Morgan Stanley

WEALTH MANAGEMENT

INVESTMENT STRATEGY

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Global Insights

Five Themes to Watch in 2026

In this edition of *Global Insights*, we outline five themes for 2026: Whether optimism around equities could disappoint; the potential for non-US equities to continue outperforming US peers; real assets' ongoing diversification value; whether global financial conditions will remain loose; and the potential for Federal Reserve dovishness to reverse, impacting the US dollar and global fixed income markets.

- Investors anticipate a global reacceleration in 2026–2027, driven by AI and cyclical growth and supporting healthy revenue gains in semiconductors, energy, materials, machinery and non-US companies generally, given their greater leverage to the global cycle. Unattractive global equity risk premiums pose a key risk. The Morgan Stanley Wealth Management Global Investment Committee (GIC) is moderately overweight equities amid expectations for modest growth.
- Outside the US, the GIC holds high conviction in Latin American, Indian and Japanese equities. LatAm equities may benefit from easing financial conditions, a refocus of US influence and attractive valuations. Indian equities, pressured in 2025 by downgrades in earnings revisions, could rebound in 2026 if strong capex resumes. Japanese equities could benefit from fiscal stimulus, which prompted analysts to upgrade their 2026 earnings estimates recently.
- Despite trading in overbought conditions for several quarters, gold could extend its rally into 2026, propelled by a secular drivers. Copper may also continue its surge, supported by demand from the AI data center buildout, electrification and technicals that are far from extreme. The GIC expects real assets to continue offering diversification benefits amid unstable stock-bond correlations.
- Multiple expansion drove 2025's global equity rally, especially in non-US markets, helped by easing financial conditions in Europe and in emerging markets including Brazil. In the US, where conditions remain historically loose, the bite of tariffs could stoke inflation, as suggested by businesses reporting rising output prices, with potential implications for the dollar and global financial conditions.
- Any reversal in Fed dovishness could have implications for fixed income markets, which currently discount roughly 50 basis points of Fed cuts over the next 12 months—the most among major developed markets. In 2025, a pronounced downside reversal in inflation surprises benefited "beta" returns to duration over credit, contributing to underperformance from active fixed income managers in intermediate core, corporate and high yield strategies relative to benchmarks.

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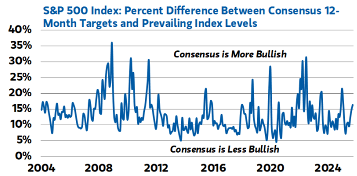
Equity Fundamentals Worldwide: At a Crossroads?

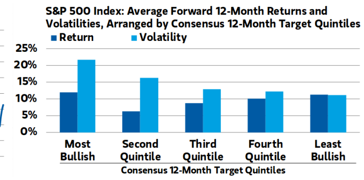
MACRO AND FUNDAMENTALS

Will Elevated Equity Market Bullishness Lead to Investor Disappointment?

While a constructive outlook seems reasonable, the range of outcomes is likely wider than the consensus.

Bloomberg's compilation of analysts' 12-month targets for the S&P 500 Index averages 7,967, implying a rise of 16% from current levels. These price targets suggest strategists' consensus optimism, which ranks in the second-highest quintile since 2004. This constructive outlook remains short of extremes—but includes expectations for higher-than-average volatility. In the right-hand chart we backtested subsequent 12-month S&P 500 Index returns across various degrees of bullishness using this indicator. On a 12-month forward basis, the S&P 500 Index registered its highest risk-adjusted returns when consensus sentiment appeared least bullish. The current reading aligns with the GIC's current positioning: modestly constructive, with a two-percentage-point (pp) overweight to equities versus the benchmark in its Level 1, Balanced Growth portfolio (last updated as of Oct. 15, 2025).





Note: We use analysts' consensus estimates compiled by Bloomberg. The latter derives the index target by summing the consensus price for each index member, followed by multiplying by the number of shares in the index and then dividing by the index divisor.
Source: Morgan Stanley Wealth Management GIO, Bloomberg as of Jan. 2, 2026

Market pricing implies a global economic reacceleration in 2026.

Analysts estimate that the median non-financial company in the MSCI ACWI World Index grew revenue by 4.9% in 2025, down from 5.4% in 2024 and 6.5% in 2023. Consensus estimates from FactSet point to a rebound ahead, however, with average annualized growth of 5.8% expected across 2026 and 2027. Analysts anticipate that cyclical sectors like energy, industrials and materials will post the most robust growth. At the industry level, AI unsurprisingly stands out as a theme, with semiconductors projected to see the strongest acceleration, followed by chemicals and machinery. Analysts are more optimistic on non-US prospects, expecting the median company to experience a 1.1 percentage-point acceleration in revenue growth, compared with a 0.8-pp deceleration for the US. For the Magnificent Seven, analysts believe that profit growth will outpace revenue growth, benefiting from a 1.2 percentage-point increase in margins, from an already high 27% base—compared to a 0.9-pp gain for the global median company, from a base of 9.6%.

MSCI ACWI Index: Median Annual Revenue Growth (local currency, %)

Country	2023	2024	2025(E)	2026(E)	2027(E)	Avg. '26(E) & '27(E) Vs. '25(E)
Taiwan	-7.0	12.3	5.2	9.1	9.3	4.1
UK	4.0	1.9	1.8	5.0	5.1	3.2
Switzerland	1.4	3.0	1.5	4.1	5.0	3.1
Germany	3.4	0.8	1.6	4.3	4.8	2.9
India	12.4	8.0	9.0	11.4	11.0	2.2
Netherlands	2.3	4.2	3.5	5.2	5.6	1.9
France	3.5	4.1	2.3	3.7	4.5	1.8
South Korea	9.4	7.7	7.7	9.9	8.9	1.7
Australia	9.9	5.1	2.7	4.2	4.6	1.7
China	6.1	5.4	8.2	10.1	9.4	1.6
Brazil	8.4	8.7	4.6	5.0	6.5	1.2
Japan	6.9	6.8	3.1	4.2	4.1	1.0
Spain	6.3	3.6	4.4	5.4	4.4	0.5
Italy	7.8	6.5	5.4	5.1	5.6	-0.1
Canada	6.7	7.9	6.0	6.1	5.1	-0.4
Mexico	3.7	11.1	6.8	6.8	5.4	-0.7
US: Magnificent Seven	10.3	14.1	14.9	14.9	13.2	-0.8
US	5.4	4.7	6.3	5.3	5.6	-0.8

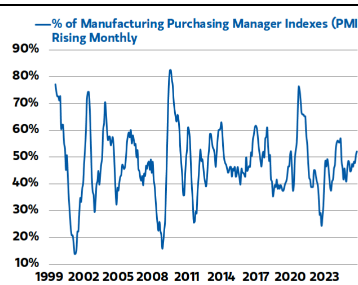
MSCI ACWI Index: Median Annual Revenue Growth (local currency, %)

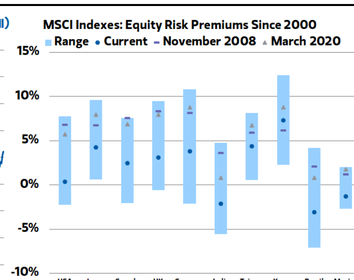
Sector/Industry	2023	2024	2025(E)	2026(E)	2027(E)	Avg. '26(E) & '27(E) Vs. '25(E)
Sector						
Energy	-10.5	-1.7	-3.4	1.6	4.9	6.6
Industrials	9.5	6.9	5.1	6.3	6.1	1.1
Materials	-1.4	2.2	3.7	5.3	4.3	1.1
Consumer Staples	5.1	3.9	3.4	4.5	4.4	1.1
Technology	3.6	9.7	11.3	12.4	12.0	0.9
Health Care	3.8	3.5	4.9	5.2	4.9	0.2
Comm. Services	10.7	7.7	6.5	6.7	6.6	0.1
Consumer Discretionary	7.7	7.0	7.0	6.7	7.0	-0.1
Utilities	1.0	1.4	4.4	3.8	4.4	-0.3
Industry						
Semiconductors	-2.1	7.2	10.0	16.1	15.0	5.5
Chemicals	-1.6	0.4	1.2	4.3	4.7	3.3
Machinery	10.9	2.7	3.6	5.6	6.4	2.4
Aerospace & Defense	13.3	14.5	10.9	11.2	9.9	-0.4
Software	12.0	12.2	13.4	12.4	12.6	-0.9
Metals & Mining	0.0	5.0	7.4	8.9	3.3	-1.3
Tech. Hardware	-8.5	9.7	13.6	12.6	9.1	-2.7

Note: We exclude financials from the analysis. We display forecasts for 2025, 2026 and 2027 based on FactSet-compiled average analyst estimates. We show the rolled-up US dollar-based aggregates for the Magnificent Seven group.
Source: Morgan Stanley Wealth Management GIO, FactSet as of Jan. 2, 2026

Global manufacturing activity picked up in 2025.

This year, the global share of economies posting a monthly increase in their S&P Global Manufacturing Purchasing Managers' Index (PMI) rose from 41% at the end of 2024 to 52% by December 2025. For PMIs, an above-50 reading suggests expanding breadth of manufacturing activity during the month, while a rising PMI month over month indicates accelerating growth. Relative to prior peaks in PMI breadth, reached during the post-Great Financial Crisis and COVID recoveries, 2025's reacceleration may have room to broaden out. Unlike those episodes, however, current equity risk premiums—a measure of compensation for holding equities over risk-free bonds—look less attractive globally. The GIC does not expect a broad-based economic reacceleration in 2026, and, hence, remains only modestly overweight equities.



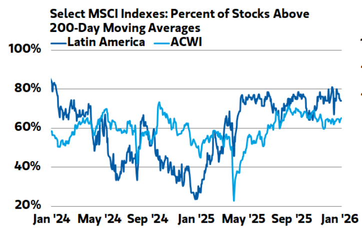


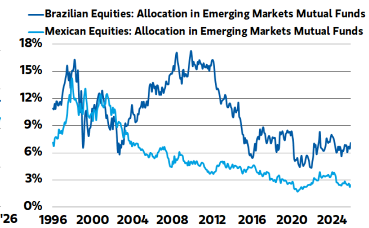
Note: We compute the breadth in manufacturing PMIs for a universe of 24 economies and smooth them using a six-month moving average. We compute the equity risk premiums as the local 12-month forward earnings yield *less* the local 10-year government bond yield.
Source: Morgan Stanley Wealth Management GIO, Haver Analytics as of Jan. 2, 2026

TECHNICALS AND FUNDAMENTALS

Non-US Equities Could Extend Their Leading Streak Into 2026

Latin American equities' relative strength could continue.

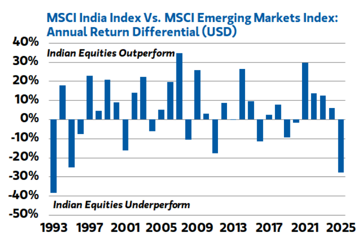


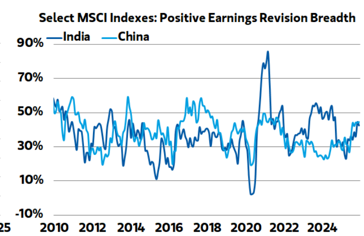


Source: Morgan Stanley Wealth Management GIO, FactSet, Haver Analytics as of Jan. 2, 2026

The share of MSCI Latin America Index names trading above their 200-day moving averages surged from 24% at the end of 2024 to 75% currently, well ahead of the 52%–63% increase for the MSCI ACWI Index. LatAm equities' gains have been broad-based. Beyond the MSCI Brazil and Mexico indexes—which gained nearly 50% and 56%, respectively, in 2025 in US dollar terms—smaller markets have also rallied, with gains in MSCI indexes of roughly 71% for Chile, 112% for Colombia and 74% for Peru. Importantly, commodity price increases did not serve as the primary driver of performance: Financials contributed the most—23 percentage points—to the MSCI Latin America Index's 55% gain last year, followed by materials at 13 percentage points. The GIC remains constructive on Latin American equities, given ample runway for financial conditions to ease and a potential refocus of US influence—perhaps leading to expanded trade, supply chain integration and capex opportunities—amid attractive valuations. LatAm equities' representation in investor portfolios remain near historical lows, while Brazilian and Mexican equities account for only around 4% and 2%, respectively, of the MSCI Emerging Markets Index.

Indian equities could rebound after a dismal 2025.

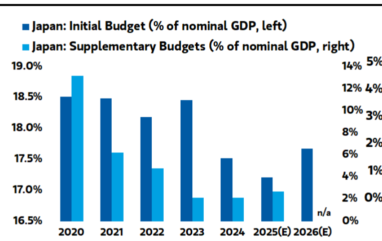


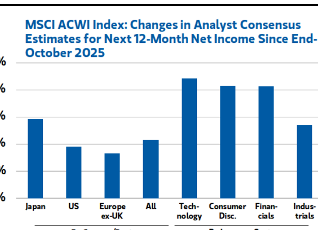


Note: We display the earnings revision breadth as the share of constituents receiving earnings-per-share upgrades over the past three months.
Source: Morgan Stanley Wealth Management GIO, FactSet, Bloomberg as of Jan. 2, 2026

The MSCI India Index rose just 3% in 2025, lagging the MSCI Emerging Markets Index by nearly 28 percentage points in US dollar terms—its worst relative performance since 1993. The underperformance appears tied to a sharp deterioration in earnings revision breadth, which began in the third quarter of 2024 with a retreat from historically optimistic levels. Meanwhile, positive earnings revisions shifted toward Chinese equities, where analysts had already priced in pessimism over the country's macroeconomic situation. Investor concerns around India likely intensified amid a surge in global economic uncertainty ahead of 2024's US presidential election, culminating in a historic rise in tariff-related trade policy uncertainty that undermined its capex-driven growth narrative. Since April 2025, however, earnings revision breadth has recovered as US trade policy eased, while India announced reforms aimed at securing a trade deal with the US. As a result, 2025's relative weakness could reverse in 2026. The GIC remains constructive, citing India's diversification potential and enduring secular growth drivers.

Fiscal stimulus could boost Japanese earnings next year.





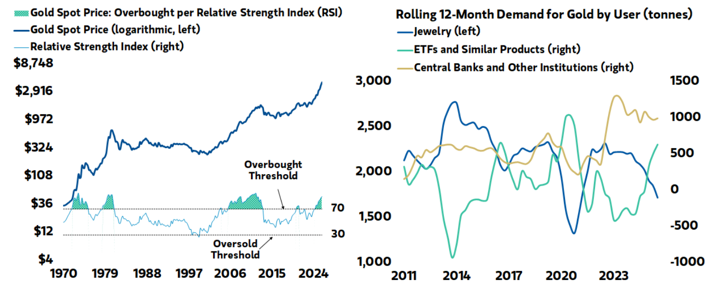
Note: We display the budgets based on fiscal years, and the changes in the average consensus estimate for the median company in local currency.
Source: Morgan Stanley Wealth Management GIO, Haver Analytics, FactSet as of Jan. 2, 2026

In recent weeks, Japanese policymakers have announced fiscal measures aimed at extending the post-COVID reflationary cycle. A supplementary budget approved in December and totaling ¥18 trillion ($117 billion) provides near-term stimulus to supplement standard budget spending. This amount equates to roughly 2.7% of the government's projected nominal GDP for FY2025, ending in March 2026, up from 2.2% in 2024. Meanwhile, the initial FY2026 budget is set to rise to ¥122 trillion ($780 billion) from ¥115 trillion in FY2025, a modest increase from 17.2% to 17.7% of GDP. The potential stimulus has prompted analysts to raise 12-month profit forecasts for Japanese companies by more than 2.5%, outpacing global peers, led by technology, consumer discretionary and financials. The GIC holds a constructive view on Japan, citing a multi-year runway for profitability to converge with that of developed-market peers. A persistently weak yen remains a risk for unhedged US investors.

MACRO, QUANTITATIVE AND TECHNICALS

Real Assets Could (Again) Deliver Diversification Benefits

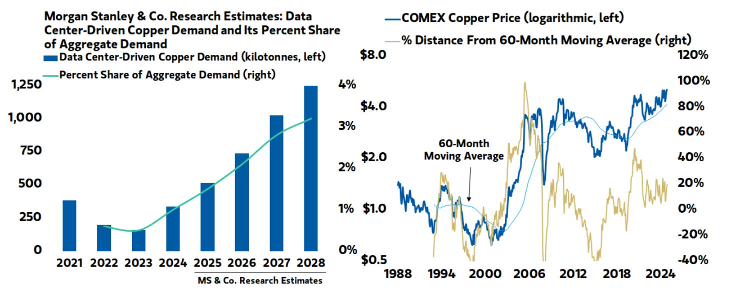
Gold's overbought conditions may not represent a "sell" signal.



Note: We use a lookback window of 14 quarters to calculate the Relative Strength Index (RSI). We display the overbought and oversold RSI threshold lines at 70 and 30.
Source: Morgan Stanley Wealth Management GIO, Bloomberg, The World Gold Council as of Jan. 2, 2026

Measured on a quarterly basis, gold triggered an "overbought" signal in the second quarter of 2024, based on the Relative Strength Index (RSI), a technical indicator often used to uncover profit-taking opportunities. Since then, however, gold has gained around 71%, far outperforming the 27% rise in the S&P 500 Index. A back test since 1970 shows that when gold's quarterly RSI has breached the overbought threshold level of 70, prices rose by an average of 6.0% over the subsequent quarter, compared with the historical average return of 2.6%. Sustained central bank purchases and renewed retail-driven ETF inflows following a post-COVID lull offset weakening jewelry demand and helped to power gold's 64% gain in 2025. The GIC remains constructive on gold, citing its strong diversification benefits, along with its ties to a potential secular growth narrative around collateralization of stablecoins and other cryptocurrencies and possibly diminished appeal for fiat currencies.

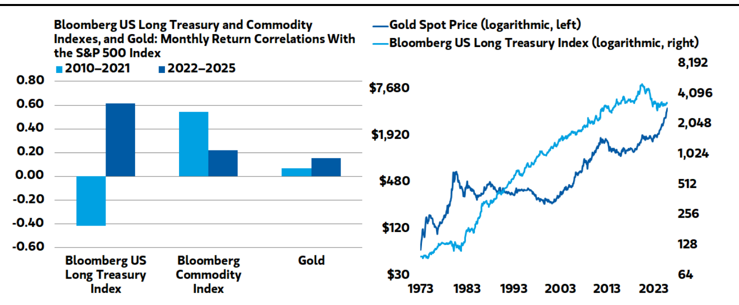
Data center-driven demand could propel copper prices higher.



Source: Morgan Stanley Wealth Management GIO, MS & Co. Research, Bloomberg as of Jan. 2, 2026

Driven by robust demand growth and persistent supply constraints, COMEX copper rose about 41% in 2025, its strongest gain since the global recovery of 2009. Copper sits at the nexus of two powerful themes, electrification and AI data-center buildout, which have helped offset weakness from China's construction sector. Morgan Stanley & Co. Research estimates that data center-driven copper demand rose 52% in 2025 versus 2024 and is expected to grow by roughly 40% annually through 2028 under a mid-range demand scenario. As a result, data-centers' share of aggregate demand for copper is expected to increase from 1.0% in 2024 to 3.2% in 2028. Despite the rally, copper prices have not yet reached extreme levels relative to their five-year moving average, as shown in the right-hand chart. The GIC remains constructive on copper, which is supported by secular demand tailwinds.

In the post-COVID period, commodities have delivered valuable diversification benefits.



Source: Morgan Stanley Wealth Management GIO, Bloomberg as of Jan. 2, 2026

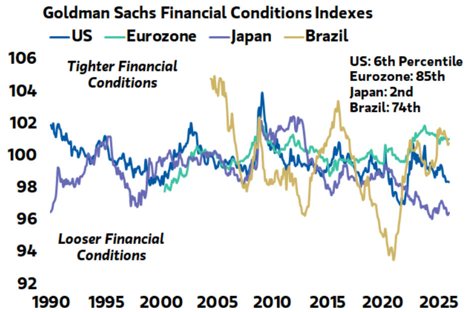
Real assets, especially gold, have helped investors hedge equity risk in the post-COVID period, as inflation reset higher and US Treasuries became positively correlated with equities. Over this period, the monthly return correlation between the S&P 500 Index and the Bloomberg Commodity Index fell from 0.54 in 2010–2021 to 0.22 thereafter, while gold's correlation with equities remained below 0.20 throughout. In the pre-COVID decade, a secular bond bull market helped to cement Treasuries' negative correlation with equities, enhancing diversification. Following the global inflation surge of 2022, however, this benefit diminished. In contrast, gold's relatively low correlation with equities—supported by a bull market that began in late 2023, powered by secular themes—has improved portfolio risk-adjusted returns.

MACRO

Will Global Financial Conditions Ease Further in 2026?

Financial conditions appear loose in the US and Japan—but less so in Europe and Brazil.

Financial conditions indexes (FCIs) are composite measures of how supportive or restrictive financial variables are for economic growth. Goldman Sachs compiles them by region, combining market-based variables such as short- and long-term interest rates, credit spreads, equity valuations and trade-weighted exchange rates. Currently, those FCIs are exceptionally loose in the US and Japan, sitting in the sixth and second percentiles since 1990 (with a 100th-percentile reading representing the tightest financial conditions). In contrast, conditions look much tighter in the Eurozone and Brazil, in the 85th and 74th percentiles. Easier FCIs, particularly when loosening from tight levels, tend to correspond to falling volatility and support stock multiple expansion, potentially reinforcing a virtuous cycle of economic activity. In 2025, valuation expansion drove most of the global equity rally, though earnings upgrades played a larger role in the US and Japan, where FCIs had already reached loose levels.

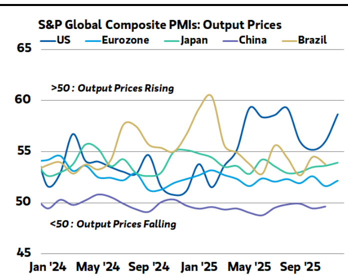


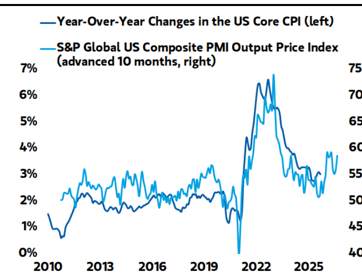
Select MSCI ACWI Countries: 2025 Metrics			
Country	Price Return (%)	Changes in 12-Month Forward P/E Ratio (%)	Changes in 12-Month Forward EPS (%)
South Korea	40.6	29.5	13.9
Spain	31.5	21.4	10.7
Brazil	31.0	20.9	9.8
Italy	27.3	18.6	11.9
Mexico	23.2	19.0	2.0
Japan	17.0	7.8	9.5
Canada	16.8	11.4	9.1
Switzerland	11.5	9.1	0.5
China	11.0	7.7	7.9
UK	9.8	7.8	5.2
Germany	9.6	8.8	6.1
Netherlands	8.4	3.1	5.3
US	6.8	(1.5)	9.2
France	5.8	6.3	2.9
Australia	5.5	3.1	4.8
India	5.1	(1.8)	7.4
Taiwan	(0.8)	(1.1)	3.5

Note: We display log-based local-currency price returns and changes in P/E ratios and EPS for the median stock. Components do not sum to the price return, owing to cross-sectional aggregation.
Source: Morgan Stanley Wealth Management GIO, Bloomberg, FactSet as of Jan. 2, 2026

While muted in 2025, tariff pressures could drive US inflation higher in 2026.

The S&P Global US Composite PMI Output Price Index began rising in early 2025, diverging from those of peers, as US businesses passed through tariff-related cost increases to customers. Overall, however, [tariff passthroughs have been gradual and incomplete,](#) reflecting frictions like retailers' concerns about consumer backlash. These constraints helped to limit the tariffs' impact on core inflation in 2025. Inflation pressures could build in 2026, however, if firms overcome those frictions and raise prices more fully. Historically, the S&P Global US Composite PMI Output Price Index has acted as a leading indicator of inflation, tracking year-over-year changes in the US core consumer price index (CPI), as illustrated in the right-hand chart. A renewed pickup in US inflation could reduce the Fed's capacity for easing, potentially weighing on equity valuations.

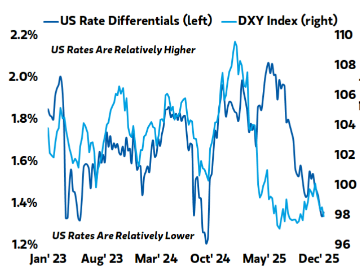


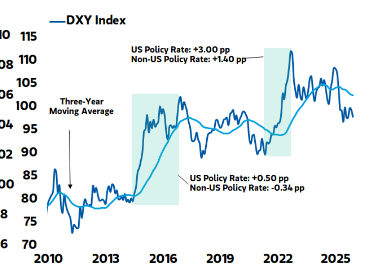


Source: Morgan Stanley Wealth Management GIO, Haver Analytics as of Jan. 2, 2026

A dovish Fed could hold down the US dollar and help ease global financial conditions.

The US Dollar (DXY) Index fell 12% in the first seven months of 2025, which surprised investors because interest rate differentials, a traditional driver of the US dollar's valuation, did not initially support the move. Instead, US dollar weakness appears to have reflected a rising US risk premium, as policy uncertainty surged amid the Trump administration's aggressive policy implementation. Over time, rate differentials narrowed, with investors pricing in Fed easing on signs of labor market cooling and continued disinflation. A dovish Fed going forward could have implications for the US dollar. Over the last decade, the dollar has only broken higher when the US/non-US policy rate differential widened. MS & Co. Research expects the DXY Index to weaken in the first half of 2026, followed by a sharp rebound in the second half, leaving it about 2% higher than current levels.





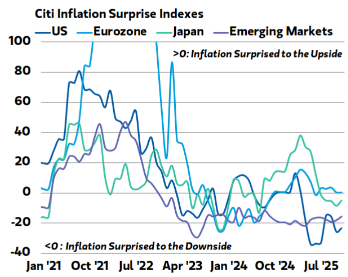
Note: We compute US overnight index swap rate differentials with the Eurozone, Japan, the UK, Canada, Sweden and Switzerland, weighted by their corresponding currency weights in the DXY Index and similarly for the non-US policy rate.
Source: Morgan Stanley Wealth Management GIO, Bloomberg as of Jan. 2, 2026

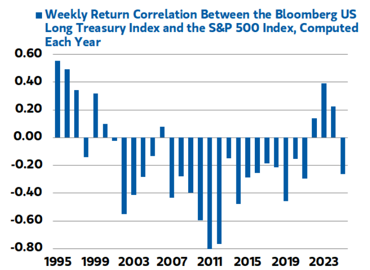
MACRO AND QUANTITATIVE

Fed Dovishness Could Reverse, With Substantial Implications for Global Fixed Income

In 2025, US inflation surprised to the downside, driving stock-bond correlations negative.

Inflation data surprised to the downside in 2025, as tracked by the Citi Inflation Surprise indexes. In the US, the index fell into the bottom 2% of readings since 1998, as tariff-related inflation fears failed to materialize. Meanwhile, surprises in the Eurozone and Japan reversed and moved lower. The year-over-year change in the US core CPI slowed from 3.2% at the end of 2024 to 2.6% as of November 2025, with some questions on the impact of the US government's extended shutdown starting in October. As inflation concerns eased, US Treasuries regained some diversification benefits, with weekly return correlations between the Bloomberg US Long Treasury Index and the S&P 500 Index reversing from 0.20 in 2024 to below -0.20 in 2025. Looking ahead, however, the GIC expects stock-bond correlations to remain unstable.

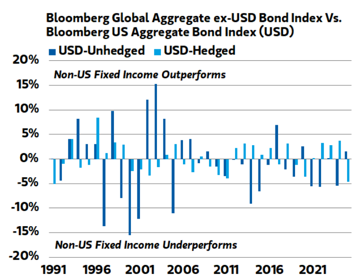




Source: Morgan Stanley Wealth Management GIO, Haver Analytics, Bloomberg as of Jan. 2, 2026

In fixed income, US- and emerging markets-focused strategies outperformed in 2025.

Deeply negative inflation surprises supported fixed income returns in the US and emerging markets in 2025. The unhedged Bloomberg Emerging Markets USD Aggregate Bond Index gained 11.1%, while the Bloomberg US Aggregate Bond Index rose 7.3%. Returns were weaker elsewhere: The unhedged Bloomberg Euro Aggregate Bond Index (EUR) gained 1.3%, and the unhedged Bloomberg Japan Aggregate Bond Index (JPY) fell 6.1%. A weaker US dollar lifted international returns, allowing the unhedged Bloomberg Global Aggregate ex-USD Bond Index (USD) to outperform the US index by 1.6 percentage points, while the hedged index lagged by 4.6%—its worst relative performance since 1991. Markets suggest roughly 0.5 percentage points of Fed easing over the next 12 months—more than any other major developed market. A reversal of this view—for example, if inflation were to reaccelerate—could have significant implications for the US dollar and global fixed income.



Major Central Bank Policy Rates Since 2021 and Market-Implied Expectations for Next 12 Months (%)

	US	Canada	UK	Eurozone	Japan	Brazil	Mexico
2021 (avg.)	0.125	0.250	0.113	-0.500	-0.100	4.813	4.438
2022 (avg.)	1.896	2.042	1.542	0.229	-0.100	12.625	7.875
2023 (avg.)	5.104	4.771	4.729	3.396	-0.100	13.250	11.167
2024 (avg.)	5.146	4.479	5.104	3.688	0.142	10.917	10.792
Current	3.625	2.250	3.750	2.000	0.750	15.000	7.000
Change Since 2021 (pp)	3.500	2.000	3.638	2.500	0.850	10.188	2.563
1Y Ahead	3.118	2.379	3.369	2.031	1.137	12.670	7.096
Exp. Change in 1Y (pp)	-0.507	0.129	-0.381	0.031	0.387	-2.330	0.096

Source: Morgan Stanley Wealth Management GIO, Bloomberg as of Jan. 2, 2026

Intermediate core, corporate and high yield active fixed income strategies struggled in 2025.

Within equities, active managers across nearly all Morningstar fund categories broadly underperformed their benchmarks—with the worst results exhibited across US Small Blend, with only 17% of managers outperforming. The broad-based underperformance of active equity managers likely reflected the pronounced outperformance of large-cap, momentum and high-beta factors, which ran counter to active managers' typical quality bias. In fixed income, active managers outperformed across most fund categories, with the notable exceptions of US Intermediate Core Bond, Corporate and High Yield. More muted-than-expected tariff effects on inflation expectations may have left core active managers wrong-footed, while the strong performance of high-beta assets drove swift credit spread compression following an initial surge in April, which limited corporate and high yield managers' performance, given their higher-quality posture.

Percent of Active Equity Funds Outperforming Their Benchmarks Through 2025 (%)

Fund Category	Benchmark Index	1Y	3Y	5Y	10Y
US Large Blend	Rusell 1000	23	20	17	11
US Large Growth	Russell 1000 Growth	26	28	9	9
US Large Value	Russell 1000 Value	44	46	59	58
US Mid Blend	Russell Mid Cap	30	24	46	18
US Small Blend	Russell 2000	17	25	75	43
International Large Blend	MSCI EAFE	39	29	21	29
Emerging Markets	MSCI Emerging Markets	35	41	41	34

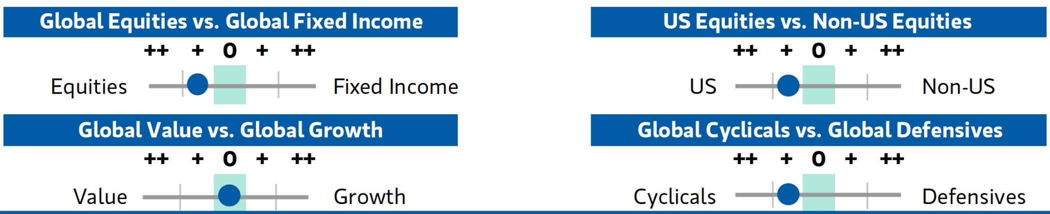
Percent of Active Fixed Income Funds Outperforming Their Benchmarks Through 2025 (%)

Fund Category	Benchmark Index	1Y	3Y	5Y	10Y
US Intermediate Core Bond	Bloomberg US Aggregate	41	64	44	55
US Intermediate Core-Plus Bond	Bloomberg US Aggregate	64	86	83	91
US Short-Term Bond	Bloomberg US 1-3Y Govt/Credit	81	89	69	84
US Corporate Bond	Bloomberg US Investment Grade Corporat	39	75	71	69
US High Yield Bond	Bloomberg US High Yield Corporate	31	19	38	13
US Multisector Bond	Bloomberg US Aggregate	71	98	100	98
Emerging Markets Bond	FTSE Emerging Markets US Dollar GBI	65	45	73	68

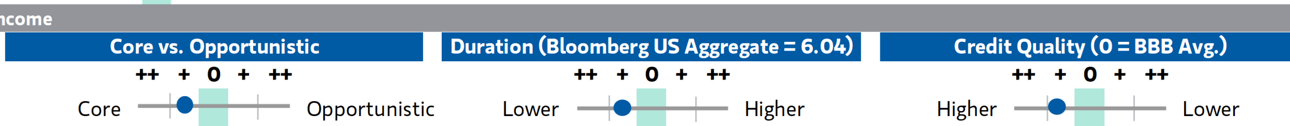
Source: Morgan Stanley Wealth Management GIO, Morningstar as of Jan. 2, 2026

GLOBAL PORTFOLIO STRATEGY

- US equities hold an edge over global peers given stronger earnings growth, with valuation support from Fed rate cuts. Japanese, Indian and Latin American equities represent attractive sources of diversification.
- Cautious central bank monetary policy and rising term premiums should drive global yield curve steepening. Tariff inflation could weigh on duration in the short term, while decelerating US growth could support it in the intermediate term.
- Gold remains an attractive hedge against various risks, including fiscal largesse and geopolitics. Softening activity in China and decelerating US growth suggest a mixed outlook for industrial commodities like oil and copper.
- The US dollar will likely weaken in the first half of 2026 and recover in the second half, leaving it unchanged from the current level. The Japanese yen has runway to appreciate, given that Japan's deflationary period is likely ending. Meanwhile, the euro could see modest upside from any fiscally induced cyclical growth in Europe.



Asset	-- - 0 + ++	Rationale	- +
Equities			
US		We recommend quality cash-flow ideas in growth and value universes, and midcap growth stocks. An economic soft landing is still the base case if the labor market holds. A potential rise in interest rates, driven by debt and deficits, could be the biggest constraint. Rich valuations amid high policy uncertainty point to investor complacency.	
Europe		Underweighting European equities looks sensible, given declining domestic demand, tariff risks from the Trump administration and a weakening China. Should European and Chinese stimulus prove effective, a reinvigoration of global cyclical growth could benefit European equities.	Ex-UK UK
Japan		Japanese equities merit an overweight, given what we expect to be a multiyear revaluation, driven by stronger economic growth that could boost pricing power, corporate efforts to return on investment and shareholder-friendlier policies. A strengthening yen from a low base would help boost US dollar-based returns.	
Emerging Asia		Indian equities are favored as monetary easing and a capital spending recovery lift multiples. Chinese equities merit a market weight, with efforts to stimulate likely stabilizing the economy but potentially insufficient to spur reflation. The US-China trade conflict is a wild card.	China India
Latin America		Brazilian equities could benefit from an easing in real yields from exceptionally restrictive levels. In Mexico, we expect nearshoring to remain an important growth driver, with rising metal prices a possible tailwind.	Brazil Mexico
Currencies			
US Dollar		Morgan Stanley & Co. Research expects the US dollar to weaken in the first half of 2026, and rebound in the second half, leaving it unchanged from the current level. We believe the yen has runway to appreciate with the winding down of Japan's deflationary regime.	Euro Yen
Commodities			
Energy		Oil prices face downside pressure from a soft supply-demand balance, given continued growth in non-OPEC supply and OPEC production entering 2026 at an elevated level. Energy infrastructure and MLPs look attractive.	Crude Oil
Industrial Metals		Softening activity indicators in China and an end to the frontloading of tariff-related US demand may weigh on copper prices, as US inventories are now well stocked. Significant supply challenges are likely to limit downside.	Copper
Precious Metals		Demand for real assets to hedge against inflation and uncertainty and secular central bank buying, should support precious metals like gold. We like the metal as a hedge against geopolitical risks and fiscal deficits.	Gold
Fixed Income			



See our Fixed Income Insights weekly publication for our most recent perspectives.

Note: 12-month investment horizon. ++ most attractive, + moderately attractive, 0 neutral, - moderately unattractive, -- most unattractive.
Source: Morgan Stanley Wealth Management GIO as of Jan. 2, 2026

MACRO

GLOBAL ECONOMIC GROWTH

MANUFACTURING PURCHASING MANAGER INDICES (PMI)

		Jan'25	Feb'25	Mar'25	Apr'25	May'25	Jun'25	Jul'25	Aug'25	Sep'25	Oct'25	Nov'25	Dec'25
DEVELOPED MARKETS	US	51.2	52.7	50.2	50.2	52.0	52.9	49.8	53.0	52.0	52.5	52.2	51.8
	Japan	48.7	49.0	48.4	48.7	49.4	50.1	49.0	49.7	48.6	48.2	48.7	50.0
	Canada	51.6	47.8	46.3	45.3	46.1	45.6	46.1	48.3	47.7	49.6	48.4	48.6
	UK	48.3	46.9	44.9	45.4	46.4	47.7	48.0	47.0	46.2	49.7	50.2	50.6
	France	45.0	45.8	48.5	48.7	49.8	48.1	48.2	50.4	48.2	48.8	47.8	50.7
	Germany	45.0	46.5	48.3	48.4	48.3	49.0	49.1	49.8	49.5	49.6	48.2	47.0
EMERGING MARKETS	China	50.1	50.8	51.2	50.4	48.3	50.4	49.5	50.5	51.2	50.6	49.9	50.1
	India	57.7	56.3	58.1	58.2	57.6	58.4	59.1	59.3	57.7	59.2	56.6	55.0
	Taiwan	51.1	51.5	49.8	47.8	48.6	47.2	46.2	47.4	46.8	47.7	48.8	50.9
	Korea	50.3	49.9	49.1	47.5	47.7	48.7	48.0	48.3	50.7	49.4	49.4	50.1
	Brazil	50.7	53.0	51.8	50.3	49.4	48.3	48.2	47.7	46.5	48.2	48.8	47.6
	Mexico	49.1	47.6	46.5	44.8	46.7	46.3	49.1	50.2	49.6	49.5	47.3	46.1

REAL GDP GROWTH (%)

	COUNTRY	QoQ	YoY
DEVELOPED MARKETS	US	4.3	2.3
	Japan	-0.6	0.6
	Canada	2.6	0.4
	UK	0.1	1.3
	France	0.5	0.9
	Germany	0.0	0.3
EMERGING MARKETS	China	1.1	5.0
	India	2.0	8.2
	Taiwan	4.4	8.2
	Korea	1.3	1.8
	Brazil	0.1	1.8
	Mexico	-0.3	-0.1

Note: PMIs above 50 represent month-over-month economic expansion; below 50 represent contraction.
Source: Morgan Stanley Wealth Management GIO, Bloomberg as of Jan. 2, 2026

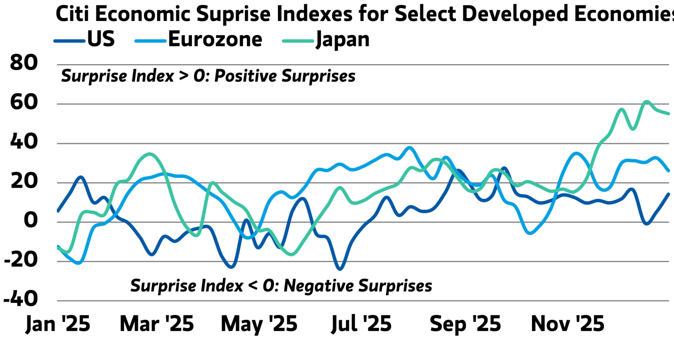
INFLATION, INTEREST RATES, UNEMPLOYMENT AND FX

		YOY INFLATION (%)		10-YR GOVT. BOND YIELD (%)		UNEMPLOYMENT RATE (%)		USD EXCHANGE RATE			CENTRAL BANK
	COUNTRY	CURRENT	YEAR AGO	CURRENT	YEAR AGO	CURRENT	YEAR AGO		CURRENT	YOY (%)	POLICY PHASE
DEVELOPED MARKETS	US	2.7	2.7	4.2	4.6	4.6	4.2				Easing
	Japan	2.0	3.1	2.1	1.1	2.6	2.5	JPY	156.76	-0.5	Holding
	Canada	2.2	1.9	3.4	3.2	6.5	6.9	CAD	1.38	-4.1	Holding
	UK	3.2	2.6	4.5	4.6	5.1	4.3	GBP	0.74	7.5	Easing
	France	0.9	1.3	3.6	3.3	7.5	7.2	EUR	0.85	11.3	Holding
	Germany	2.3	2.2	2.9	2.4	6.3	6.1				Holding
EMERGING MARKETS	China	0.7	0.2	1.9	1.6	4.0	4.2	CNY	6.99	-4.9	Holding
	India	0.7	5.5	6.6	6.8	7.7	7.1	INR	90.29	4.9	Holding
	Taiwan	1.2	2.1	1.4	1.7	3.4	3.4	TWD	31.54	-4.2	Holding
	Korea	2.3	1.9	3.4	2.8	2.7	2.7	KRW	1447	-0.9	Holding
	Brazil	4.5	4.9	13.7	14.8	5.2	6.1	BRL	5.41	-13.1	Easing
	Mexico	3.8	4.6	9.0	10.4	2.7	2.6	MXN	17.92	-13.4	Holding

Source: Morgan Stanley Wealth Management GIO, Bloomberg as of Jan. 2, 2026

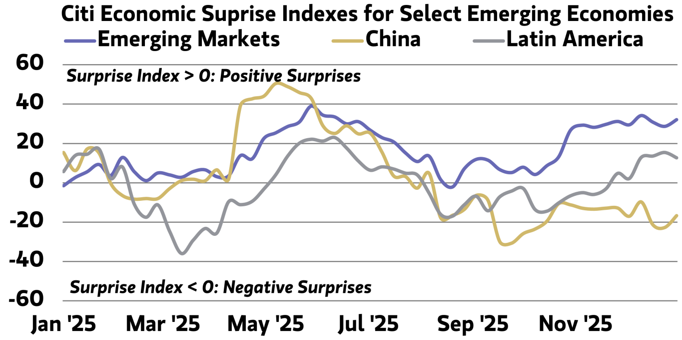
ECONOMIC SURPRISE INDEXES

Citi Economic Suprise Indexes for Select Developed Economies



Source: Morgan Stanley Wealth Management GIO, Bloomberg as of Jan. 2, 2026

Citi Economic Suprise Indexes for Select Emerging Economies



Source: Morgan Stanley Wealth Management GIO, Bloomberg as of Jan. 2, 2026

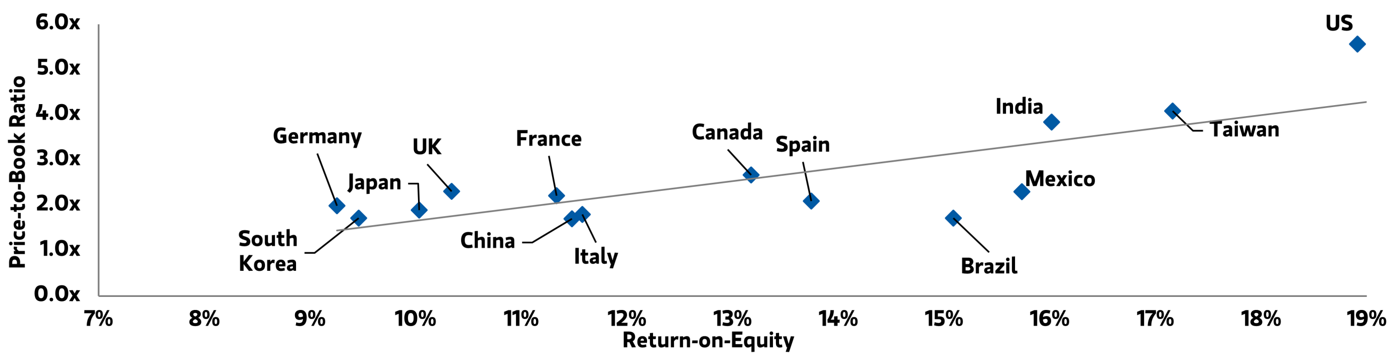
GLOBAL EQUITY MARKET FUNDAMENTALS

GLOBAL EQUITY MARKET VALUATIONS AND EARNINGS

		12-MONTH FORWARD P/E	12-MONTH FORWARD P/E RELATIVE TO:		TRAILING 3-YEAR	12-MONTH FORWARD EPS	
	MSCI INDEX	CURRENT (x)	HISTORY (x)	MSCI ACWI (x)	EPS GROWTH (%)	EST. GROWTH (%)	REVISIONS
DEVELOPED MARKETS	USA	22.1	1.3	1.2	6.7	15.0	0.6
	Japan	17.1	1.1	0.9	11.5	34.4	1.2
	Canada	17.2	1.2	0.9	0.9	12.0	2.0
	UK	13.5	1.1	0.7	-2.7	3.1	0.8
	Europe ex UK	16.1	1.2	0.9	1.6	11.0	0.5
EMERGING MARKETS	China	12.4	1.1	0.7	6.1	17.4	0.4
	India	22.1	1.3	1.2	17.9	18.9	-0.1
	Taiwan	19.2	1.3	1.0	2.5	21.5	2.1
	Korea	9.8	1.0	0.5	3.9	30.1	23.4
	Latin America	10.8	0.9	0.6	-12.3	14.3	-5.4

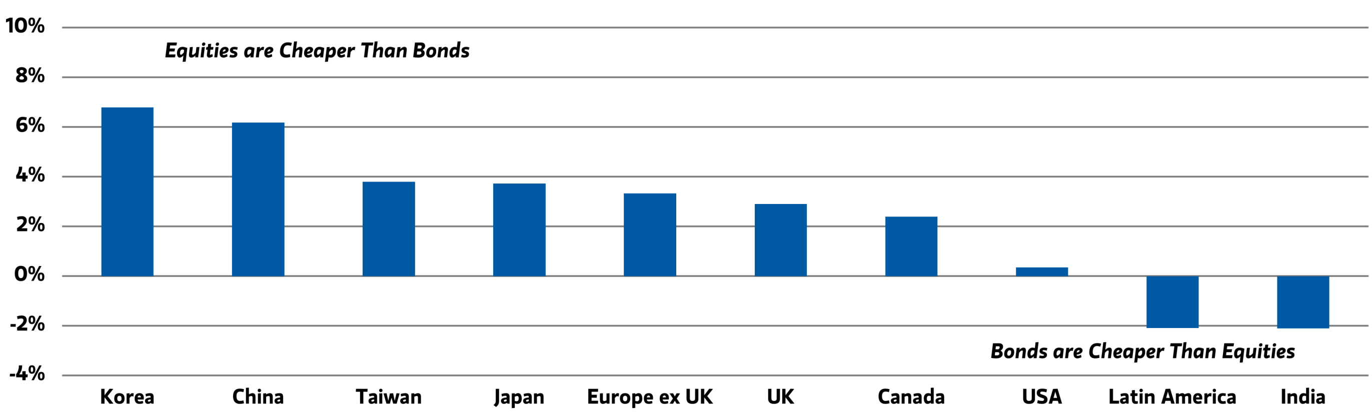
Note: History is based on MSCI data since 2006. Revisions are changes in consensus estimates relative to trailing two-month average.
Source: Morgan Stanley Wealth Management GIO, Bloomberg as of Jan. 2, 2026

GLOBAL PRICE-TO-BOOK RATIOS AND ROE



Note: Based on MSCI indexes.
Source: Morgan Stanley Wealth Management GIO, Bloomberg as of Jan. 2, 2026

GLOBAL EQUITY RISK PREMIUMS

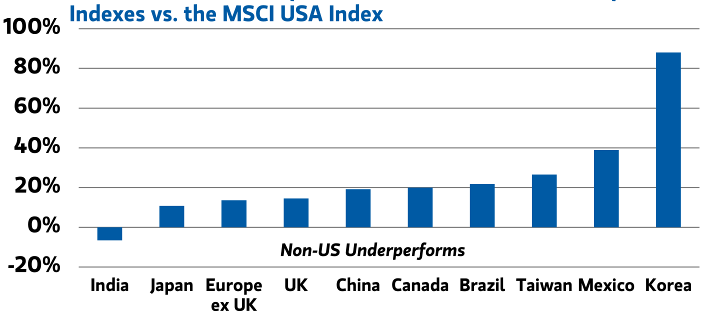


Note: Risk premium is the forward-12 month earnings yield less 10-year govt. bond yield.
Source: Morgan Stanley Wealth Management GIO, Bloomberg as of Jan. 2, 2026

ASSET CLASS PERFORMANCE

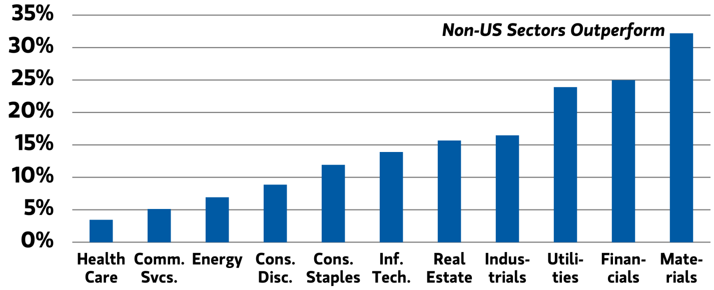
EQUITIES

Last 12-Month Country Relative Returns: MSCI Country Indexes vs. the MSCI USA Index



Note: Total returns on a US dollar basis based on MSCI indexes.
Source: Morgan Stanley Wealth Management GIO, Bloomberg as of Jan. 2, 2026

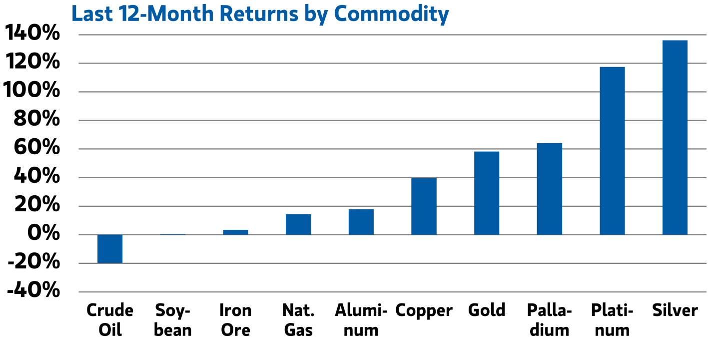
Last 12-Month Sector Relative Returns: MSCI ACWI ex USA Index vs. MSCI USA Index



Note: Total returns on a US dollar basis based on MSCI indexes.
Source: Morgan Stanley Wealth Management GIO, Bloomberg as of Jan. 2, 2026

COMMODITIES

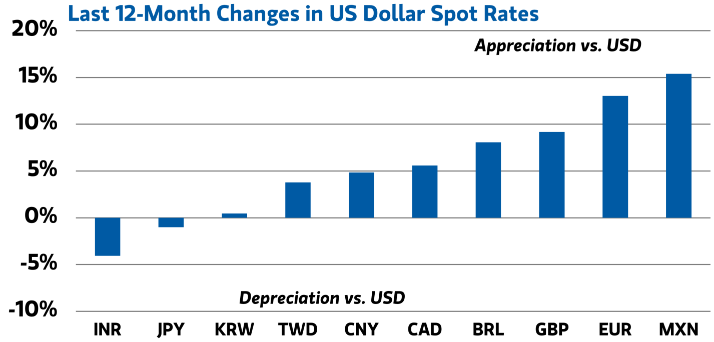
Last 12-Month Returns by Commodity



Note: Returns are based on USD terms.
Source: Morgan Stanley Wealth Management GIO, Bloomberg as of Jan. 2, 2026

CURRENCIES

Last 12-Month Changes in US Dollar Spot Rates



Source: Morgan Stanley Wealth Management GIO, Bloomberg as of Jan. 2, 2026

GLOBAL GOVERNMENT BONDS

		12-MONTH TOTAL	YIELDS		SPREADS TO US YIELDS (BP)	
	COUNTRY	RETURNS (%)	CURRENT (%)	12-MONTH CHANGE (BP)	CURRENT	12-MONTH CHANGE
DEVELOPED MARKETS	US	8.5	4.2	-46		
	Japan	-5.1	2.1	97	-206	143
	Canada	7.9	3.4	19	-75	65
	UK	15.4	4.5	-9	34	37
	France	16.5	3.6	29	-60	75
	Germany	13.6	2.9	45	-130	91
EMERGING MARKETS	China	7.4	1.9	26	-231	72
	India	7.8	6.6	-15	246	32
	Taiwan	0.0	1.4	-27	-276	20
	Korea	0.8	3.4	63	-77	109
	Brazil	35.6	13.7	-109	949	-63
	Mexico	35.7	9.0	-141	484	-95

Note: Total returns in USD terms are for 7-10 year duration.; local currency returns used for Brazil and India.
Source: Morgan Stanley Wealth Management GIO, Bloomberg as of Jan. 2, 2026

Disclosure Section

Index Definitions

Bloomberg Global Aggregate ex US (unhedged) Index - provides a broad-based measure of the global investment grade fixed-rate debt markets, excluding the United States. Currency exposure is unhedged to the US dollar.

Bloomberg US Aggregate 1–3Y Govt/Credit Index - measures the performance of U.S. investment-grade government and corporate bonds with maturities between one and three years.

Bloomberg US High Yield Corporate Index - measures the performance of U.S. dollar-denominated, non-investment-grade corporate bonds.

Bloomberg US Long Treasury Index - measures the performance of U.S. Treasury securities with long maturities, representing long-duration U.S. government bond returns.

Citi Eurozone Inflation Surprise Index - measures the degree to which Eurozone inflation data releases exceed or fall short of market expectations.

Citi Japan Inflation Surprise Index - measures the degree to which Japanese inflation data releases exceed or fall short of market expectations.

Citi Emerging Markets Inflation Surprise Index - measures the degree to which emerging market inflation data releases exceed or fall short of market expectations.

FTSE Emerging Markets US Dollar GBI - measures the performance of U.S. dollar-denominated government bonds issued by emerging market countries.

Goldman Sachs US Financial Conditions Index - measures overall U.S. financial conditions using a composite of interest rates, credit spreads, equity prices, and exchange rates.

Goldman Sachs Eurozone Financial Conditions Index - measures overall Eurozone financial conditions using a composite of interest rates, credit spreads, equity prices, and exchange rates.

Goldman Sachs Japan Financial Conditions Index - measures overall Japanese financial conditions using a composite of interest rates, credit spreads, equity prices, and exchange rates.

Goldman Sachs Brazil Financial Conditions Index - measures overall Brazilian financial conditions using a composite of interest rates, credit spreads, equity prices, and exchange rates.

MSCI Emerging Markets Index - a free-float–adjusted, market-capitalization-weighted index capturing large- and mid-cap equities across emerging-market countries. It is widely used as a benchmark for global emerging-market equity performance.

MSCI USA Index - a market-cap-weighted index representing large- and mid-cap US equities. It reflects approximately 85% of the US investable equity universe and is commonly used as a broad measure of US equity performance.

S&P 500 Index - a market-capitalization-weighted index of 500 leading US companies across major industries. It serves as the primary benchmark for US large-cap equities and a proxy for overall US stock market performance.

S&P Global US Composite PMI Output Price Index - measures changes in output prices charged by U.S. manufacturing and services firms, based on survey responses.

S&P Global Eurozone Composite PMI Output Price Index - measures changes in output prices charged by Eurozone manufacturing and services firms, based on survey responses.

S&P Global Japan Composite PMI Output Price Index - measures changes in output prices charged by Japanese manufacturing and services firms, based on survey responses.

S&P Global Brazil Composite PMI Output Price Index - measures changes in output prices charged by Brazilian manufacturing and services firms, based on survey responses.

S&P Global Brazil Composite PMI Output Price Index - measures changes in output prices charged by Brazilian manufacturing and services firms, based on survey responses.

For other index, indicator and survey definitions referenced in this report please visit the following: https://www.morganstanley.com/wealth-investmentsolutions/wmir-definitions

Glossary

Equity risk premium is the excess return that an individual stock or the overall stock market provides over a risk-free rate. The risk-free rate represents the interest an investor would expect from an absolutely risk-free investment over a specified period of time.

Price to book value (P/B) ratio is used to compare a stock's market value to its book value.

Price to forward earnings calculates the price-to-earnings ratio that uses projected future earnings.

Real Gross Domestic Product (GDP) is the GDP of the country measured at current market prices and adjusted for inflation or deflation.

Return on Equity (ROE) amount of net income returned as a percentage of shareholders' equity. Return on equity measures a corporation's profitability by revealing how much profit a company generates with the money shareholders have invested.

Risk premium is the return in excess of the risk-free rate of return an investment is expected to yield.

Volatility This is a statistical measure of the dispersion of returns for a given security or market index. Volatility can either be measured by using the standard deviation or variance between returns from that same security or market index. Commonly, the higher the volatility, the riskier the security.

Risk Considerations

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

An investment in an **exchange-traded fund** involves risks similar to those of investing in a broadly based portfolio of equity securities traded on an exchange in the relevant securities market, such as market fluctuations caused by such factors as economic and political developments, changes in interest rates and perceived trends in stock and bond prices. Investing in an international ETF also involves certain risks and considerations not typically associated with investing in an ETF that invests in the securities of U.S. issues, such as political, currency, economic and market risks. These risks are magnified in countries with emerging markets, since these countries may have relatively unstable governments and less established markets and economics. ETFs investing in physical commodities and commodity or currency futures have special tax considerations. Physical commodities may be treated as collectibles subject to a maximum 28% long-term capital gains rates, while futures are marked-to-market and may be subject to a blended 60% long- and 40% short-term capital gains tax rate. Rolling futures positions may create taxable events. For specifics and a greater explanation of possible risks with ETFs¸ along with the ETF's investment objectives, charges and expenses, please consult a copy of the ETF's prospectus. Investing in sectors may be more volatile than diversifying across many industries. The investment return and principal value of ETF investments will fluctuate, so an investor's ETF shares (Creation Units), if or when sold, may be worth more or less than the original cost. ETFs are redeemable only in Creation Unit size through an Authorized Participant and are not individually redeemable from an ETF.

Please consider the investment objectives, risks, charges and expenses of the fund(s) carefully before investing. The prospectus contains this and other information about the fund(s). To obtain a prospectus, contact your financial advisor. Please read the prospectus carefully before investing.

Bonds are subject to interest rate risk. When interest rates rise, bond prices fall; generally the longer a bond's maturity, the more sensitive it is to this risk. Bonds may also be subject to call risk, which is the risk that the issuer will redeem the debt at its option, fully or partially, before the scheduled maturity date. The market value of debt instruments may fluctuate, and proceeds from sales prior to maturity may be more or less than the amount originally invested or the maturity value due to changes in market conditions or changes in the credit quality of the issuer. Bonds are subject to the credit risk of the issuer. This is the risk that the issuer might be unable to make interest and/or principal payments on a timely basis. Bonds are also subject to reinvestment risk, which is the risk that principal and/or interest payments from a given investment may be reinvested at a lower interest rate.

Bonds rated below investment grade may have speculative characteristics and present significant risks beyond those of other securities, including greater credit risk and price volatility in the secondary market. Investors should be careful to consider these risks alongside their individual circumstances, objectives and risk tolerance before investing in high-yield bonds. High yield bonds should comprise only a limited portion of a balanced portfolio.

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

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

Investing in commodities entails significant risks. Commodity prices may be affected by a variety of factors at any time, including but not limited to, (i) changes in supply and demand relationships, (ii) governmental programs and policies, (iii) national and international political and economic events, war and terrorist events, (iv) changes in interest and exchange rates, (v) trading activities in commodities and related contracts, (vi) pestilence, technological change and weather, and (vii) the price volatility of a commodity. In addition, the commodities markets are subject to temporary distortions or other disruptions due to various factors, including lack of liquidity, participation of speculators and government intervention.

Physical precious metals are non-regulated products. Precious metals are speculative investments, which may experience short-term and long-term price volatility. The value of precious metals investments may fluctuate and may appreciate or decline, depending on market conditions. If sold in a declining market, the price you receive may be less than your original investment. Unlike bonds and stocks, precious metals do not make interest or dividend payments. Therefore, precious metals may not be appropriate for investors who require current income. Precious metals are commodities that should be safely stored, which may impose additional costs on the investor. The Securities Investor Protection Corporation ("SIPC") provides certain protection for customers' cash and securities in the event of a brokerage firm's bankruptcy, other financial difficulties, or if customers' assets are missing. SIPC insurance does not apply to precious metals or other commodities.

Master Limited Partnerships (MLPs) are limited partnerships or limited liability companies that are taxed as partnerships and whose interests (limited partnership units or limited liability company units) are traded on securities exchanges like shares of common stock. Currently, most MLPs operate in the energy, natural resources or real estate sectors. Investments in MLP interests are subject to the risks generally applicable to companies in the energy and natural resources sectors, including commodity pricing risk, supply and demand risk, depletion risk and exploration risk. MLPs carry interest rate risk and may underperform in a rising interest rate environment.

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.

Stocks of medium-sized companies entail special risks, such as limited product lines, markets, and financial resources, and greater market volatility than securities of larger, more-established companies.

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.

Asset allocation and diversification do not assure a profit or protect against loss in declining financial markets.

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.

Artificial intelligence (AI) is subject to limitations, and you should be aware that any output from an AI-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.

Credit ratings are subject to change.

Alternative investments may be either traditional alternative investment vehicles, such as hedge funds, fund of hedge funds, private equity, private real estate and managed futures or, non-traditional products such as mutual funds and exchange-traded funds that also seek alternative-like exposure but have significant differences from traditional alternative investments. The risks of traditional alternative investments may include: can be highly illiquid, speculative and not appropriate for all investors, loss of all or a substantial portion of the investment due to leveraging, short-selling, or other speculative practices, volatility of returns, restrictions on transferring interests in a fund, potential lack of diversification and resulting higher risk due to concentration of trading authority when a single advisor is utilized, absence of information regarding valuations and pricing, complex tax structures and delays in tax reporting, less regulation and higher fees than open-end mutual funds, and risks associated with the operations, personnel and processes of the manager. Non-traditional alternative strategy products may employ various investment strategies and techniques for both hedging and more speculative purposes such as short-selling, leverage, derivatives and options, which can increase volatility and the risk of investment loss. These investments are subject to the risks normally associated with debt instruments and also carry substantial additional risks. Investors could lose all or a substantial amount of their investment. These investments typically have higher fees or expenses than traditional investments.

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.

Duration, the most commonly used measure of bond risk, quantifies the effect of changes in interest rates on the price of a bond or bond portfolio. The longer the duration, the more sensitive the bond or portfolio would be to changes in interest rates. Generally, if interest rates rise, bond prices fall and vice versa. Longer-term bonds carry a longer or higher duration than shorter-term bonds; as such, they would be affected by changing interest rates for a greater period of time if interest rates were to increase. Consequently, the price of a long-term bond would drop significantly as compared to the price of a short-term bond.

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 <u>and may result in a loss of the entire investment</u>. 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, ***<u>and investors could lose their entire investment</u>***.

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.

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.

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