



Global Investment Office | March 12, 2025

# US Policy Pulse

## Deregulation Risks and Opportunities

In this report, we discuss the potential economic and market outcomes of increased federal deregulation.

### Key Insights:

- Deregulation is a central component of President Trump's agenda, but significant related economic and market impacts may be delayed, as trade policy and fiscal austerity take center stage for now and defensives outperform cyclicals.
- From 2002 to 2014, US firms spent between 1.3% and 3.3% of their total wage bill on labor-compliance regulations, growing at a 1% rate each year.
- Deregulation is likely to benefit industries that are most highly regulated, such as financials, energy, information technology and health care. Market performance in the days after the 2016 and 2024 elections reflected these reduced-regulation expectations.
- The financials sector could benefit from deregulation associated with decreased supervisory oversight, lower capital requirements through the "Basel III Endgame" process and reduced M&A scrutiny. Favorable crypto legislation and regulation could continue to boost retail and institutional adoption.
- AI regulation is likely to remain in the back seat as the Trump administration adopts a "develop first, regulate later" approach, while tech performance will likely be driven by AI adopters in cybersecurity and software.
- Trump is focused on boosting energy production, but oil production already sits at a record high and is unlikely to meaningfully increase without strong market incentives. Meanwhile, demand for natural gas remains robust, supported by regulatory tailwinds.
- Potential cuts to Medicaid and rollbacks of vaccine mandates could pressure pharma and managed care companies, though biotechnology companies could benefit from rate cuts.

The interplay of pro-regulatory and anti-regulatory policies has become synonymous with the Democratic and Republican parties. The often-contrary approaches to policymaking have been especially pronounced in recent years, as control of the White House has changed party hands the past three general elections. Prior to this era, former Presidents Bill Clinton, George W. Bush and Barack Obama enjoyed two consecutive terms, fostering less policy-related uncertainty as executive branch priorities were extended over an eight-year period.

### Monica Guerra

Investment Strategist  
Monica.Guerra@morganstanley.com

### Daniel Kohen

Associate  
Daniel.Kohen@morganstanley.com

The Trump administration has ushered in a bold deregulatory agenda, building from Trump’s first term when he asked federal agencies to eliminate two regulations for every new one issued. Currently, the incoming administration is seeking to eliminate 10 regulations for every new one. The reduction in government regulation could have notable consequences for the oversight of private sector activity, which could introduce economic and market risks. That said, reduced regulatory burdens have also been found to provide meaningful tailwinds for market performance and could bolster investment outcomes.

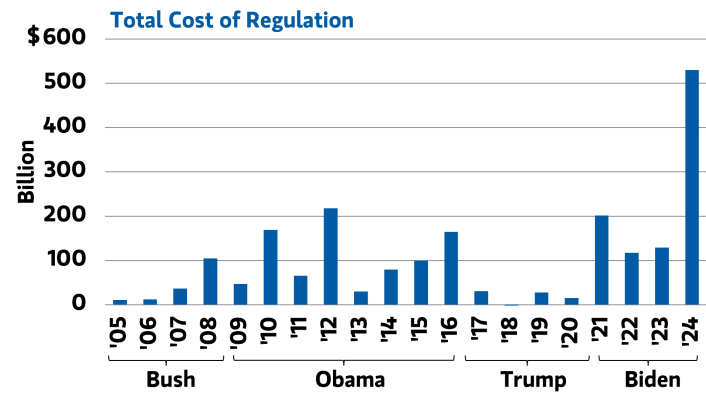
The balance between risks and benefits is critical as the new administration continues to unveil its regulatory and policy agendas. For example, Trump began his first term focused on growth- and productivity-related policies through a combination of deregulation and tax cuts. This was followed by tariff policy, which negatively impacted select sector and industry performance. In contrast, Trump’s second term is prioritizing restrictive economic and trade policy while implementing fiscal austerity measures through government spending cuts. This will likely be followed by pro-growth policies through the deregulation of targeted industries and passage of tax cuts, the impact of which might be delayed until 2026 when tax policy goes into effect. The important difference between the policy paths of the current and prior Trump administrations pertains to the sequencing, pace and magnitude of implementation. These critical variables play a notable role in influencing final policy outcomes and could alter economic and market performance. Given these dynamics, we discuss the potential effects of deregulation on private sector activity and investment, while highlighting sectors where we expect to see significant regulatory change —namely, financials, tech, energy, industrials and health care.

Economic and Market Impact

When assessing the impact of deregulation on the economy, it is important first to acknowledge that the full set of risks and benefits of regulation/deregulation are challenging to value. For example, research outlining the negative and positive ramifications often features imperfect inputs that may not capture the full scope of policy consequences. We think it is critical to understand the recent historical context of regulatory trends. For example, the estimated total cost of regulation to the economy under President Trump’s first term was \$65 billion, 2.5 times less than under George W. Bush (\$163 billion) and 15 times less than the total in Obama’s two terms (\$872 billion) and Biden’s single term (\$978 billion), as illustrated in Exhibit 1. While the total cost of regulation under Biden was the most significant, a congressional research report notes that he implemented fewer regulations per year than Obama and Trump, and the robust cost estimates are attributed to the scope of the regulations enacted (e.g., in the case of student loan provisions and vaccine mandates). In addition, the budgetary costs associated

with growing government oversight have added to deficit spending and spurred the recent GOP movement to reduce the size of the federal government through major agency-level expenditure cuts and deregulation.

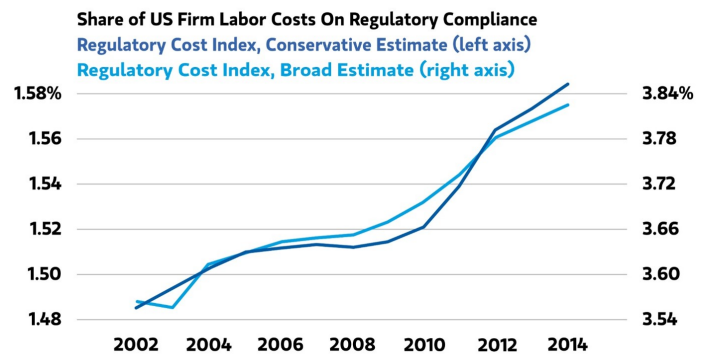
Exhibit 1: Annual Regulatory Costs Vary by Number of Policies and Their Price Tags



Source: American Action Forum, Piper Sandler, Morgan Stanley Wealth Management Global Investment Office as of April 24, 2024

Not only are increased costs due to regulation found at the government level, they also have implications for the business community. According to a University of California, Berkley, study, which analyzed jobs across industries where regulation-related tasks must be performed, the average firm spent between 1.3% and 3.3% of its total wage bill on jobs associated with regulatory actions from 2002 to 2014, with the aggregate wage bill growing at a 1% annual rate after adjusting for inflation (see Exhibit 2). The research only focused on the wage cost of regulatory compliance and did not account for capital expenditure costs or outsourced compliance costs, so the actual impacts could be greater.

Exhibit 2: Federal Regulations Pressure Labor Costs



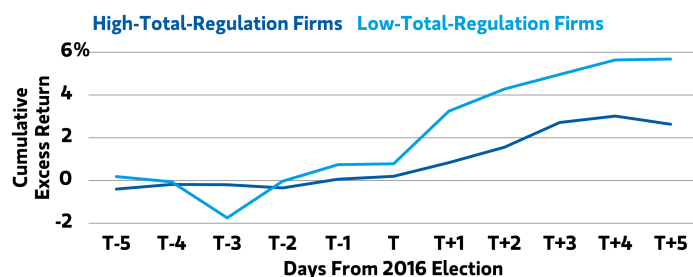
Note: The Regulatory Cost Index measures the percent of an establishment’s annual labor spending on regulation-related tasks.  
Source: National Bureau of Economic Research (NBER), Morgan Stanley Wealth Management Global Investment Office as of Jan. 31, 2023

## US POLICY PULSE

Reduced regulation could decrease regulation-related wage expenses and allow business owners to redirect revenue to growth initiatives, potentially spurring innovation. Furthermore, a National Bureau of Economic Research (NBER) study found that in Organization for Economic Cooperation and Development (OECD)-member countries, which include the US, a single-point reduction in the OECD regulatory index results in a 1.1% increase in private and public investment. The study also found that a percentage-point decline in regulation reducing barriers to entry caused private and public investment to grow by 1.7%, increasing market competition.

From a financial markets perspective, deregulation may be beneficial to investment performance and provide the greatest upside to companies in industries that are highly regulated. Using the 2016 general election result as an example, when Trump defeated his opponent in what could be called a surprise win, firms that were subject to high regulatory burdens outperformed those with low burdens by over 3% in the five days following the election. This argument assumes that prior to the election, stocks had rationally priced in the expectation for continued or greater regulatory effects and that the promise of lower regulation created a bull market response (see Exhibit 3).

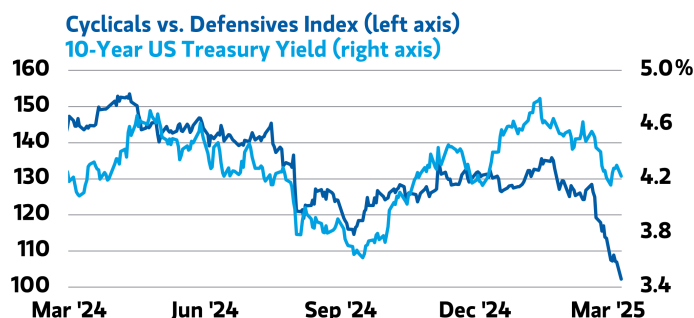
### Exhibit 3: Stocks With High Regulatory Burden Outperformed in 2016 on Deregulation Expectations



Note: Excess return refers to total returns in excess of the equal-weighted market return.  
Source: NBER, Morgan Stanley Wealth Management Global Investment Office as of Jan. 31, 2023

Market performance after Trump's second win has echoed this dynamic, with the S&P 500 Index rallying as much as 6% in the following weeks due to investor anticipation of pro-growth policies like lower taxes and robust deregulation. Since then, swift tariff action with heightened policy uncertainty has fostered investor growth concerns. The restrictive nature of tariffs, along with reduced immigration and economic fears, has supported a flight to quality, causing US Treasury yields to fall and defensive sectors to outperform cyclicals amid expectations for slower growth (see Exhibit 4).

### Exhibit 4: Defensives Have Outperformed Cyclicals as the 10-Year US Treasury Yield Has Fallen



Note: Cyclicals vs. Defensives Index compiled by Morgan Stanley Institutional Equity Division.

Source: Bloomberg, Morgan Stanley Wealth Management Global Investment Office as of March 10, 2025

The economic and market consequences of deregulation are complex, with myriad potential outcomes, and recent deregulatory efforts, like the reduction in funding for the Consumer Finance Protection Bureau (CFPB), have not offset exogenous factors that have suppressed market enthusiasm. Furthermore, it is important to highlight that reduced regulation and government oversight from entities like the CFPB may also result in greater risk to the consumer, increased market instability and a decline in business certainty. That said, we expect that broad deregulation could have positive impacts for several US sectors and industries over the long run, primarily benefiting financials, tech, energy, industrials and health care.

### Financials and Deregulation

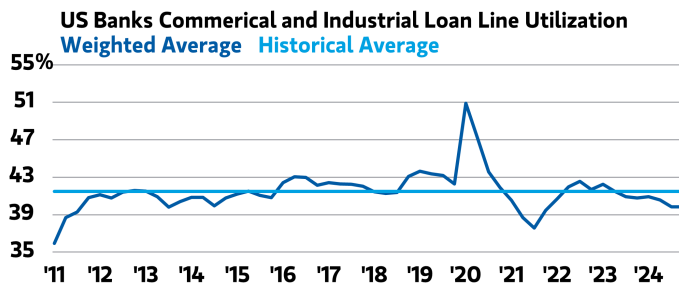
Financials is one of the sectors we consider to be well positioned to benefit quickly from deregulatory tailwinds. The Trump administration has outlined several priorities, including loosening regulatory and compliance burdens for community banks and reconsidering regulations impacting big banks—such as those pertaining to mergers and final Basel III capital requirement rules, known as the Basel III Endgame. Other priorities include reviewing supervisory roles of the Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency and the Securities and Exchange Commission, as well as providing support for cryptocurrencies and other digital currencies.

Importantly, changes to community banks may drive looser lending standards for small businesses, thereby improving access to capital. Morgan Stanley and Co. Research analysts expect commercial and industrial (C&I) loan growth to improve as the yield curve become less inverted versus recent years, thereby increasing the relative attractiveness of shorter-term interest rates. C&I line utilization, a proxy for loan demand, sat at 39.8% at the end of 2024 versus a historical average of 41.5% (see Exhibit 5). A reversion to the average would add 4% to C&I loan growth. Potentially lower

## US POLICY PULSE

interest rates, in addition to looser lending regulatory oversight, could stimulate community banking activity in the second half of 2025. That said, material weakening of the CFPB, which mitigates predatory lending practices, could create greater consumer lending and credit risk. Other changes to the banking system may include less-stringent mergers and acquisitions (M&A) criteria, allowing for more financial services mergers. In addition, the Basel III Endgame may be revised with looser capital requirements, resulting in a capital-neutral rule which could benefit large-cap banks.

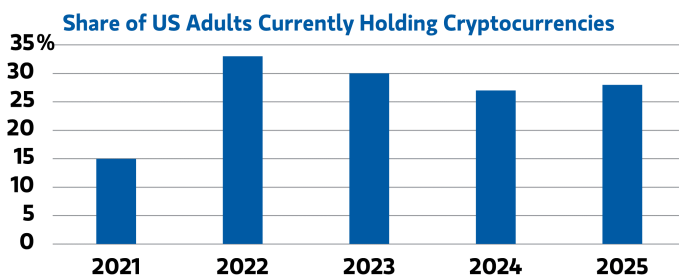
### Exhibit 5: Looser Regulation and a More Favorable Rate Environment May Increase C&I Line Utilization



Source: Federal Reserve, Morgan Stanley & Co. Research, Morgan Stanley Wealth Management Global Investment Office as of Dec. 31, 2024

Additionally, reduced federal scrutiny is likely to create a more favorable environment for blockchain technology and cryptocurrencies, which rallied post-election. The crypto industry was one of the largest donors during the 2024 general election cycle, with \$133 million donated to help elect pro-crypto lawmakers. Importantly, 85% of the congressional candidates the industry supported won their races, and 59% of Senate and 66% of House seats are considered “pro-crypto,” across both sides of the aisle. More favorable regulation and sentiment from lawmakers could help adoption of cryptocurrencies (currently at roughly 28% of adults) among retail investors continue to increase, while also raising popularity among institutional investors (see Exhibit 6). For this reason, we are likely to see more favorable crypto news despite rising macro headwinds.

### Exhibit 6: Favorable Crypto Legislation and Regulation Could Continue to Boost Ownership



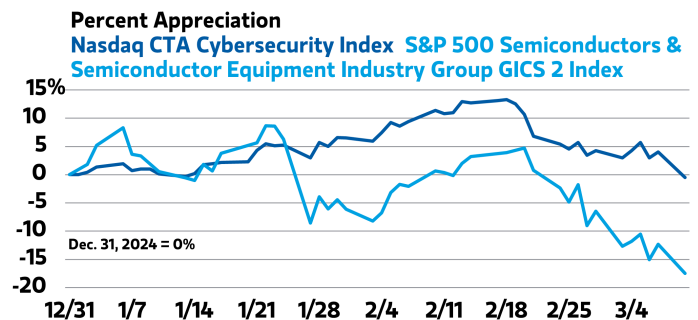
Source: Security.org, Morgan Stanley Wealth Management Global Investment Office as of Jan. 31, 2025

## Deregulating the Tech Sector

As we have noted in prior reports, leaders and laggards may also emerge in the tech sector during the Trump administration, as idiosyncratic risks develop. The wave of ambitious and exciting artificial intelligence (AI) initiatives since 2022 has been met with federal support and continued investment, as the administration adopts a “develop first, regulate later approach” toward innovation. Any regulation of AI is likely to come from individual states, rather than from the federal government, insulating these companies for now. Generational investments in AI and reshoring of semiconductors signal that AI policy has become a national security priority on both sides of the aisle.

We believe there is also a risk of increased scrutiny of social media and information-related companies, particularly those at ideological odds with the administration. While these industries could face pressure from a more selective regulatory approach, we view the risk as more idiosyncratic. Equity performance of this sector will likely be driven by the extent to which AI adoption and diffusion boost margins for cybersecurity and software companies, and the extent to which tariffs impact hardware tech companies. For these reasons, we prefer cybersecurity and software tech companies, which have outperformed semis and hardware tech this year by 17% (see Exhibit 7).

### Exhibit 7: Cybersecurity Software Has Outperformed Tech Hardware by 17% This Year



Source: Bloomberg, Morgan Stanley Wealth Management Global Investment Office as of March 10, 2025

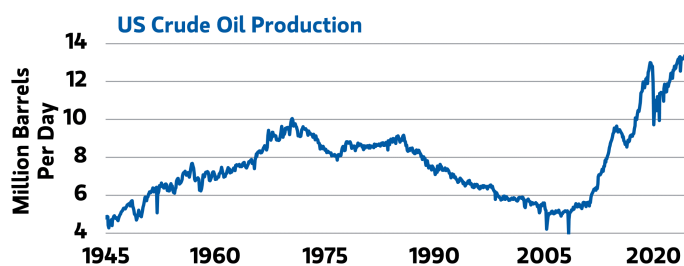
## Energy Deregulation

Many of Trump’s 70-plus executive orders signed so far focus on energy, and reducing energy prices has been a top priority of the administration. For example, Trump declared a national energy emergency in an effort to boost domestic energy production by expediting permitting and slashing regulations for oil, natural gas and mining of coal and critical minerals. Several climate-focused actions establishing electric vehicle (EV) mandates or strengthening tailpipe-emissions standards have been paused, supporting traditional car manufacturers.



While President Trump aims to increase oil production, we underscore that US production already sits at a record level and close to capacity, and production is unlikely to increase despite looser permitting restrictions or the introduction of other incentives like tax credits (see Exhibit 8). Trump could commit to replenishing the Strategic Petroleum Reserve at prices equal to or greater than the break-even price, in exchange for greater domestic production, but this would increase supply and lower prices in the short term. Global oil market fundamentals play a larger part when it comes to pricing, as exhibited by the 7% price decline in West Texas Intermediate crude oil in 2025. The current \$66-per-barrel level, which is the second lowest since late-2021, has come on the back of investor concerns over an economic slowdown as well as OPEC+’s recent announcement to boost oil production starting in April. Furthermore, if the increased global supply coincides with sluggish global demand, producers may be disincentivized from accelerating production at prices close to break-even levels, which recent surveys from the Federal Reserve Bank of Dallas and the Federal Reserve Bank of Kansas City put at around \$65.

#### Exhibit 8: US Crude Oil Production Has Reached a Record Level



Source: Bloomberg, DOE, EIA, Morgan Stanley Wealth Management Global Investment Office as of Dec. 31, 2024

In contrast to the dynamics around crude oil, deregulation of natural gas, such as lifting the Biden-era pause on new natural gas export permits, could be met with increased foreign demand. The European Union maintains a 56 billion euro energy trade deficit with the US and has recently signaled a willingness to buy more US-made goods.

While policies supporting fossil fuel production may create headwinds for clean energy-related stocks, certain aspects of clean tech could have long-term staying power. If rates continue to fall this year, clean energy stocks could benefit from lower borrowing costs. Furthermore, a potential repeal of the Inflation Reduction Act is likely to be limited, as over 80% of its fiscal outlays were directed toward GOP-controlled states. Lastly, the Trump administration has embraced and continued the Biden-era policy of supporting nuclear energy, which is likely to benefit from a reduced regulatory burden as large tech companies turn to nuclear as an alternate energy source to meet the growing demand from

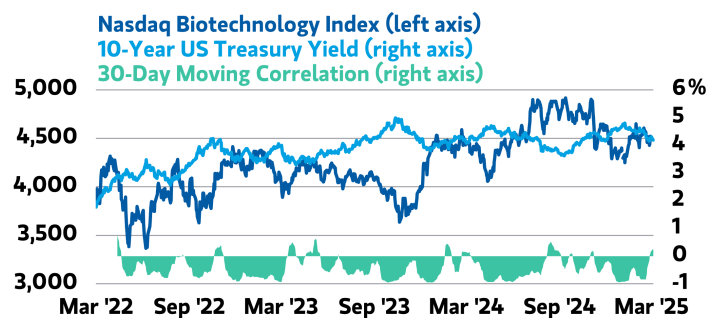
AI and data centers, which require significantly greater energy in addition to natural gas.

#### Health Care Deregulation

The health care sector has also been front and center during the new administration’s transition as regulatory changes could have mixed consequences for numerous industry participants. Policies ranging from the rollback of vaccine mandates to the reconsideration of Medicaid entitlements may experience notable changes. Importantly, both those policies are likely to result in negative public health outcomes. Select changes to vaccine mandates could have a more muted impact on market performance if the pharmaceuticals companies impacted have a well-diversified drug portfolio that can help them mitigate deregulation-related risks. The potential downsizing of Medicaid may have notable public health impacts for individuals who are unable to receive the care they need and could pressure lower-end consumers as their out-of-pocket health care expenses rise, creating downside risk for managed care-related companies and consumer discretionary stocks. Furthermore, nonprofit hospitals may experience credit ratings pressure, as Medicaid cuts could materially weaken revenues.

Not all health care sector deregulation is created equal, however, and we believe upside can be found in biotech. Although the appointment of Robert F. Kennedy Jr. as secretary of Health and Human Services may delay swift FDA approvals and cuts to the National Institute of Health and health care innovation grants may hinder development, we underscore biotech’s sensitivity to the interest rate environment (see Exhibit 9). Biotech performance is inversely correlated with interest rates; a decline in rates in line with market expectations for three 25-basis-point cuts by year-end could support greater access to capital, boost research and development and foster a constructive environment for market performance. While M&A activity has been modest this year, reduced regulatory scrutiny and low rates may generate tailwinds for a pickup in activity later this year. These factors may encourage biotech consolidation, which may in turn fuel higher market valuations.

#### Exhibit 9: Biotech is Negatively Correlated With the Interest Rate Environment



Source: Bloomberg, Morgan Stanley Wealth Management Global Investment Office as of March 10, 2025

### Investment Conclusion

While deregulation is a central component of President Trump's agenda, meaningful impacts may be delayed, as other items take center stage. However, despite recent weakness in cyclical stocks relative to defensives, investors may see opportunity in high-quality cyclicals such as in financials and industrial and among select tech names, which could also benefit from deregulation tailwinds. For example, financials could benefit from deregulation of supervisory oversight and

capital requirements, while favorable crypto legislation and regulation could continue to boost retail and institutional adoption. Tech performance will likely be driven by AI adopters in cybersecurity and software, as the administration takes a "develop first, regulate later" approach. Oil production is unlikely to notably accelerate, though natural gas demand, supported by regulatory tailwinds, remains robust. Pharma and managed care could face pressure from potential Medicaid cuts and vaccine mandate rollbacks, while biotech could benefit from rate cuts.

### Disclosure Section

---

#### Index Definitions

*For index, indicator and survey definitions referenced in this report please visit the following:*

<https://www.morganstanley.com/wealth-investmentsolutions/wmir-definitions>

#### Glossary

**Artificial Intelligence (AI)** A field of study that seeks to train computers to process large amounts of unstructured information in a manner similar to human intelligence, capable of performing tasks such as learning and problem solving.

#### Risk Considerations

**Equity securities** may fluctuate in response to news on companies, industries, market conditions and general economic environment.

**Investing in foreign markets** entails greater risks than those normally associated with domestic markets, such as political, currency, economic and market risks. **Investing in currency** involves additional special risks such as credit, interest rate fluctuations, derivative investment risk, and domestic and foreign inflation rates, which can be volatile and may be less liquid than other securities and more sensitive to the effect of varied economic conditions. In addition, international investing entails greater risk, as well as greater potential rewards compared to U.S. investing. These risks include political and economic uncertainties of foreign countries as well as the risk of currency fluctuations. These risks are magnified in countries with **emerging markets and frontier markets**, since these countries may have relatively unstable governments and less established markets and economies.

**Growth investing** does not guarantee a profit or eliminate risk. The stocks of these companies can have relatively high valuations. Because of these high valuations, an investment in a growth stock can be more risky than an investment in a company with more modest growth expectations.

**Value investing** does not guarantee a profit or eliminate risk. Not all companies whose stocks are considered to be value stocks are able to turn their business around or successfully employ corrective strategies which would result in stock prices that do not rise as initially expected.

**Yields** are subject to change with economic conditions. Yield is only one factor that should be considered when making an investment decision.

**Credit ratings** are subject to change.

**Treasury Inflation Protection Securities' (TIPS)** coupon payments and underlying principal are automatically increased to compensate for inflation by tracking the consumer price index (CPI). While the real rate of return is guaranteed, TIPS tend to offer a low return. Because the return of TIPS is linked to inflation, TIPS may significantly underperform versus conventional U.S. Treasuries in times of low inflation.

Because of their narrow focus, **sector investments** tend to be more volatile than investments that diversify across many sectors and companies. **Technology stocks** may be especially volatile. Risks applicable to companies in the **energy and natural resources** sectors include commodity pricing risk, supply and demand risk, depletion risk and exploration risk. **Health care sector stocks** are subject to government regulation, as well as government approval of products and services, which can significantly impact price and availability, and which can also be significantly affected by rapid obsolescence and patent expirations.

**Artificial intelligence (AI)** is subject to limitations, and you should be aware that any output from an IA-supported tool or service made available by the Firm for your use is subject to such limitations, including but not limited to inaccuracy, incompleteness, or embedded bias. You should always verify the results of any AI-generated output.

**Environmental, Social and Governance ("ESG") investments** in a portfolio may experience performance that is lower or higher than a portfolio not employing such practices. Portfolios with ESG restrictions and strategies as well as ESG investments may not be able to take advantage of the same opportunities or market trends as portfolios where ESG criteria is not applied. There are inconsistent ESG definitions and criteria within the industry, as well as multiple ESG ratings providers that provide ESG ratings of the same subject companies and/or securities that vary among the providers. Certain issuers of investments may have differing and inconsistent views concerning ESG criteria where the ESG claims made in offering documents or other literature may overstate ESG impact. ESG designations are as of the date of this material, and no assurance is provided that the underlying assets have maintained or will maintain and such designation or any stated ESG compliance. As a result, it is difficult to compare ESG investment products or to evaluate an ESG investment product in comparison to one that does not focus on ESG. Investors should also independently consider whether the ESG investment product meets their own ESG objectives or criteria. There is no assurance that an ESG investing strategy or techniques employed will be successful. Past performance is not a guarantee or a dependable measure of future results.

#### Virtual Currency Products (Cryptocurrencies)

Buying, selling, and transacting in Bitcoin, Ethereum or other digital assets ("Digital Assets"), and related funds and products, is highly speculative and may result in a loss of the entire investment. Risks and considerations include but are not limited to:

Digital Assets have only been in existence for a short period of time and historical trading prices for Digital Assets have been highly volatile. The price of Digital Assets could decline rapidly, and investors could lose their entire investment.

Although any Digital Asset product and its service providers have in place significant safeguards against loss, theft, destruction and inaccessibility, there is nonetheless a risk that some or all of a product's Digital Asset could be permanently lost, stolen, destroyed or inaccessible by virtue of, among other things, the loss or theft of the "private keys" necessary to access a product's Digital Asset.

## US POLICY PULSE

Digital Assets may not have an established track record of credibility and trust. Further, any performance data relating to Digital Asset products may not be verifiable as pricing models are not uniform.

The **indices** are unmanaged. An investor cannot invest directly in an index. They are shown for illustrative purposes only and do not represent the performance of any specific investment. The indices are not subject to expenses or fees and are often comprised of securities and other investment instruments the liquidity of which is not restricted. A particular investment product may consist of securities significantly different than those in any index referred to herein. Comparing an investment to a particular index may be of limited use.

The **indices selected by Morgan Stanley Wealth Management** to measure performance are representative of broad asset classes. Morgan Stanley Wealth Management retains the right to change representative indices at any time.

**Performance of indices** may be more or less volatile than any investment product. The risk of loss in value of a specific investment (such as with an investment manager or in a fund) is not the same as the risk of loss in a broad market index. Therefore, the historical returns of an index will not be the same as the historical returns of a particular investment product.

### Disclosures

Morgan Stanley Wealth Management is the trade name of Morgan Stanley Smith Barney LLC, a registered broker-dealer in the United States. This material has been prepared for informational purposes only and is not an offer to buy or sell or a solicitation of any offer to buy or sell any security or other financial instrument or to participate in any trading strategy. Past performance is not necessarily a guide to future performance.

The author(s) (if any authors are noted) principally responsible for the preparation of this material receive compensation based upon various factors, including quality and accuracy of their work, firm revenues (including trading and capital markets revenues), client feedback and competitive factors. Morgan Stanley Wealth Management is involved in many businesses that may relate to companies, securities or instruments mentioned in this material.

This material has been prepared for informational purposes only and is not an offer to buy or sell or a solicitation of any offer to buy or sell any security/instrument, or to participate in any trading strategy. Any such offer would be made only after a prospective investor had completed its own independent investigation of the securities, instruments or transactions, and received all information it required to make its own investment decision, including, where applicable, a review of any offering circular or memorandum describing such security or instrument. That information would contain material information not contained herein and to which prospective participants are referred. This material is based on public information as of the specified date, and may be stale thereafter. We have no obligation to tell you when information herein may change. We make no representation or warranty with respect to the accuracy or completeness of this material. Morgan Stanley Wealth Management has no obligation to provide updated information on the securities/instruments mentioned herein.

The summary at the beginning of the report may have been generated with the assistance of artificial intelligence (AI).

The securities/instruments discussed in this material may not be appropriate for all investors. The appropriateness of a particular investment or strategy will depend on an investor's individual circumstances and objectives. Morgan Stanley Wealth Management recommends that investors independently evaluate specific investments and strategies, and encourages investors to seek the advice of a financial advisor. The value of and income from investments may vary because of changes in interest rates, foreign exchange rates, default rates, prepayment rates, securities/instruments prices, market indexes, operational or financial conditions of companies and other issuers or other factors. Estimates of future performance are based on assumptions that may not be realized. Actual events may differ from those assumed and changes to any assumptions may have a material impact on any projections or estimates. Other events not taken into account may occur and may significantly affect the projections or estimates. Certain assumptions may have been made for modeling purposes only to simplify the presentation and/or calculation of any projections or estimates, and Morgan Stanley Wealth Management does not represent that any such assumptions will reflect actual future events. Accordingly, there can be no assurance that estimated returns or projections will be realized or that actual returns or performance results will not materially differ from those estimated herein.

This material should not be viewed as advice or recommendations with respect to asset allocation or any particular investment. This information is not intended to, and should not, form a primary basis for any investment decisions that you may make. Morgan Stanley Wealth Management is not acting as a fiduciary under either the Employee Retirement Income Security Act of 1974, as amended or under section 4975 of the Internal Revenue Code of 1986 as amended in providing this material except as otherwise provided in writing by Morgan Stanley and/or as described at [www.morganstanley.com/disclosures/dol](http://www.morganstanley.com/disclosures/dol).

**Morgan Stanley Smith Barney LLC, its affiliates and Morgan Stanley Financial Advisors do not provide legal or tax advice. Each client should always consult his/her personal tax and/or legal advisor for information concerning his/her individual situation and to learn about any potential tax or other implications that may result from acting on a particular recommendation.**

This material may provide the addresses of, or contain hyperlinks to, websites. Except to the extent to which the material refers to website material of Morgan Stanley Wealth Management, the firm has not reviewed the linked site. Equally, except to the extent to which the material refers to website material of Morgan Stanley Wealth Management, the firm takes no responsibility for, and makes no representations or warranties whatsoever as to, the data and information contained therein. Such address or hyperlink (including addresses or hyperlinks to website material of Morgan Stanley Wealth Management) is provided solely for your convenience and information and the content of the linked site does not in any way form part of this document. Accessing such website or following such link through the material or the website of the firm shall be at your own risk and we shall have no liability arising out of, or in connection with, any such referenced website.

By providing links to third-party websites or online publication(s) or article(s), Morgan Stanley Smith Barney LLC ("Morgan Stanley") is not implying an affiliation, sponsorship, endorsement, approval, investigation, verification with the third parties or that any monitoring is being done by Morgan Stanley of any information contained within the articles or websites. Morgan Stanley is not responsible for the information contained on the third-party websites or your use of or inability to use such site. Nor do we guarantee their accuracy and completeness. The terms, conditions, and privacy policy of any third-party website may be different from those applicable to your use of any Morgan Stanley



## US POLICY PULSE

website. The information and data provided by the third-party websites or publications are as of the date when they were written and subject to change without notice.

This material is disseminated in Australia to “retail clients” within the meaning of the Australian Corporations Act by Morgan Stanley Wealth Management Australia Pty Ltd (A.B.N. 19 009 145 555, holder of Australian financial services license No. 240813).

Morgan Stanley Wealth Management is not incorporated under the People's Republic of China (“PRC”) law and the material in relation to this report is conducted outside the PRC. This report will be distributed only upon request of a specific recipient. This report does not constitute an offer to sell or the solicitation of an offer to buy any securities in the PRC. PRC investors must have the relevant qualifications to invest in such securities and must be responsible for obtaining all relevant approvals, licenses, verifications and or registrations from PRC's relevant governmental authorities.

If your financial adviser is based in Australia, Switzerland or the United Kingdom, then please be aware that this report is being distributed by the Morgan Stanley entity where your financial adviser is located, as follows: Australia: Morgan Stanley Wealth Management Australia Pty Ltd (ABN 19 009 145 555, AFSL No. 240813); Switzerland: Morgan Stanley (Switzerland) AG regulated by the Swiss Financial Market Supervisory Authority; or United Kingdom: Morgan Stanley Private Wealth Management Ltd, authorized and regulated by the Financial Conduct Authority, approves for the purposes of section 21 of the Financial Services and Markets Act 2000 this material for distribution in the United Kingdom.

Morgan Stanley Wealth Management is not acting as a municipal advisor to any municipal entity or obligated person within the meaning of Section 15B of the Securities Exchange Act (the “Municipal Advisor Rule”) and the opinions or views contained herein are not intended to be, and do not constitute, advice within the meaning of the Municipal Advisor Rule.

This material is disseminated in the United States of America by Morgan Stanley Smith Barney LLC.

Third-party data providers make no warranties or representations of any kind relating to the accuracy, completeness, or timeliness of the data they provide and shall not have liability for any damages of any kind relating to such data.

This material, or any portion thereof, may not be reprinted, sold or redistributed without the written consent of Morgan Stanley Smith Barney LLC.

© 2025 Morgan Stanley Smith Barney LLC. Member SIPC.

RSI1741791802146 03/2025