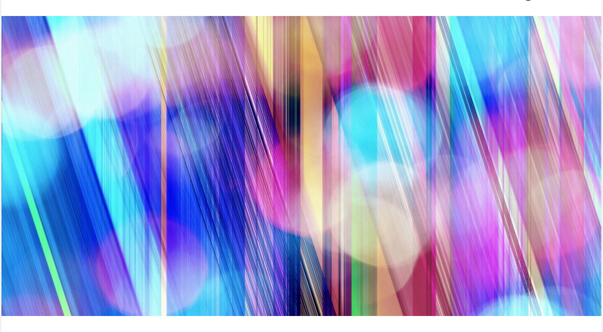


Wealth In Action

Wealth in Action is a newsletter for subscribers passionate about building wealth. As many of you know, I am passionate about the power of financial literacy and economic empowerment. With the right information, continuing education, and access to the intellectual capital of Morgan Stanley, you will have the tools you need to potentially build your wealth. If you would like to refer someone to join this distribution, reply to this email. If you'd like to stay further connected, you can find me on ***LinkedIn.*** *If you'd like to see past publications, you can view them on the* ***Content Library*** *tab on my website.*

Carolina's Corner

This month I want to highlight Morgan Stanley's quarterly publication, **Market Essentials**. It highlights the most important market developments and explains what they may mean for long-term investors. From stock insights to bond insights, this will break down the key things to consider. You can **read** or **listen** to the latest publication.

Some of my key reflections:

1. **Emotions & Market Volatility** - One of the clearest reminders from 2025 is how quickly the market's story can change. From January 1 to April 8 (the market bottom), the S&P 500 fell 15%. From April 8 to September 30, it rose 35.1%, and from September 30 to year-end it added another 2.7%. We cannot control the catalyst behind volatility, but we can control how we respond to it. I often come back to a simple question from client conversations last spring: Are we making a decision out of fear, or because it is best for the long-term plan? Staying intentional and disciplined matters, because emotional reactions can disrupt our ability to stay the course.
2. **The Magnificent 7 and S&P 500 concentration -** Another important takeaway is how much of the S&P 500's results came from a small group of companies. In 2025, the Magnificent 7 drove 43% of the index's total return and 51% of its earnings growth. This is a useful reminder that broad index returns can still be heavily influenced by a handful of names. Where suitable, I have been spending time with clients discussing separately managed accounts and direct indexing, because owning the underlying securities directly can create more flexibility for tax management. When S&P 500 exposure is held only through mutual funds or exchange-traded funds, there can be fewer opportunities to capture tax-loss harvesting at the individual stock level.
3. **Diversification** - It can be tempting to believe that an all-equity approach is the only route to strong long-term results, but the diversification case continues to show up in the data. In the report's long-term comparison (2000–2025), a diversified stock-and-bond portfolio finished ahead of a stocks-only alternative, even though there were plenty of periods along the way that were uncomfortable. Diversification is not about eliminating volatility. It is about building a steadier experience and improving the odds of staying invested through different market environments.

As always, I am one click away. If you would like to talk through what these themes could mean for your portfolio and long-term plan, you can **book time on my calendar**.

Wealth Wednesday Webinar

Ask Me Anything

After a full year of Wealth In Action, we're excited to introduce an Ask Me Anything section, where you can send in questions or topics you'd like to learn more about.

I invite you to share any financial literacy questions you may have. Whether you're curious about investment strategies, retirement planning, or understanding market trends, I am here to provide any insight!

Please reply to this email with your questions, and I will address them in next month's newsletter*. Featured inquiries will be anonymous, and will not only help you but also benefit others who may have similar questions.*

If you'd like to dive deeper in any questions you may have, ***you can book time on my calendar****.*

Podcast Picks

Bigger Tax Refunds Likely to Power the Economy | Our U.S. Economist Heather Berger discusses how larger tax refunds in 2026 could boost income and help support consumer balance sheets throughout the year.

What's Driving U.S. Growth in 2026 | Our Chief U.S. Economist Michael Gapen breaks down how growth, inflation and the AI revolution could play out in 2026.

The Only Thing in 2026 | In 2026, the AI capex boom will meet up with policy stimulus, and expectations are high. But one big unknown lingers: Will AI boost productivity meaningfully this year?

Planning to Win

5 Personal Money Moves for the New Year | Heading into 2026, it's time to take stock of your budget, debt and investments—and check them against your financial goals. These five steps can get you started.

Are You Prepared for Tax Day? | The countdown to Tax Day has begun. Here are some strategies to consider as the deadline approaches.

When to Claim Social Security? | This new report from the Global Investment Office offers valuable insights into the decision-making process for claiming Social Security benefits.

Timeless Thoughts

The Next Chapter of Your Life: Planning for Retirement | Whatever your unique vision for retirement looks like, proactive planning is the first step in bringing it to life.

What Is a Financial Plan and Why Do I Need One? | Here's how a financial plan can help you stay on track, adapt to uncertainty and make confident decisions.

Beyond ETFs: The Benefits of Direct Indexing | Learn more about the potential advantages of a direct indexing strategy and how it can help you meet your financial goals.

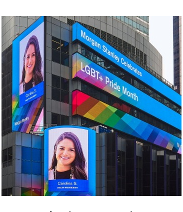
The Classics

- **Investing 101**
- **Understanding Social Security**
- **Equity Compensation**
- **Checklist: Countdown to Retirement**
- **401(k) Plans: Frequently Asked Questions**
- **10 Rules for Talking to Kids About Money**
- **Dollar-Cost Averaging vs. Lump-Sum Investing**

Working with Carolina

For those of you wondering what it looks like to work with me, I invite you to **take a look at my website** to learn more about the clients I love to represent.

If we have never met before, you can learn more about **what it looks like to work with me**.



If you would like to have me speak at your next event, **you can reference my speaker overview**.

If you would like to connect 1-1, **you can always book time on my calendar**.

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