETERMINING APPROPRIATE DISTRIBUTION CHANNELS.**

THE WARRANTS DESCRIBED HEREIN AND THE SECURITIES TO BE DELIVERED ON EXERCISE OR REDEMPTION OF THE WARRANTS (IF ANY), HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. THE ISSUER IS NOT REGISTERED AND WILL NOT REGISTER UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED. TRADING IN THE WARRANTS HAS NOT BEEN APPROVED BY THE U.S. COMMODITY FUTURES TRADING COMMISSION UNDER THE U.S. COMMODITY EXCHANGE ACT OF 1936, AS AMENDED.

THE WARRANTS DESCRIBED HEREIN, ANY INTEREST THEREIN, AND THE SECURITIES TO BE DELIVERED ON THE EXERCISE OR REDEMPTION OF THE WARRANTS (IF ANY) MAY NOT BE OFFERED, SOLD, PLEDGED, ASSIGNED, DELIVERED OR OTHERWISE TRANSFERRED, EXERCISED OR REDEEMED AT ANY TIME, DIRECTLY OR INDIRECTLY, WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATIONS UNDER THE SECURITIES ACT). HEDGING TRANSACTIONS INVOLVING ANY "EQUITY SECURITIES" OF "DOMESTIC ISSUERS" (AS SUCH TERMS ARE DEFINED IN THE SECURITIES ACT AND REGULATIONS THEREUNDER) MAY ONLY BE CONDUCTED IN ACCORDANCE WITH THE SECURITIES ACT. SEE "*SUBSCRIPTION AND SALE*" AND "*NO OWNERSHIP BY U.S. PERSONS*" IN THE ACCOMPANYING OFFERING CIRCULAR DATED 24 JUNE 2022. IN PURCHASING THE WARRANTS, PURCHASERS WILL BE DEEMED TO REPRESENT AND WARRANT THAT THEY ARE NEITHER LOCATED IN THE UNITED STATES NOR A U.S. PERSON AND THAT THEY ARE NOT PURCHASING ON BEHALF OF, OR FOR THE ACCOUNT OR BENEFIT OF, ANY SUCH PERSON.

THE WARRANTS ARE NOT RATED.

This document constitutes the Pricing Supplement relating to the issue of the Warrants described herein. This Pricing Supplement must be read in conjunction with the Offering Circular dated 24 June 2022 24 June 2022 and the supplements to the Offering Circular dated 24 June 2022 dated 27 July 2022, 24 August 2022 27 September 2022, 28 September 2022, 24 October 2022, 25 October 2022, 30 November 2022 and 23 January 2023 (together the "Offering Circular"). Full information on the Issuer and the offer of the Warrants is only available on the basis of the combination of this Pricing Supplement and the Offering Circular. Copies of the Offering Circular are available from the offices of Morgan Stanley & Co. International plc at 25 Cabot Square, Canary Wharf, London, E14 4QA. The Offering Circular has also been published on the website of the Euronext Dublin ([www.ise.ie](http://www.ise.ie)), the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) and the Gibraltar Stock Exchange ([www.gsx.gi](http://www.gsx.gi)).

#### **Information Concerning Investment Risk**

**Potential investors should be aware that the Warrant creates an option exercisable by the Securityholder and that in the absence of such exercise, there is no obligation upon the Issuer to indemnify such Securityholder.**

**Securityholders and prospective purchasers of Warrant should ensure that they understand the nature of the Warrant and the extent of their exposure to risk and that they consider the suitability of the Warrant as an investment in the light of their own circumstances and financial condition. The amount payable on settlement of the Warrant is linked to the performance of the Underlying (as defined herein), and may be less than par. Given the highly specialised nature of these Warrant, Morgan Stanley & Co. International plc ("MSI plc") consider that they are only suitable for highly sophisticated investors who are able to determine for themselves the risk of an investment linked to the Underlying, are willing to take risks and can absorb the partial loss of their initial investment. Consequently, if you are not an investor who falls within the description above you should not consider purchasing these Warrant without taking detailed advice from a specialised professional adviser.**

**Potential investors are urged to consult with their legal, regulatory, investment, accounting, tax and other advisors with regard to any proposed or actual investment in these Warrant. Please see the Offering Circular together with the Pricing Supplement for a full detailed description of the Warrant and in particular, please review the Risk Factors associated with these Warrant. Investing in the Warrant entails certain risks including, but not limited to, the following:**

**Adjustments by the Determination Agent: The terms and conditions of the Warrant. will allow the Determination Agent to make adjustments or take any other appropriate action if circumstances occur where the Warrant. or any exchanges are affected by market disruption, adjustment events or circumstances affecting normal activities. These circumstances include the Nationalisation, Delisting, Insolvency or a Takeover or Merger of the share issuers of the Underlying.**

In addition, other circumstances may occur which either increase the liability of the Issuer fulfilling its obligations under the Warrant, or increase the liability of any hedging activities related to such obligations, including without limitation the adoption of or any change in any tax law relating to a common system of financial transaction tax in the European Union or otherwise.

In such circumstances, the Determination Agent can in its sole and reasonable discretion determine whether to redeem the Warrant, early, or adjust the terms of the Warrant., which may include without limitation adjustments to the Initial Reference Price, the Final Redemption Amount or the Underlying.

Potential investors should see the Offering Circular for a detailed description of potential adjustment events and adjustments.

**Administrator/Benchmark Event:** The administrator or sponsor of an Underlying (or the Underlying itself) may be required to be authorised, registered, recognised, endorsed, the subject of an equivalence decision, approved or otherwise included in an official register in order for the Issuer or the Determination Agent to be permitted to use it and perform their respective obligations under the Warrants. If the Determination Agent determines that such a requirement applies to the administrator or sponsor (or the Underlying) but it has not been satisfied then an “Administrator/Benchmark Event” will occur and the Determination Agent or the Issuer may then apply certain fallbacks. These fallbacks may mean that the Determination Agent makes adjustments to the terms of the Warrants, including substitution of the relevant Underlying with the ‘Alternative Pre-nominated Index’ (if any) specified for the Underlying, or to redeem the Warrants.

Potential investors should see the Offering Circular for a detailed description of what constitutes an Administrator/Benchmark Event and the applicable ‘fallback’ provisions that may apply if such event occurs.

**Product Market Risk:** The value of the Warrant and the returns available under the terms of the Warrant will be influenced and dependent on the value of the Underlying. It is impossible to predict how the level of the Underlying will vary over time. The historical performance (if any) of the Underlying is not indicative of its future performance.

**Credit Risk:** Investors are exposed to the credit risk of the Issuer. The Warrant are essentially a loan to the Issuer with a repayment amount linked to the performance of the Underlying that the Issuer promises to pay at maturity. There is the risk, however, that the Issuer may not be able to fulfil their obligations, irrespective of whether the Warrant are referred to as capital or principal protected. Investors may lose all or part of their investment if the Issuer is unable to pay the coupons (if any) or the redemption amount. No assets of the Issuer and/or Guarantor are segregated and specifically set aside in order to pay the holders of the Warrant in the event of liquidation of the Issuer, and the holders of the Warrant will rank behind secured or preferred creditors.

**Capital is not protected:** the cash settlement amount depends on the performance of the Underlying and could be zero.

**Exit Risk:** Any secondary market price of the Warrant will depend on many factors, including the value and volatility of the Underlying(s), interest rates, the dividend rate on the stocks that compose the Underlying, time remaining to expiration and the creditworthiness of the Issuer. The secondary market price may be lower than the market value of the issued Warrant as at the Issue Date to take into account amounts paid distributors and other intermediaries relating to the issue and sale of the Warrant as well as amounts relating to the hedging of the Issuer's obligations. As a result of all of these factors, the holder may receive an amount in the secondary market which may be less than the then intrinsic market value of the Warrant and which may also be less than the amount the holder would have received had the holder held the Warrant through to expiration.

**Liquidity Risk:** The Warrant will not be traded on an organized exchange. Any secondary market in the Warrant made by the Dealer will be made on a reasonable efforts basis only and subject to market conditions, law, regulation and internal policy. Even whilst there may be a secondary market in the Warrant it may not be liquid enough to facilitate a sale by the holder.

**Hedging Risk:** On or prior to and after the Trade Date, the Issuer, through its affiliates or others, will likely hedge its anticipated exposure under the Warrant by taking positions in the Underlying, in option contracts on the Underlying or positions in any other available securities or instruments. In addition, the Issuer and its affiliates trade the Underlying as part of their general businesses. Any of these activities could potentially affect the value of the Underlying, and accordingly, could affect the pay-out to holders on the Warrant.

**No Shareholder Rights:** A holder of Warrant will have no beneficial interest in the stocks that compose the relevant Underlying nor any voting rights and will not have the right to receive dividends or other distributions with respect to the stocks that compose the Underlying.

**Potential Conflict of Interest:** The Determination Agent, which is also the Issuer, will determine the pay-out to the investor at expiration. Morgan Stanley & Co. International plc and its affiliates may trade the Underlying on a regular basis as part of its general broker-dealer business and may also carry out hedging activities in relation to the Warrant. Any of these activities could influence the Determination Agent's determination of adjustments made to any Warrant and any such trading activity could potentially affect the price of the Underlying and, accordingly, could affect the investor's pay-out on any Warrant.

In purchasing any Warrant, purchasers will be deemed to represent and undertake to the Issuer, the Dealer and each of their affiliates that (i) such purchaser understands the risks and potential consequences associated with the purchase of the Warrant, (ii) that such purchaser has consulted with its own legal, regulatory, investment, accounting, tax and other advisers to extent it believes is appropriate to assist it in understanding and evaluating the risks involved in, and the consequences of, purchasing the Warrant and (iii) in accordance with the terms set out in Annex 3.

of the Underlying Index and investment considerations can be found in the Index Rules published 11 January 2023.

#### Index Specific Risk Considerations

**Weights** – With respect to baskets with more than one Index Components, 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 includes a deduction for certain costs. Such costs are calculated in accordance with the methodology specified in the 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 Basket 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 Basket. 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 risk 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 Component 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 LIBOR and 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 the Description.

***Potential replacement or reform of LIBOR, EURIBOR, EONIA or other interest rate benchmarks may adversely affect the level of the Index*** – In response to concerns about the susceptibility of LIBOR and other interest rate benchmarks, including EURIBOR and EONIA (collectively, the “**IBORS**”) to manipulation, central banks around the world have commissioned working groups that include market participants (the “**Alternative Rate Committees**”) with the goal of finding suitable replacements for their currency’s LIBOR that meet IOSCO’s international standards for benchmarks (“**risk free rates**” or “**RFRs**”).

In July 2017, the Chief Executive of the United Kingdom Financial Conduct Authority (the “**FCA**”), which regulates LIBOR, called for an orderly transition over a 4 to 5 year period from LIBOR to the RFRs selected by the Alternative Rate Committees. The Financial Conduct Authority’s announcement also stated that it expects that it would not be in a position to sustain LIBOR through its influence or legal compulsion powers after the end of 2021. In addition, the European Money Markets Institute (“**EMMI**”), the publisher of EURIBOR and EONIA, has announced that EONIA (in its current form) is not a viable rate going forward due to decreased transactional activity and, as a result, EONIA is expected to be materially modified by the end of 2019 and then replaced in the next 2 years. EMMI is also undertaking efforts to reform EURIBOR so that it more accurately reflects transactions in the euro money market.

Any transition away from the IBORs to the RFRs, including a failure to find a suitable replacement rate, as well as the uncertainty surrounding the future of the IBORs and future regulatory and market developments, could have a materially adverse effect on the return on the Index. There are a number of potential risks related to the RFRs which include, but are not limited to, the following:

- (i) they will have a very limited history and future performance cannot be predicted based on historical performance;
- (ii) they may exhibit greater volatility than the IBORs;
- (iii) they may fail to gain widespread market acceptance;
- (iv) the composition and characteristics of the RFRs are not the same as those of the IBORs and there is no guarantee that they will be comparable substitutes or that any substitutes will produce the economic equivalent of the IBORs; and
- (v) the respective administrators of the RFRs may make changes that could change the value of the RFRs or discontinue such rates and it has no obligation to consider your interests in doing so.

Any or all of these potential risks could have a materially adverse effect on the level of the Index.

***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 Component 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 Component.

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

***The Index is 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 are included within the Index and will reduce the Index Level. Any such amounts will 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 level*** – If so specified in the Description, the Index Level may be adjusted by the deduction of a Decrement, which represent the anticipated synthetic dividend payable by the Index Component, over the life of any Transaction in Financial Instruments. The deduction of a Decrement 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 the 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 Components 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 the 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 the 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 the Description in certain circumstances*** – The Index Sponsor may make adjustments to the 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*** – The 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 the 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 the Description.

***The Index Sponsor’s determinations are final and conclusive*** – The Index Calculation Agent is responsible for compiling and calculating the Index pursuant to the 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 the 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 Inland Revenue Service (“**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 U.S. Internal Revenue Code of 1986, as amended. The scope of this notice is unclear, and it is therefore possible that the Financial Products could be subject to the notice. In that case, Financial Product Investors 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*” and Financial Product Investors fail to disclose the transaction, such holders could be subject to penalties. Financial Product Investors should consult their tax advisers regarding the potential application of this notice to Financial Products.

Further details on the Underlying Index can be found in Annex 2 (“Q&A Supplement”).

**Morgan Stanley is not qualified to give legal, tax or accounting advice to its clients and does not purport to do so in this document. Clients are urged to seek the advice of their own professional advisers about the consequences of the proposals contained herein.**

## GENERAL

- |    |      |            |  |
|----|------|------------|--|
| 1. | (i)  | Issuer:    | Morgan Stanley & Co, International plc |
|    | (ii) | Guarantor: | Not Applicable                         |

2.	(i)	Series Number:	W1665
	(ii)	Tranche Number:	1
3.	(i)	Aggregate Number of Securities in the Series:	105
	(ii)	Aggregate Number of Securities in the Tranche:	105
4.		Settlement Currency:	Swedish Kroner (“ <b>SEK</b> ”)
5.		Minimum Trading:	Not Applicable
6.		Trade Date	23 January 2023
7.		Issue Date:	31 January 2023
8.		Issue Price:	SEK 13,250 per Warrant
9.		Form of Securities:	Swedish Securities:
10.		Security Style:	European Style Securities
		(Condition 5)	
11.		Equity and Proprietary Index-Linked Settlement Provisions:	Applicable
		(Condition 9)	
(A)		Single Share Securities/Share Basket	Not Applicable
(B)		Single Index Securities/Index Basket	Applicable
	(i)	Whether the Securities relate to a single index or a basket of indices (each, an “ <b>Index</b> ”) and the identity of the sponsor of an Index (each an “ <b>Index Issuer</b> ”)	MS Nordic Real Estate Fund 18% Risk Control ER Index (Bloomberg code: MSFDRE18 Index)
			(the “ <b>Underlying Index</b> ”)
	(ii)	Scheduled Trading Days and Disrupted Days:	Not Applicable
	(iii)	Proprietary Index:	The Index is a Proprietary Index
	(iv)	Exchange(s):	Not Applicable
	(v)	Related Exchange(s):	All Exchanges
	(vi)	Valuation Date:	24 January 2028
	(vii)	Averaging Dates:	Applicable:
			26 July 2027
			24 August 2027
			24 September 2027
			25 October 2027
			24 November 2027
			29 December 2027
			24 January 2028

Subject to adjustment if such date is not a Scheduled Trading Day or is a Disrupted Day.

(viii)	Averaging Date Disruption:	Modified Postponement
(ix)	Observation Date(s):	Not Applicable
(x)	Observation Period:	Not Applicable
(xi)	Determination Date(s):	Expiration Date
(xii)	Determination Time(s):	As per the Conditions
(xiii)	Determination Agent responsible for calculating the Cash Settlement Amount:	Morgan Stanley & Co. International plc
(xiv)	Provisions for determining Cash Settlement Amount:	<p>An amount per Warrant as determined by the Determination Agent in accordance with the following formula:</p> <p style="margin-left: 40px;">a) If the Final Index Level is greater than the Strike Price, the Cash Settlement Amount shall be calculated as follows:</p> <p style="margin-left: 80px;"><b>Notional Amount x Gearing x (Final Index Level – Strike Price) x Multiplier</b></p> <p style="margin-left: 40px;">b) Otherwise, 0%</p>
		<p>Where:</p> <p>“<b>Notional Amount</b>” means SEK 100,000;</p> <p>“<b>Final Index Level</b>” means the arithmetic mean of the Underlying Index observed on each Averaging Date;</p> <p>“<b>Gearing</b>” means 100 per cent.;</p> <p>“<b>Multiplier</b>” means 1/Strike Price; and</p> <p>“<b>Strike Price</b>” means SEK 563.15</p>
(xv)	Provisions for determining Final Redemption Amount where calculation by reference to one or more Shares is impossible or impracticable or otherwise disrupted:	Determination Agent determination
(xvi)	Weighting for each Index:	Not Applicable
(xvii)	Additional Disruption Events:	Change in Law, Hedging Disruption and Increased Cost of Hedging shall apply
(xviii)	Proprietary Index Additional Market Disruption Event:	Not Applicable
(xix)	Business Day Convention:	Following Business Day Convention
(xx)	Additional Business Centre(s):	Not Applicable
(xxi)	Other special terms and conditions:	Not Applicable
(xxii)	Benchmark Trigger Provisions:	Applicable

	(xxiii) Alternative Pre-nominated Index:	None
(C)	Single ETF Securities/ETF Basket Securities:	Not Applicable
12.	Commodity-Linked Settlement Provisions (Condition 10)	Not Applicable
13.	Currency-Linked Settlement Provisions (Condition 11)	Not Applicable
14.	Inflation-Linked Settlement Provisions (Condition 12)	Not Applicable
15.	Futures Contract Linked Settlement Provisions (Condition 13)	Not Applicable
16.	Property-Linked Redemption Provisions (Condition 14)	Not Applicable
17.	Fund-Linked Redemption Provisions (Condition 15)	Not Applicable
18.	Bond-Linked Settlement Provisions (Condition 16)	Not Applicable
19.	ETN-Linked Settlement Provisions (Condition 17)	Not Applicable

#### **EXERCISE**

20.	Expiration date:	24 January 2028
21.	Latest exercise time:	10:00 a.m. Stockholm time
22.	Minimum Exercise Number: (Condition 6.9)	Not Applicable
23.	Permitted Multiple: (Condition 6.9)	Not Applicable
24.	Deemed Exercise: (Condition 6.6)	Applicable

#### **PROVISIONS RELATING TO SETTLEMENT**

25.	Call Option (Condition 7)	Not Applicable
26.	Autocallable Early Settlement (Condition 19)	Not Applicable

27.	Settlement Basis: (Condition 5)	The Securities are Cash Settlement Securities
28.	Physical Settlement Securities:	Not Applicable
29.	Cash Settlement Securities:	Applicable
30.	Strike Price:	Not Applicable
31.	Settlement Price:	Not Applicable
32.	Valuation Time:	As per the Conditions
33.	Valuation Date:	Expiration Date
34.	Averaging Dates:	Not Applicable
35.	Observation Date(s):	Not Applicable
36.	Strike Date:	24 January 2023
37.	Cash Settlement Payment Date:	2 February 2028
38.	Business Day Convention:	Following Business Day Convention
39.	Additional Business Centre(s):	Stockholm
40.	Other terms:	Not Applicable

#### **GENERAL PROVISIONS APPLICABLE TO THE SECURITIES**

41.	Record Date:	The Record Date is one Clearing System Business Day before the relevant due date for payment
42.	Determination Agent:	Morgan Stanley & Co. International plc
43.	Clearing System	The Securities are Swedish Securities  Swedish Securities: Swedish CSD: Euroclear Sweden AB, Klarabergsviadukten 63, Box 191, SE 101 23, Stockholm, Sweden.
44.	Minimum Transfer Amount:	Not Applicable
45.	Inconvertibility Event Provisions: (Condition 20)	Not Applicable
46.	Illegality and Regulatory Event: (Condition 26)	
	Early Settlement Amount (Illegality and Regulatory Event):	Early Settlement Amount (Illegality and Regulatory Event) – Fair Market Value Less Costs
47.	Early Settlement Amount payable upon an event described in Condition 9.2(d)/9.4(a)(iii)/9.4(b)(iii)/9.5(c)/9.6(c)/9.7(c)/9.8(c)/10.4(c)/10.6(d)/10.7(d)/10.8(c)/11.5(a)	Fair Market Value

(iii)/11.7(c)/12.2(c)/12.6(c)/13.3/13.8/13.9(c)/  
14.5(d)/15.3(c)/16.2(a)/20.1(a)

- |     |  |   |
|-----|--|---|
| 48. | CNY Center:                                    | Not Applicable                                |
| 49. | Implementation of Financial Transaction Tax:   | Applicable                                    |
| 50. | Early Settlement Amount upon Event of Default: | Qualified Financial Institution Determination |
| 51. | Other special terms and conditions:            | None  |

#### DISTRIBUTION

- |     |       |   |   |
|-----|-------|---|---|
| 52. | (i)   | If syndicated, names and addresses of Managers and underwriting commitments (and names and addresses of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the Managers.) | Not Applicable  |
|     | (ii)  | Date of Subscription Agreement:   | Not Applicable  |
|     | (iii) | Stabilising Manager(s) ( <i>if any</i> ):   | Not Applicable  |
| 53. |       | If non-syndicated, name and address of Dealer:  | Morgan Stanley & Co. International plc<br>25 Cabot Square, London E14 2QA |
| 54. |       | U.S. Selling Restrictions:  | Regulation S  |
| 55. |       | Additional selling restrictions:  | Not Applicable  |

#### UNITED STATES TAXATION

**This discussion is limited to the U.S. federal tax issues addressed below. Additional issues may exist that are not addressed in this discussion and that could affect the federal tax treatment of an investment in the Warrants. Holders should seek their own advice based upon their particular circumstances from an independent tax advisor.**

A Non-U.S. Holder (as defined in the Offering Circular) should review carefully the section entitled "United States Federal Taxation" in the Offering Circular.

#### PURPOSE OF PRICING SUPPLEMENT

This Pricing Supplement comprises the pricing supplement required to issue list and have admitted to trading on Nordic Growth Market of the Securities described herein pursuant to the Regulation S Program for the Issuance of Notes, Series A and B, Warrants and Warrants

#### POTENTIAL SECTION 871(m) TRANSACTION

Please see paragraph 5 of Part B – Other Information to this Pricing Supplement for additional information regarding withholding under Section 871(m) of the Code.

**RESPONSIBILITY**

The Issuer accepts responsibility for the information contained in this Pricing Supplement.

Signed on behalf of the Issuer:

By: .....  
Duly authorised

A handwritten signature in black ink, consisting of several fluid, overlapping loops and strokes, positioned to the right of the signature line.



## PART B – OTHER INFORMATION

### 1. LISTING

Listing and admission to Trading: Application is expected to be made by the Issuer (or on its behalf) for the Securities to be admitted to trading on Nordic Growth market with effect from Issue Date.

No assurances can be given that such application for listing and/or admission to trading will be granted (or, if granted, will be granted by the Issue Date. The Issuer has no duty to maintain the listing (if any) of the Securities on the relevant stock exchange(s) over their entire lifetime.

### 2. RATINGS

Ratings: The Securities have not been rated

### 3. PERFORMANCE OF EQUITY/INDEX/COMMODITY/CURRENCY/FUND/FUTURES CONTRACT/FORMULA/OTHER VARIABLE, AND OTHER INFORMATION CONCERNING THE UNDERLYING

Further details on the Underlying can be found on Bloomberg® page: < MSFDRE18 Index >

The Issuer does not intend to provide post-issuance information with regard to the underlying.

### 4. OPERATIONAL INFORMATION

ISIN: GB00BQRRP222

CFI: RWITCE

FISN: MORN STAN/EQ LKD NT 20280202 GOVT G

Any clearing system(s) other than Euroclear Bank S.A./N.V., Clearstream Banking société anonyme and the relevant identification number(s): Not Applicable

Delivery: Delivery free of payment

Names and addresses of initial Securities Agent(s)/Securities Transfer Agent(s): As per the Conditions

Names and addresses of additional Securities Agent(s) and/or Securities Transfer Agent(s) (if any): As per the Conditions

### 5. POTENTIAL SECTION 871(m) TRANSACTION

The Issuer has determined that the Warrants should not be subject to withholding under Section 871(m) of the Code, and hereby instructs its agents and withholding agents that no withholding is required, unless such agent or withholding agent knows or has reason to know otherwise

6. **PROHIBITION OF SALES TO EEA RETAIL INVESTORS:** Not Applicable
8. **SWISS OFFER RESTRICTIONS:** Not Applicable
9. **PROHIBITION TO OFFER TO RETAIL INVESTORS IN SWITZERLAND:** Applicable
9. **DETAILS OF BENCHMARKS ADMINISTRATORS AND REGISTRATION UNDER EU BENCHMARKS REGULATION** Applicable  
 MS Nordic Real Estate Fund 16% Risk Control ER Index is administered by Morgan Stanley & Co. International plc who as at the Issue Date, does not appears on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority pursuant to Article 36 of the Benchmarks (Regulation (EU) 2016/2011) (the “**Benchmarks Regulation**”).
- As far as the Issuer is aware, the transitional provisions in Article 51 of the EU Benchmarks Regulation apply, such that Morgan Stanley & Co. International plc is not currently required to obtain authorisation or registration (or if located outside the European Union, recognition, endorsement or equivalence)
10. **DETAILS OF BENCHMARKS ADMINISTRATORS AND REGISTRATION UNDER UK BENCHMARKS REGULATION** Applicable  
 MS Nordic Real Estate Fund 18% Risk Control ER Index is administered by Morgan Stanley & Co. International plc, who as at the Issue Date, appears on the register of administrators and benchmarks established and maintained by the United Kingdom Financial Conduct Authority pursuant to Article 36 of Regulation (EU) 2016/2011 as it forms part of ‘retained EU law’ as defined in the European Union (Withdrawal) Act 2018 (the “**UK Benchmarks Regulation**”).

## ANNEX 1

### STATEMENT REGARDING THE UNDERLYING INDEX

The Index aims to provide exposure to the Index Component 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 Component 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 Component and a rules-based strategy, the performance of which is used as a reference point for calculating Index Levels.

## ANNEX 2

### OVERVIEW OF THE MS 18% RISK CONTROL ER INDEX LINKED TO REAL ESTATE EQUITY 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 a weighted basket of one equity mutual fund, as described below (the “**Basket**”), whilst maintaining a volatility at or around 18% (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 Basket. When volatility increases, the Index reduces exposure to Basket and invests in a notional, non-interest bearing, cash investment. When the volatility decreases, the Index increases exposure to the Basket, up to a maximum exposure of 150%, and reduces its exposure to cash.

When the Index’s exposure to the Basket is higher than 100%, the Index uses a “leveraged” exposure to the underlying funds. Leverage refers to the practice of using debt to amplify potential returns, by allocating more than 100% of the Index to the underlying funds. The maximum leverage the Index can employ is capped at 150%.

#### **Does the Index represent a physical investment in the Basket?**

The Index can be described as a “notional” investment in the Basket 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 Basket. 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 to be opposed to a Total Return investment which assumes that such investment is fully funded.

#### **What does “Decrement” mean?**

The Index is calculated by deducting a 2.50% 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 2.50% lower than what it would otherwise be without such deduction.

\*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 18% by allocating exposure to the Basket based on the realised volatility of the Basket itself. The target weight assigned by the Index to the Basket on any business day is the ratio of 18% to the realised volatility of the Basket. The realised volatility of the Basket 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 such 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.

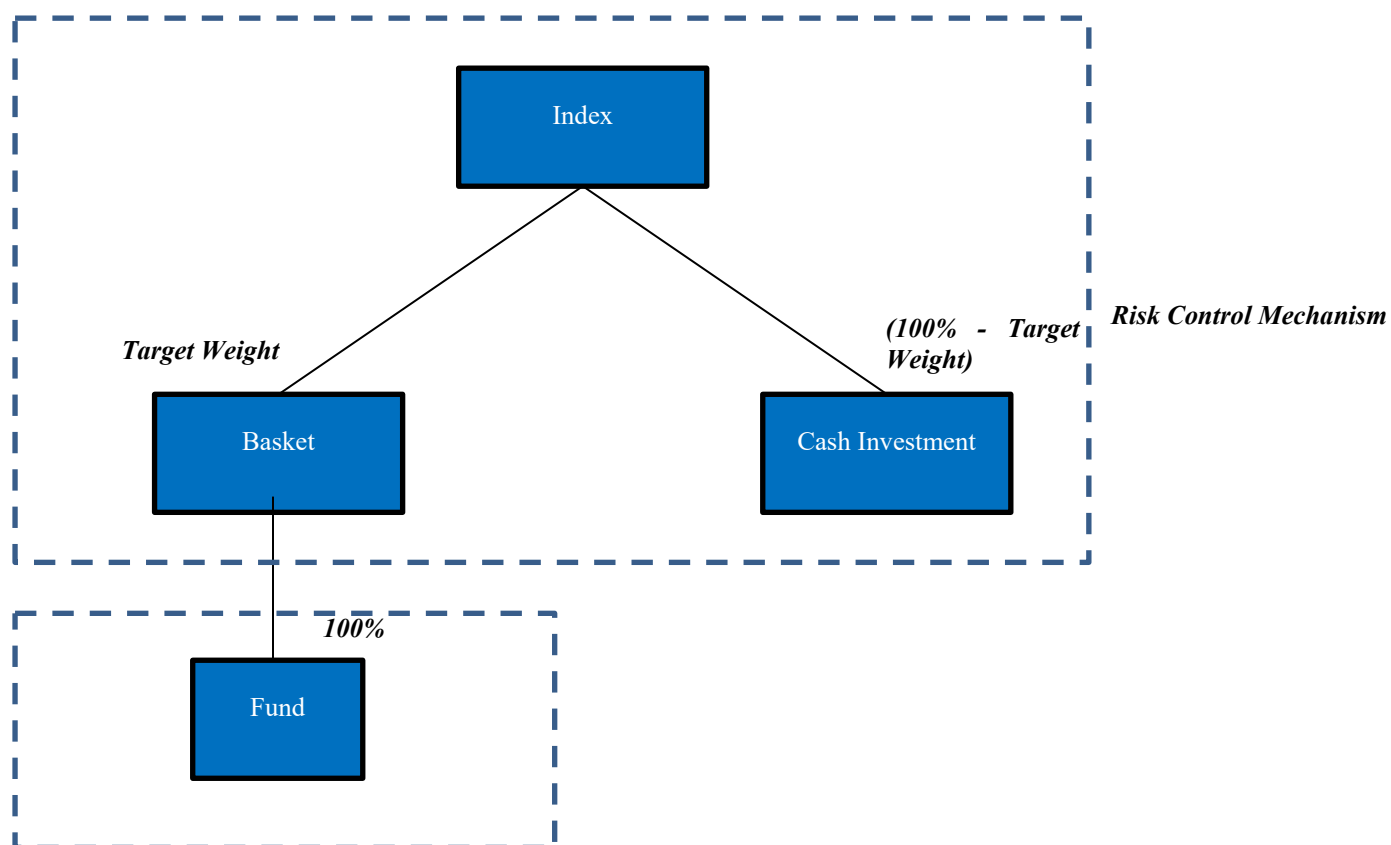
It should be highlighted that the minimum exposure to the Basket is 0% even when the Basket volatility has reached a level higher than the Target Volatility. As a result, exposure to the Basket cannot be negative.

**What are the Funds underlying the Index?**

<i>Name of Reference Fund</i>	<i>Bloomberg Code</i>	<i>ISIN</i>	<i>Share Class Type</i>	<i>Investment Manager</i>	<i>Weight in the Basket</i>	<i>Web-site to obtain further information*</i>
Lansforsakringar Fastighetsfond	LANFAST SS Equity	SE0000837338	Accumulation	Lansforsakringar Fondförvaltning AB	100%	www.lansforsakringar.se

*\*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 Basket 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 Funds. In general terms, if the Funds increase in value, the Index level will increase as well and vice versa proportionally to the allocation percentage assigned by the Index to such Funds 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 Funds that make up the Basket. This cost is represented by the Stockholm Interbank

3-month rate. The higher the borrowing rates, the lower the performance of the Index. In an environment where borrow rates are significant, the Index may exhibit material underperformance when compared to a direct investment in the underlying Funds.

- The Index is calculated by deducting a 2.50% per annum decrement percentage rate, which is deducted daily pro rata. This means that the Index annual performance would be on average 2.50% lower than what it would otherwise be without such decrement.

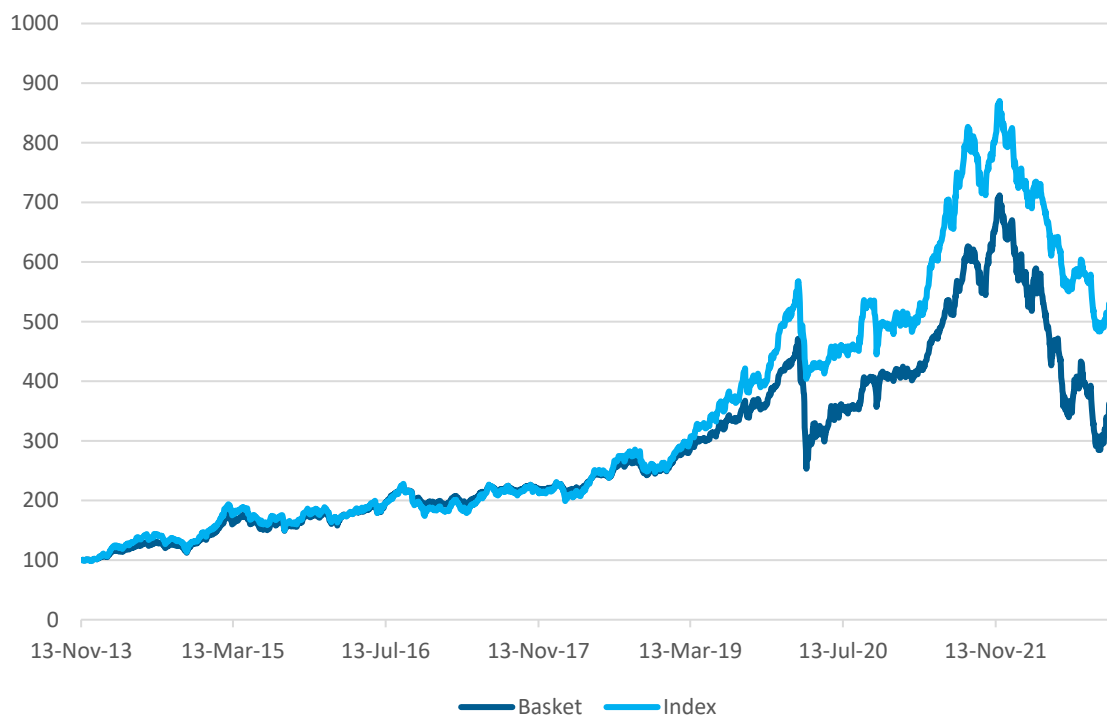
### **Simulated Historical Track Record of the Index**

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

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

Simulation Start Date: 13 November 2013

Simulation End Date: 08 December 2022



<b>Year</b>	<b>Simulated Basket Performance*</b>	<b>Simulated Index Performance*</b>
<b>2014</b>	39.5%	47.6%

2015	28.2%	25.6%
2016	9.5%	0.6%
2017	11.8%	16.0%
2018	13.6%	16.5%
2019	64.9%	91.7%
2020	0.9%	4.8%
2021	57.8%	58.6%

**\*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.**

### ANNEX 3

Any investment in the Warrants made with the intention to offer, sell or otherwise transfer (together, “**distribute**” and each a “**distribution**”) such Warrants to prospective investors will be deemed to include, without limitation, the following representations, undertakings and acknowledgements:

(i) you are purchasing the instruments as principal (and not as agent or in any other capacity); (ii) none of the Issuer, the Dealer or their affiliates is acting as a fiduciary or an advisor to it in respect of the instruments; (iii) you are not relying upon any representations made by the Issuer, or any of their affiliates; (iv) you have consulted with your own legal, regulatory, tax, business, investments, financial, and accounting advisers to the extent that you have deemed necessary, and you have made your own investments, hedging and trading decisions based upon your own judgement and upon any advice from such advisors as you have deemed necessary and not upon any view expressed by the Issuer or any of its affiliates or agents and (v) you are purchasing the instruments with a full understanding of the terms, conditions and risks thereof and you are capable of and willing to assume those risks;

(ii) you shall only distribute as principal or, alternatively, acting on a commission basis in your own name for the account of your investors and will not do so as agent for any Morgan Stanley entity (together “**Morgan Stanley**”) who shall assume no responsibility or liability whatsoever in relation to any such distribution. You shall distribute the product in your own name and to such customers as you identify in your own discretion, at your own risk and under your sole responsibility. You shall make such enquiries you deem relevant in order to satisfy yourself that prospective investors have the requisite capacity and authority to purchase the product and that the product is suitable for those investors;

(iii) you shall not make any representation or offer any warranty to investors regarding the product, the Issuer or Morgan Stanley or make any use of the Issuer’s or Morgan Stanley’s name, brand or intellectual property which is not expressly authorised and you shall not represent you are acting as an agent of Morgan Stanley in such distribution. You acknowledge that neither the Issuer nor Morgan Stanley assume any responsibility or liability whatsoever in relation to any representation or warranty you make in breach hereof;

(iv) if you distribute any material prepared and transmitted by the Issuer or by Morgan Stanley, you shall only distribute the entire material and not parts thereof. Any material you, or any third party you engage on your behalf, prepare shall be true and accurate in all material respects and consistent in all material respects with the content of the Offering Circular and the Pricing Supplement and shall not contain any omissions that would make them misleading. You shall only prepare and distribute such material in accordance with all applicable laws, regulations, codes, directives, orders and/or regulatory requirements, rules and guidance in force from time to time (“**Regulations**”). You acknowledge that neither the Issuer nor Morgan Stanley shall have any liability in respect of such material which shall, for the avoidance of doubt, at all times be your sole responsibility;

(v) you will not, directly or indirectly, distribute or arrange the distribution of the product or disseminate or publish (which for the avoidance of doubt will include the dissemination of any such materials or information via the internet) any materials or carry out any type of solicitation in connection with the product in any country or jurisdiction, except under circumstances that will result in compliance with all applicable Regulations and selling practices, and will not give rise to any liability for the Issuer or Morgan Stanley. For the avoidance of doubt, this includes compliance with the selling restrictions mentioned herein and all applicable sanctions, laws and programs, including without limitation the U.S. Department of Treasury’s Office of Foreign Assets Control;

To the extent that MSIP pays to you and/or any of your affiliates any fee, commission or non-monetary benefit (“**Remuneration**”), you represent and warrant to us each time you and/or any of your affiliates receive such Remuneration, that you and/or your affiliates are entitled to receive such Remuneration in accordance with all applicable laws, regulatory requirements, or regulation, contract, fiduciary obligations or otherwise). If, in relation to the Warrants, you are providing investment advice on an independent basis or portfolio management to a potential investor, you will transfer any Remuneration received by from Morgan Stanley to the potential investor as soon as reasonably possible after receipt, in all cases as required by and in accordance with applicable laws and regulations.

If, for any reason and at any time, you and/or your affiliates are not entitled to receive and/or retain such Remuneration, you shall notify us immediately in writing.

To the extent that MSIP pays Remuneration to you and/or any of your affiliates, you represent and warrant that such Remuneration does not relate to and/or is not calculated in respect of an advised sale made to a retail client



(as defined in the FCA Handbook) based in the United Kingdom (whether or not through agents acting on your or their behalf such as platforms, financial advisers and/or portfolio managers) or where you are undertaking portfolio management. You agree to inform the Issuer or Morgan Stanley of such distribution to UK retail clients.

You acknowledge that where Remuneration is payable, the Issuer and Morgan Stanley are obliged to disclose the amounts and/or basis of such Remuneration.

(vi) you agree and undertake to indemnify and hold harmless and keep indemnified and held harmless the Issuer, the Dealer and each of their respective affiliates and their respective directors, officers and controlling persons from and against any and all losses, actions, claims, damages and liabilities (including without limitation any fines or penalties and any legal or other expenses incurred in connection with defending or investigating any such action or claim) caused directly or indirectly by you or any of your affiliates or agents to comply with any of the provisions set out in (a) to (f) above, or acting otherwise than as required or contemplated herein.