
Kick Out Product

K520

Structured Investment

K520

FTSE 100 Super Defensive
Kick Out Plan

September 2018

Morgan Stanley

6 year investment term

Potential for 6% growth for
each year the plan is held

60% European barrier

This is a marketing brochure for professionally advised retail investors only. This marketing brochure has been produced by Reyker and not the counterparty bank. This investment may not return a growth payment. Were a kick out event to occur, you may face different market conditions for reinvestment.

Any potential growth from this investment is dependent upon the performance of the FTSE 100. It is not guaranteed that you will receive a growth payment from this investment. You are placing your capital at risk and you may lose all your invested capital. This investment could end early from year 1 and annually thereafter. If this occurs, this may result in you facing a reinvestment risk.

This is a marketing brochure produced by Reyker and not the counterparty bank. It is not advice from Augere, Reyker or the Counterparty bank and it should not be construed as such by regulated financial advisers or investors.

You are ultimately responsible for your investment decisions and for evaluating the risks you take. Please invest responsibly and not recklessly and contact us if you or your regulated financial adviser have any questions.

At Reyker, we have a policy of keeping our marketing material brief and easily understood by anyone. We do not shy away from the legal, risk or regulatory information. Instead, we utilise our website to provide you with all this information. If you do not have internet access, we will send this out to you with the brochure.

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- 8 This explanatory guide is designed to help you and your regulated financial adviser. It is a supplement to our [Key Risk Document](#) and the counterparty bank's [Key Information Document \(KID\)](#). You should read all 3 documents as well as the marketing brochure before investing.

Morgan Stanley Disclaimer:

The following information has not been prepared by the Issuer, the Counterparty bank, or any of their respective directors, officers or agents. The Issuer and the Counterparty bank make no representation or warranty, and accept no responsibility or liability, to any party in relation to any such information, whether in whole or in part.

Technical specification

Plan K520 Reyker FTSE 100 Super Defensive Kick Out Plan September 2018

Target market	<ol style="list-style-type: none"> 1. Type of clients: professional and professionally advised retail investors 2. Investors will expect the FTSE 100 to rise causing the investment to kick out. In the event their market view is wrong, investors will desire some kick out levels to be lower than the initial starting level to increase the likelihood of receiving a positive return 3. Investors will be happy to accept a capped potential return of 6% per annum. Investors will realise that this potential return may be worse than investing directly in the constituents of the FTSE 100 4. Investors will be willing and able to have their capital invested for 6 years 5. Investors will be able to bear a 100% capital loss in the worst case 6. Investors will have a well-diversified portfolio. This investment will be one component of this portfolio 7. Investors will be happy with the long-term health of Morgan Stanley 8. Regulated financial advisers will ensure that the investment is suitable for the investor. They will also have knowledge and experience in: <ol style="list-style-type: none"> 8.1 Direct investment in structured and other capital at risk products 8.2 Understanding what factors drive the underlying index, in this case the FTSE 100, and how movement in the underlying index impacts the value of the investment 8.3 Understanding the benefits and consequences of the barrier feature of this investment 8.4 Understanding counterparty risk, in this case the risk that Morgan Stanley defaults at any point during the investment term, and how this would impact any potential return from this investment 9. Investors will be willing and able to take risk. They will understand that any potential return is contingent upon the performance of the FTSE 100 10. Investors will realise that it is not guaranteed that this investment will return a growth payment. 	
Key dates	ISA transfer deadline date 10 September 2018	This is the last date when ISA transfer applications can be received. We will not accept them after this date. Please note that any ISA transfer investment is dependent upon us receiving the investment funds by the start date.
	Closing date 21 September 2018	This is the last date when applications can be received.
	Start date 24 September 2018	The starting level of the FTSE 100 will be measured on this date. This will be the level of this index at market close on this date.
	Maturity date 24 September 2024	The final level of the FTSE 100 will be measured on this date. This will be the level of this index at market close on this date.
What is this investment linked to?	Any potential return from this investment is linked to the FTSE 100 . This is known as the underlying index.	
Counterparty bank	Issued by Morgan Stanley BV (an issuing vehicle incorporated in the Netherlands). Guaranteed by Morgan Stanley (BBB+ rated by S&P, A3 by Moody's and A by Fitch). Investors can afford to leave their capital invested for 6 years.	
Investment term	6-year investment term. Investors must be willing and able to have their capital invested for 6 years. If not, they should not invest in this product.	

Potential returns from this investment	This investment could accumulate 6% growth for each annual period that it is held. This will only become a growth payment if a kick out event occurs, or if on the maturity date the FTSE 100 closes at or above 65% of its starting level.
Could this investment end early?	Yes. It is possible for this investment to end early and this could happen from the end of year 1 and annually thereafter. This is due to the kick out feature of this investment. A kick out event will occur if the FTSE 100 closes at or above the kick out levels described on page 6.
Potential return of capital	At maturity, this investment has a capital at risk barrier feature that will determine how much, if any, of your initial invested capital you will receive. In this case, if the FTSE 100 has fallen by more than 40% from its starting level on the maturity date, you will lose capital. This will be at least 40% of your initial invested capital and potentially all of it. This is because a barrier breach will result in you losing capital on a 1 to 1 basis equal to the percentage fall in the FTSE 100. For example, if the FTSE 100 has fallen by 70% at maturity, you will lose 70% of your initial invested capital. This barrier feature is known as a 60% European barrier and it poses a risk to your capital. The capital at risk barrier feature gives your investment a degree of protection against a fall in the FTSE 100. However, it makes this investment riskier than, for example, a bank deposit. As such, investors will not expect the FTSE 100 to fall by more than 40% in 6 years' time.
Listing	This investment is listed on the Luxembourg Stock Exchange.
How can I hold this?	Direct, Stocks & Shares ISA (existing, new or transfer in), SIPPs, SSAS, Corporate, Charities and Trusts.
How is this taxed?	Capital gains tax may be applicable. Tax treatment will depend on individual circumstances. Investors should seek independent tax advice if they feel necessary. Reyker can assist in this process if needed.
Risk warning	By investing in this plan, you are placing your capital at risk. It is not guaranteed that you will receive growth from this investment. If you are looking for a guaranteed growth, you should not invest. Any potential growth payment and return of your capital is subject to counterparty risk. If Morgan Stanley default, you could lose all your invested capital and potential growth. This investment does not pay income and any potential return is not linked to inflation. If you are looking for income, or an inflation linked investment, you should not invest. To help you and your regulated financial adviser, we have produced a key risk document. This should be read and understood before investing. It will automatically be downloaded when this brochure is viewed online. If you are viewing a paper copy, this will be sent with the brochure.
Financial Services Compensation Scheme (FSCS) protection	This plan offers no FSCS protection except when Reyker holds client money pre-investment and at maturity. For more information please see the frequently asked questions on our website, or visit www.fscs.org.uk .
ISIN code	XS1840808189
Who is this investment not for?	This investment is not designed for investors who do not fit the target market, nor is it for those who: <ol style="list-style-type: none"> 1. Are looking for an investment that is 100% capital protected 2. Want an investment that could pay an income 3. Want an investment that cannot end early 4. Are not willing, or able to tie their capital up for 6 years 5. Are not able to withstand a 100% capital loss 6. Are not willing, or able to take risk in line with the SRI score of this investment as set out in the Key Information Document.

How does this investment work?

This investment could accumulate 6% growth for each annual period that it is held. Any potential growth payment is dependent upon a kick out event occurring. This is possible from year 1 and annually thereafter.

The target market will desire some kick out levels to be lower than the initial starting level. This is offered by this investment from 24 September 2021 and annually thereafter.

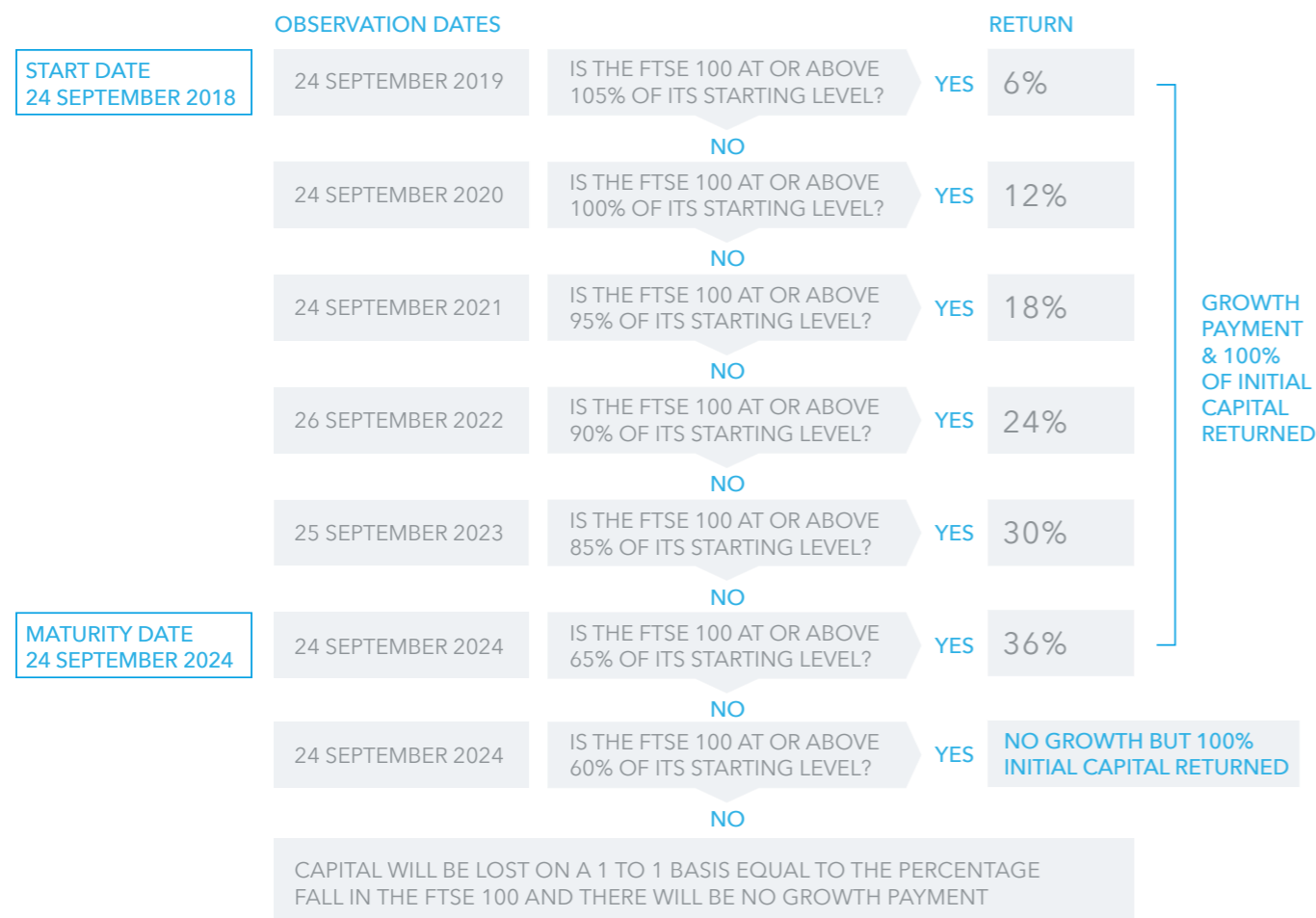
If a kick out event does not occur, any potential return at maturity is dependent upon the FTSE 100 closing at or above 65% of its starting level at the end of 6 years. Therefore, you will not receive a growth payment from this investment, if the FTSE 100 closes below 65% of its starting level at the end of the investment term.

How does the kick out feature work?

As described previously, this investment could end annually from the end of year 1 and return a growth payment. This is due to the kick out feature of this investment and this will only occur if the FTSE 100 closes at or above the levels described below. All the kick out observations are measured at market close.

Using the second kick out observation date as an example, which is measured at market close on 24 September 2020, if the FTSE 100 closed at or above 100% of its starting level you would receive your initial invested capital and a 12% growth payment. If this condition was not met, the investment would continue to the third observation date, which would be measured at market close on 24 September 2021.

The kick out dates and levels are shown in the diagram below.



Customer support you can rely on

But don't just take it from us...

Reyker is an award winning structured investments provider that prides itself on excellent customer service. We have a personal, London based team who are here to make your life easier.

Reyker are different to their competitors. Everything is done in house. With Reyker you can be assured that you will be dealt with in an open, honest and transparent way. With Reyker you are safer. We have a diversified business model and have traded profitably for over 30 years.

We're different



We do everything in house



We keep things simple



Open, honest and transparent



Speak directly with our experts



No outsourcing



Plan monitoring service



Best Structured Products Service

Explanatory guide

Information for investors & regulated financial advisers

We have produced this explanatory guide to help you and your regulated financial adviser. We try to produce documents that are brief and easily understood by anyone, not lengthy or full of legal terms and jargon. This explanatory guide should be read and understood by both you, the investor, and your regulated financial adviser in conjunction with the whole product brochure, educational material on our [website](#), and key risks document before investing. The Counterparty bank has produced a Key Information Document (KID). This is on our [website](#). To help you and your regulated financial adviser to understand this document we have produced a guide. This guide and the KID should be read before investing.

Contracts

Regulated financial advisers can only do business with us via our latest intermediary terms and conditions of business, which are deemed to be accepted when a regulated financial adviser recommends an investment. In addition, all investors must accept our latest general terms and conditions of business as contractually binding before investing. You must contact us before investing if you do not understand the

product or the risks, or if you have any concerns at all about its long-term suitability for you as an investor. We will then assist you and your regulated financial adviser and confirm with you that you are satisfied before the investment proceeds.

All investments are MiFID II and PRIIPs compliant, and both Augere and Reyker comply with GDPR requirements.

Risk and return profile

We provide this information to investors to help you form a judgement about the balance of risk versus reward. In general, the potential for higher rewards is associated with taking more risk. Conversely, very safe investments typically deliver low growth or low yields and may even depreciate in real terms.

One way of thinking about risk and reward is to compare this investment with both more and less risky investments. If you invest in a bank deposit then returns are typically low, but capital risk is less. Although banks may still fail, deposits within set limits are covered by the Financial Services Compensation Scheme so this is a risk limiter. Structured investments often have a barrier. This one has a 60% European barrier, so risk is partially mitigated, but it is still riskier than a deposit. In exchange for you taking the risk, you have the potential to earn more from your investment. Only you and your regulated financial adviser can decide if this risk/reward trade-off is acceptable to you.

All investments carry risk and you must accept that there is no such thing as a risk-free investment. Even deposits carry risk in a low interest rate environment: inflation may exceed interest yields on bank deposits. Only you can decide your attitude to risk and we rely on you and your regulated financial adviser to make responsible, not reckless, decisions. We refer to several types of risk in our Key Risks Document. This is available on our [website](#). We also address some in this explanatory guide.

Liquidity risk. Can your investment be sold for cash reasonably quickly when you need us to, and at what price? As an LSE international stockbroker, Reyker offers a service to try to sell this investment early if you need to. Usually Reyker sell it back to the bank. The price they offer should reflect the market conditions at the time and may be much less if market conditions have worsened. The bank has no obligation to buy, though Reyker has never experienced a case when a bank refused, and neither Augere nor Reyker would use a bank that they think would refuse. However, this investment is not designed to be actively traded and is not intended to be sold in the short term. When you invest you should expect to hold it to maturity in 6 years. Therefore, liquidity is not guaranteed.

Credit risk. In simple terms, this is the risk that the bank defaults (does not pay you back) in whole or in part. You need to be happy with the long-term future of Morgan Stanley. If they default or go bankrupt, then in the worst case your capital could be lost in part or full. If you are not happy with them now, then you must not invest. If you would like more information about Morgan Stanley, please contact Augere or Reyker and we will try to help, but it is your regulated financial adviser who gives you investment advice. Any information we provide you with about the bank will only be factual at the time you contact us. Once we have invested your money, your investment is no longer cash and it is not a bank deposit, so it is not protected by the Financial Services Compensation Scheme.

Capital risk. This is a capital at risk investment. You may lose all your invested capital and must be willing and able to take this risk. Therefore, you should ensure that your portfolio has a range of different types of investments, and you are not too exposed to any one investment type, or bank or sector. Your regulated financial adviser should help you with this.

Specifically, for this structured investment, when it matures in 6 years, if the FTSE 100 has fallen by more than 40% from its starting level at the date we made the investment for you, you will lose some of your capital. The amount you risk losing is directly related on a 1 to 1 basis to the percentage fall in the FTSE 100. You will lose at least 40% your capital if this event was to occur.

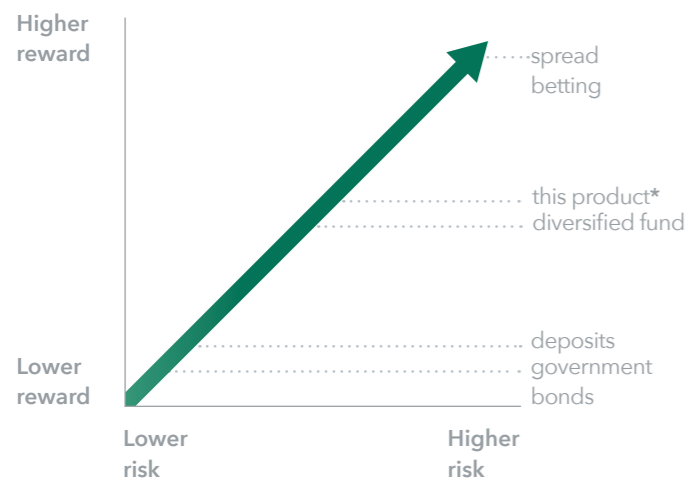
This also means that if the FTSE 100 has not fallen below 60% of its starting level at maturity your capital is protected from a fall in the underlying index. This is a capital at risk feature known as a 60% European barrier.

Note that over the 6-year term, for capital protection purposes, it does not matter if the barrier is breached by the FTSE 100 during the term (not including, market close on the maturity date), if it recovers above the 60% European barrier at the end of 6 years (the maturity date). If you decide to sell during the 6-year term at a point where the barrier has been breached or is close to being breached by the FTSE 100 the secondary market value will be negatively affected. Reyker or Augere will point this out to you if you instruct us to sell during the term of the investment and your regulated financial adviser may suggest that you sell other assets in your portfolio instead.

Risk and return profile (continued)

Risks and rewards diagram

**This diagram is an approximation and should not be relied on*

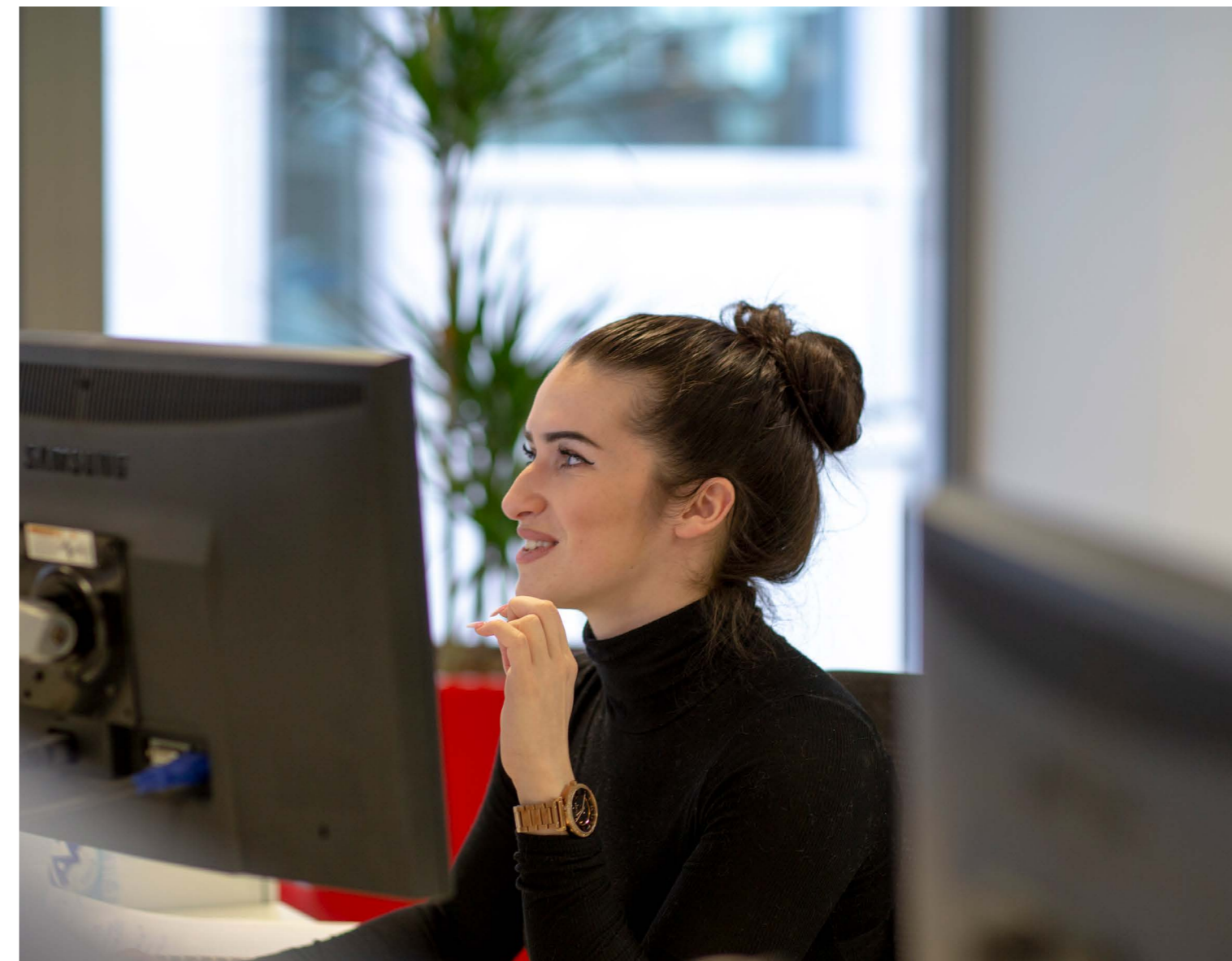


You may think about a barrier in the context of other investments. If you invest directly in quoted shares for example, there is no barrier and you are exposed in full to share price movements, though you can usually sell at any time, and this is the way you would try to limit your losses. Such an approach requires you to monitor market prices carefully all the time. The barrier structure this investment provides aims to insulate you from some, but not all, risk of the FTSE 100 falling. This structure is part of the risk/reward trade off and is a factor in enabling the bank to offer you a potentially higher return than investments that have less risk to capital.

You and your regulated financial adviser must therefore decide whether you are willing to take the risk that the 60% European barrier may be breached by the FTSE 100 at the end of 6 years. Looking 6 years ahead is itself an investment view and a risk. No one can say with certainty anything about events in 6 years, and so it is a matter of judgement for you and your regulated financial adviser.

Suitability

This is a judgement made by your regulated financial adviser. They are the FCA-regulated firm you have employed to ensure that suitable investments are selected for you, considering your circumstances, wealth, knowledge and risk appetite. Reyker, Augere and the bank do not have this information about you, so we are relying on the relationship between you and your regulated financial adviser. Reyker, Augere and the bank are not responsible for the advice you are given. When you invest in this product, both you and your regulated financial adviser accept that, to comply with regulatory rules, we may contact you to check that you, either individually or as part of a sample of investors, understand the product and that you are content with the advice and suitability process. This is part of our checking to ensure that our investments are reaching the intended target market and are not being purchased by investors for whom they are unsuitable. It is the responsibility of your regulated financial adviser to ensure you fit this investment's target market. We may provide the results of this information to the bank and on request by the regulator.



Potential return

By accepting the associated risks of this investment, and if certain conditions are met, this product could accumulate 6% growth for each year the investment is held. Any potential growth payment will only be received if a kick out event occurs. If a kick out event does not occur, any potential growth payment will be dependent upon the FTSE 100 closing at or above 65% of its starting level on the maturity date. Therefore, it is not guaranteed that you will receive a growth payment from this investment.

Protection

To protect you, unlike most firms, we carry forward some of our profit and cash to future years, to recognise that we will be servicing you and your investment for the long term. We don't have to do this under accounting rules but we believe this gives you more security in our long-term future and helps to mitigate your risk.



What happens if Reyker fails?

If Reyker failed, neither your money nor your investment assets would be lost. We do not envisage a circumstance where we would be unable to pay out because of the built in regulatory protections. All client money and assets are held in trust separately from our own money. It is ring-fenced and independently audited quarterly and annually. This is unique in the industry as we pay for quarterly independent audits to maximise your protection. We are also supervised by the FCA as our regulator and we make quarterly returns to them of our financial position. If Reyker failed, the company would have no access to these funds or investments and they would be protected for you. Where we hold cash balances for investors, these are also covered by the FSCS scheme within its limits. Reyker is a prudent firm that you can trust, with substantial capital headroom that is currently of a higher level than FCA requirements. We take investor protection, fairness and transparency very seriously. If you or your regulated financial adviser have a question, you will have no trouble contacting our offices in London. We have a personal team willing to assist you with any query.

What are the costs?

Reyker has purchased this investment at a wholesale discount from the counterparty bank. This discount represents our distribution fee, which typically ranges from 1% to 2%. This discount is the difference between your investment and the actual purchase price with the bank. However, we will not know the exact amount until the product starts as it may be affected by any further purchases we make with the bank, as well as other factors. We can purchase the investment at a discount because we are a wholesaler distributor. This discount, in effect, represents an implied cost that you pay for investing in this plan and will be used to cover the cost of running your investment throughout its life. This discount is made available to Reyker by taking the not insignificant risk of buying millions of pounds of investment notes from the bank. Retail investors are not able to buy at this bulk discount, but via this bank to wholesaler (Reyker) to retail investor arrangement, investors are given access to this product. It also means that if you invest £10,000 with us, any potential yield you get will be based on this full sum. There are no hidden charges and there is no catch.

We do have a charge for unplanned events that are triggered by you. For example, if you decide to terminate your long-term investment early, then there is a dealing charge that covers our costs of selling your investment back to the bank or finding a buyer in the market. The other typical cost that arises, is when an investor passes away, and we deal with probate valuations. We may also charge a transfer and account closure cost if you transfer your investment to another custodian. All of Reyker's charges are transparent and can be found at any time in our Standard Tariff of Fees and Charges, and on our Frequently Asked Questions pages on our website.

We also have an unbroken 35-year track record of responsible investing and safe custody, with no regulatory issues or defaults. Investors are all clients of regulated financial advisers that we work with and check, but we also directly on-board retail investors as clients of Reyker, since we do not outsource safe custody or administration. We do everything in house. This means we are ideally positioned to service you for the whole product life, and to check continuing suitability over that period. There are no ongoing administration costs for you and every pound you invest goes straight into your investment.

To protect you, unlike most firms, we carry forward some of our profit and cash to future years, because we recognise that we will be servicing you and your investment for the long term. We don't have to do this under accounting rules, but we believe this gives you more security in our long-term future and helps to mitigate your risk.

Just like a wholesaler in any industry we distribute through an independent and broad retail network, mostly financial advisers who investors choose and who you pay directly for the professional advice your adviser gives you. We have no influence over your choice of adviser or what fees you agree to pay your adviser for their professional advice, which will generally relate to your whole portfolio, not just this investment.

The discount we earn is by no means all profit. It is used to pay for our overheads, and for administering your plan, delivering safe custody, monitoring and reporting to you about it over several years. Additionally, we have a very prudent and safe approach to accounting, so unlike most distributors we do not take all our profits up front: we defer some to later years to cover costs that may arise when the products mature. Our prudence improves your safety and peace of mind.

You will not incur charges during the product lifespan for administration, safe custody, provision of online statements and valuations or answering your reasonable questions. It is entirely free and there are no hidden costs or charges at all. This is all paid for by the discount we receive when we purchase the investment notes in bulk from the counterparty bank.

The Counterparty bank has disclosed all the costs that you face in the [KID](#). If you have any questions on these costs, please contact our Investments team on 020 7397 2597 or email investments@reyker.com.

How can I complain?

The process depends on what you are complaining about. If you think you have been given bad financial advice, or if you think the investment was unsuitable for you when you invested, then you must complain directly to your regulated financial adviser.

When you invest in a Reyker investment, you are entering into a contract with us, not directly with the bank. Although all banks must have a complaints procedure and publish it on their website and the KID, your investment contract is with Reyker, not with the bank, so you are not a client of theirs. This does not absolve them from their responsibility to manufacture investment products that are suitable for the target market, but in the first instance, except where it relates to advice from your regulated financial adviser, Reyker would expect to deal with your complaint, not the bank.

If you have a complaint about the service provided by Reyker, or the design of the investment, or our brochure, please contact us directly in the first instance by telephone, email or letter and we will try to help you. It is a fact that Reyker has had very few complaints throughout our history. This is because we are cautious with investment design and our ethos of "doing the right thing". We believe you may invest with confidence in our integrity.

Reyker guarantee that all complaints will be dealt with fairly, professionally and promptly. Our up to date contact details and our complaints procedure are always clearly described on our website. We do not use call centres or outsource administration, so you will get through to someone who has all the information and authority to assist. We have two senior regulated compliance officers, both are directors and one is a practising solicitor.

If, very unusually, we do not resolve your issue on first enquiry, please make a formal written complaint to: Compliance Officer, Reyker Securities plc, 17 Moorgate, London EC2R 6AR.

If for any reason you are dissatisfied with our final response to your complaint, you can refer your complaint to the Financial Ombudsman Service within 6 months of our final response. You can contact them at: Exchange Tower, London, E14 9SR or email complaint.info@financial-ombudsman.org.uk or call 0800 023 4567.



About us

Reyker Securities plc

An award winning financial services company established in 1983, Reyker are the plan manager. Reyker has been operating in the structured investment market for many years and has been recognised for its service excellence, having been awarded Best Structured Product Service Provider at the Moneyfacts Awards in September 2017. Further information about Reyker Securities can be found at www.reyker.com

Augere Financial limited

Augere focuses on providing investment solutions for the IFA, intermediary and institutional marketplace. By combining our market knowledge with an international investment bank and an award winning service provider, we provide investors with unique access to innovative products and unrivalled service.

Further information about Augere Financial can be found at www.augerefinancial.com

Morgan Stanley

Morgan Stanley is a North American investment bank that offer investment solutions to an array of different client types. This investment has been issued by Morgan Stanley BV, an issuing vehicle incorporated in the Netherlands. This issuing vehicle is owned by Morgan Stanley. Morgan Stanley is the guarantor of this investment. Morgan Stanley is currently rated BBB+ rated by S&P, A3 by Moody's and A by Fitch (source: www.morganstanley.com, August 2018).

Risks

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Reyker has a policy of keeping our marketing material brief and easily understood by anyone. We do not shy away from the [legal, risk](#) or regulatory information. Instead, we utilise our [website](#) to provide you with all this information. If you do not have internet access, let us know and we will send this out to you with the brochure.

Links

Key information document

As of 01 January 2018, manufacturers of structured investments need to provide investors with a Key Information Document (KID). This has been produced by the counterparty bank, Morgan Stanley. We have published this on our website [here](#). You must read this before investing.

Application forms

You will need to complete an investment application form to invest in this structured investment. This is available [here](#).

Key risks document

To help you and your regulated financial adviser, we have produced a key risk document. This should be read and understood before investing. This is available [here](#).

Frequently asked questions

This is available [here](#).

Retail terms & conditions of business

These terms are deemed to be accepted when we receive an investment application form. This should be read and understood before investing. This is available [here](#).

Intermediary terms of business

These terms are deemed to be accepted when an adviser approves an investment application form. This should be read and understood before investing. This is available [here](#).

Reyker offers a plan monitoring service

The main features of this service are:

- Monitoring of index levels
- Monitoring of key barrier levels
- Monitoring potential redemption opportunities
- Providing guidance to advisors who have applied for this service

Advisors can apply for this service by emailing investments@reyker.com

Disclaimer: Any hyperlinks featured in this brochure are up to date as at the time of writing. These may change over time.

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Website: www.reyker.com
Email us: sales@reyker.com
Call us: 020 7397 2590

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