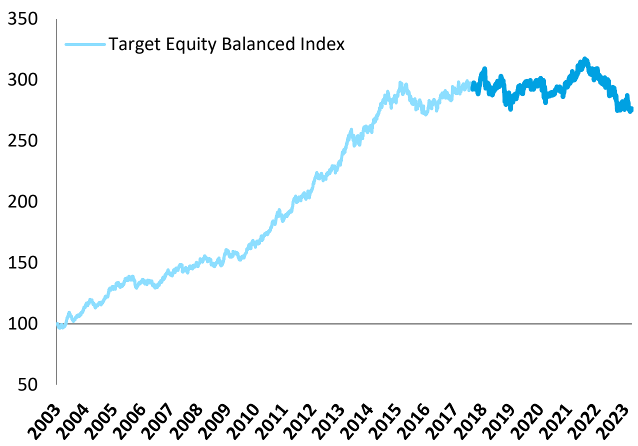
Morgan Stanley

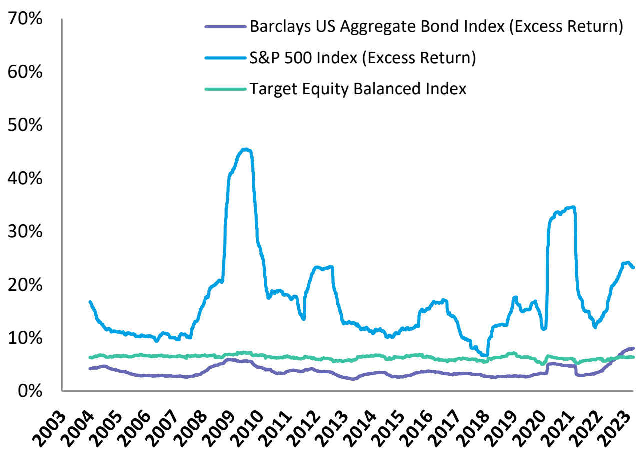
Target Equity Balanced Index

Index Performance, Simulated and Actual*



Source: Morgan Stanley, Bloomberg

1-Year Rolling Volatility*



Source: Morgan Stanley, Bloomberg
* From January 2, 2003 to March 31, 2023.
The Index Live Date is August 24, 2017.
All data prior to that are simulated.

Index Performance, Simulated and Actual*

	Target Equity Balanced Index	S&P 500 (Excess Return)	Barclays Aggregate Bond (Excess Return)
YTD Return	0.00%	6.27%	1.78%
Return Since Index Live Date**	-0.99%	9.97%	-0.99%
1-Year Ann. Return	-7.25%	-10.32%	-7.46%
3-Year Ann. Return	-1.24%	17.29%	-3.85%
5-Year Ann. Return	-1.08%	9.43%	-0.68%
10-Year Ann. Return	0.96%	10.99%	0.24%
10-Year Ann. Volatility	6.19%	17.71%	4.23%
10-Year Sharpe Ratio	0.16	0.62	0.06
Full Period Ann. Return	5.15%	8.12%	1.59%
Full Period Max. Drawdown	8%	57%	6%
Correlation to Target Equity Balanced Index	100%	32%	53%

Source: Morgan Stanley, Bloomberg
Prior to December 21st, 2021, the above excess returns calculations were over 3-Month Libor rather than SOFR plus 0.13088%.
** Actual Return if less than 1yr since Index Live Date; if not, Annualized Return is used

INDEX IDENTIFIER (TICKER):
MSUSTEBI

WEBSITE:
morganstanley.com/tebi

INDEX CALCULATION AGENT:
Morgan Stanley & Co. LLC

INDEX LIVE DATE:
August 24, 2017

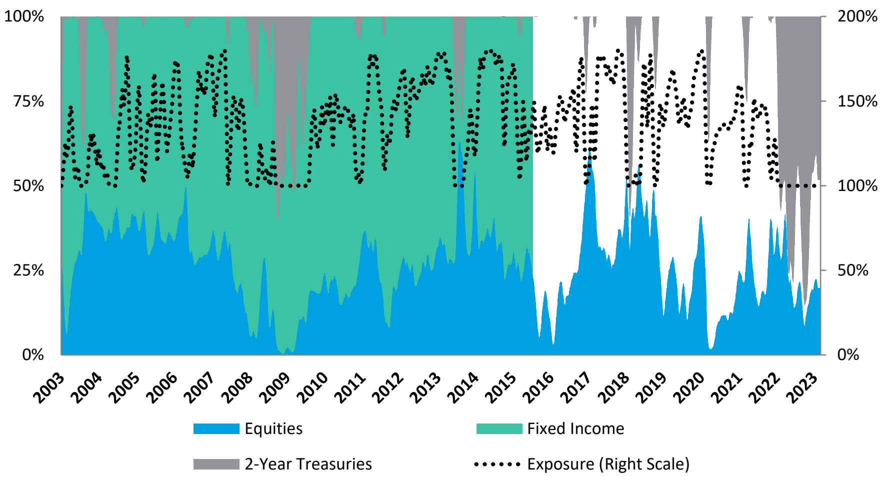
NUMBER OF INDEX COMPONENTS:
Maximum 3

REBALANCE FREQUENCY:
Daily

VOLATILITY TARGET:
6.5% Annualized

Please see Note on Simulated Returns, page 4

1-Month Rolling Index Composition*



Monthly Allocations*

Asset Class	Maximum Allocations	Monthly Average Allocations[1] February 2023	Monthly Average Allocations[1] March 2023	Cumulative Return Attributions[2] March 2023
Equities				
U.S. Target Equity Portfolio	120%	19%	22%	-0.09%
Fixed Income				
10-Year U.S. Treasuries	120%	32%	36%	0.00%
Short-Term Treasuries				
2-Year U.S. Treasuries	100%	49%	42%	0.00%

* As of March 31, 2023. The Index Live Date is August 24, 2017. All data prior to that are simulated.

[1] Computed as the average of the daily allocations over the corresponding month.

[2] MS Target Equity Index , 10-Year U.S. Treasury Futures Index and 2-Year U.S. Treasury Futures Index performance are excess return over SOFR plus 0.13088%. The sum of the index components' return attribution is not equal to the Index return over that month due to the servicing fee and return compounding effects.

Index Overview

- Based on portfolio construction concepts that seek positive return opportunities in different market environments.
- The Index allocates between stocks contained in the Target Equity US Index and a 10-Year U.S. Treasuries Futures Index, giving exposure across U.S. equities that are thought to be undervalued, as well as U.S. fixed income.
- The Index attempts to build a liquid and risk-balanced portfolio. It rebalances on a daily basis with the intent of investing in assets that exhibit upward trends and paring back investments during market downturns.
- Each asset's allocation is proportional to its recent price trend, a fixed risk budget, and is inversely proportional to its risk (measured as its historical realized volatility).
- The portfolio targets an annualized realized volatility of 6.5%. 2-Year U.S. Treasury Futures Index is used as the risk-off asset.
- The portfolio's performance is calculated in excess of the performance of a cash investment receiving the 3-Month LIBOR rate.
- A servicing fee of 0.50% per annum, calculated on a daily basis, is included in the published Index level.

Monthly Returns*

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Full Year
2023	**2.91%**	**-3.15%**	**0.33%**										
2022	**-2.04%**	**-0.73%**	**-0.87%**	**-1.46%**	**1.93%**	**-3.58%**	**1.85%**	**-2.69%**	**-3.68%**	**0.56%**	**1.47%**	**-1.66%**	**-10.58%**
2021	**0.28%**	**0.78%**	**0.26%**	**1.49%**	**1.61%**	**0.07%**	**1.78%**	**-0.17%**	**-2.67%**	**-0.74%**	**-0.98%**	**2.71%**	**4.40%**
2020	**-2.86%**	**-0.87%**	**-0.58%**	**0.46%**	**0.43%**	**-0.17%**	**0.94%**	**0.21%**	**-0.45%**	**-1.71%**	**3.20%**	**0.29%**	**-1.22%**
2019	**2.05%**	**-0.66%**	**2.26%**	**0.99%**	**-1.98%**	**3.04%**	**-0.48%**	**0.53%**	**-0.77%**	**0.08%**	**0.47%**	**0.96%**	**6.56%**
2018	**-0.03%**	**-2.63%**	**-1.17%**	**-0.35%**	**0.05%**	**1.01%**	**1.28%**	**1.15%**	**-1.68%**	**-4.66%**	**1.96%**	**-2.22%**	**-7.26%**
2017	*0.04%*	*2.11%*	*-1.15%*	*1.26%*	*-0.53%*	*-0.30%*	*0.72%*	*-0.34%*	**-0.44%**	**-1.78%**	**3.83%**	**1.33%**	*4.73%*
2016	*2.02%*	*1.14%*	*0.90%*	*-0.75%*	*-1.31%*	*2.69%*	*1.61%*	*-0.25%*	*0.39%*	*-1.28%*	*-0.41%*	*1.74%*	*6.58%*
2015	*1.95%*	*0.98%*	*-1.26%*	*0.70%*	*-1.28%*	*-2.62%*	*0.24%*	*-1.73%*	*0.99%*	*-0.63%*	*-0.79%*	*-1.82%*	*-5.25%*
2014	*-0.59%*	*3.00%*	*0.59%*	*1.66%*	*2.52%*	*1.21%*	*-1.11%*	*3.61%*	*-2.99%*	*0.34%*	*1.10%*	*0.27%*	*9.84%*
2013	*2.98%*	*1.68%*	*3.28%*	*1.79%*	*-1.22%*	*-1.91%*	*1.56%*	*-2.07%*	*2.86%*	*2.64%*	*0.52%*	*-0.12%*	*12.44%*
2012	*2.94%*	*2.36%*	*-1.08%*	*1.50%*	*-1.38%*	*0.54%*	*1.25%*	*1.36%*	*0.58%*	*-1.14%*	*2.17%*	*0.57%*	*10.00%*
2011	*0.99%*	*1.65%*	*0.65%*	*3.58%*	*2.46%*	*-2.26%*	*1.68%*	*0.66%*	*-0.02%*	*0.26%*	*0.60%*	*2.25%*	*13.12%*
2010	*1.78%*	*1.76%*	*0.62%*	*2.38%*	*0.09%*	*1.35%*	*2.71%*	*1.29%*	*2.47%*	*1.08%*	*-0.65%*	*-1.00%*	*14.71%*
2009	*-2.39%*	*-0.48%*	*2.45%*	*-0.73%*	*-1.36%*	*-0.77%*	*1.02%*	*1.63%*	*2.77%*	*-0.15%*	*3.76%*	*-3.34%*	*2.19%*
2008	*2.45%*	*0.93%*	*0.85%*	*-2.15%*	*-0.11%*	*-1.48%*	*-0.56%*	*1.65%*	*-0.78%*	*-1.02%*	*5.37%*	*2.04%*	*7.17%*
2007	*0.73%*	*1.41%*	*0.45%*	*1.73%*	*0.81%*	*-2.48%*	*-0.58%*	*1.70%*	*0.28%*	*0.72%*	*1.54%*	*-0.54%*	*5.84%*
2006	*0.83%*	*-0.53%*	*-0.12%*	*-0.02%*	*-1.95%*	*0.24%*	*0.49%*	*1.93%*	*1.64%*	*2.34%*	*2.09%*	*-2.04%*	*4.88%*
2005	*-0.53%*	*1.95%*	*-0.59%*	*-0.15%*	*2.93%*	*0.46%*	*1.12%*	*0.60%*	*-2.03%*	*-3.72%*	*1.55%*	*0.95%*	*2.39%*
2004	*1.04%*	*2.59%*	*1.16%*	*-3.44%*	*-0.14%*	*1.65%*	*-0.06%*	*2.18%*	*1.76%*	*3.45%*	*1.24%*	*2.50%*	*14.66%*

Source: Morgan Stanley, Bloomberg.
* Data based on simulated returns from January 2, 2003 to August 23, 2017 and actual thereafter.
Please see Note on Simulated Returns.

Certain Key Risks

- The level of the Index can go down as well as up. There can be no assurance that the Index will achieve positive returns.
- The base allocation of the Target Equity US Index and a 10-Year U.S. Treasuries Futures Index in the asset portfolio is determined in reference to each Index's risk budget and volatility and may not result in optimal allocation.
- There are risks associated with a momentum based investment strategy. If market conditions do not represent a continuation of prior-observed trends, the performance of the Index, which is rebalanced based on prior trends, may be adversely affected.
- Low volatility is not synonymous with low risk in an investment linked to the Index.
- While the Index has a volatility target of 6.5%, it may not achieve its target volatility, even if the asset portfolio is rebalanced daily.
- There can be no assurance that the actual volatility of the Index will be lower than the volatility of any or all of the index components.
- The volatility target feature of the Index may dampen its performance in bullish markets.
- The future performance of the Index may bear little or no relation to the historical or hypothetical retrospective performance of the Index.
- The Index is particularly susceptible to "choppy" markets.
- The Index was established on August 24, 2017 and therefore has a very limited history.
- As the Index is new and has very limited actual historical performance, any investment in the Index may involve greater risk than an investment in an Index with longer actual historical performance and a proven track record.
- Because there are costs associated with trading futures contracts, the Strategy level will be lower than if there were no transaction costs.
- The Index is calculated on an excess return basis. The level of the Index is calculated as the excess of the weighted return of the asset portfolio over an equivalent cash investment receiving the 3-month LIBOR.
- The level of the Index will include the deduction of a fee of 0.50% per annum.

The risks identified above are not exhaustive.
Please see the full set of risk factors included in any disclosure materials relating to instruments linked to the Index for additional information.

Note on Simulated Returns

Back-testing and other statistical analyses provided herein use simulated analysis and hypothetical circumstances to estimate how the Index may have performed between January 2, 2003 and August 24, 2017, prior to its actual existence. The results obtained from such “back-testing” should not be considered indicative of the actual results that might be obtained from an investment in the Index. The actual performance of the Index may vary significantly from the results obtained from back-testing. Unlike an actual performance record, simulated results are achieved by means of the retroactive application of a back-tested model itself designed with the benefit of hindsight and knowledge of factors that may have possibly affected its performance. Morgan Stanley provides no assurance or guarantee that instruments linked to the Index will operate or would have operated in the past in a manner consistent with these materials. The hypothetical historical levels presented herein have not been verified by an independent third party, and such hypothetical historical levels have inherent limitations. In addition, results obtained from back-testing include hypothetical results that do not reflect the reinvestment of dividends and other earnings or the deduction of any expenses that an investor in any product, the return of which is linked to the performance of the Index, would have paid or actually paid and do not account for all financial risk that may affect the actual performance of any such investment. Alternative simulations, techniques, modeling or assumptions might produce significantly different results and prove to be more appropriate. Actual results will vary, perhaps materially, from the simulated returns presented in this document. Because the Morgan Stanley 10-Year U.S. Treasury Futures Index and Morgan Stanley 2-Year U.S. Treasury Futures Index included in the Index Components existed for only a portion of the back-tested period, substitute data has been used for portions of the simulation. The purpose of this data substitution is to replicate as nearly as possible the returns that would have been expected had the Morgan Stanley U.S. Treasury Futures indices existed.

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