WEALTH MANAGEMENT

Morgan Stanley

GIC Insights

Monthly Perspectives – November 2026



Where We Are: November 2026

AS OF NOVEMBER 6, 2026

Equities	Current Value	2026 (YTD)
S&P 500	7,376.86	*+8.8%*
MSCI ACWI ex-US	446.91	*+8.7%*
S&P 500 Forward P/E*	17.8x	*-5.2x*

Valuation	Current Value	2027E Growth
S&P 500 Consensus EPS 2027E	$425/sh	*+16%*

Concentration	Current Value	Dec-25 Value
Market Cap of Top 10 of S&P 500 Constituents	36.8%	40.7%
S&P 500 Constituents Trading Above 50-DMA	63.0%	*56.7%*

Fixed Income	Current Value	2026 (YTD)
Bloomberg US Aggregate Total Return Index	2,345.37	*-0.1%*
Two-Year US Treasury Yield	4.51%	*+104 bp*
10-Year US Treasury Yield	4.86%	*+69 bp*

Monetary Policy	Current Value	2026 (YTD)
Fed Funds Target Range	3.75–4.00%	*+25 bp*
Market-Implied Fed Funds Rate by Dec-2027	4.32%	*+118 bp*
# of 25-bp Hikes/Cuts Priced by Dec-27	1.8	*+3.7*
One-Year US Inflation Swap	2.07%	*-16 bp*

Corporate Credit	Current Value	2026 (YTD)
US IG Corporate Option-Adjusted Spread (OAS)	91 bp	*+13 bp*
US IG OAS vs. Five-Year Average	0.89x	

Hedging and Real Assets	Current Value	2026 (YTD)
Gold	$4,070.8/oz.	*-5.8%*
WTI Crude Oil	$90.8/bbl.	*+58.2%*
Bloomberg Commodities Index	134.8	*+22.9%*
Bitcoin	$75,822.1	*-13.5%*
US Dollar Index	102.3	*+4.0%*
Global REIT Total Returns	$3,981.5	*+10.6%*
MLP Total Returns	$2,986.2	*+15.9%*
US Macro Hedge Fund Total Return	$341,174.9	*+13.6%*
US Equity L/S Hedge Fund Total Return	$395,889.8	*+3.8%*

Source: Morgan Stanley Wealth Management GIO, Bloomberg. Market cap of top 10 S&P 500 constituents as of October 31, 2026. Option-adjusted spread (OAS) is a measurement of the spread of a fixed income security rate and the risk-free rate of return, which is adjusted to take into account an embedded option. *S&P 500 Forward P/E ratio based on calendar year 2027.

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Where We Are: Middle Innings, Get Tougher

November 2026

October was a tough month for equity investors, a better month for Treasury owners, and a great month for those owning broadly diversified portfolios. After hitting all-time highs on October 6, equities struggled as the AI story hit speed bumps related to accelerating capital issuance to fund capex, widening credit spreads, expanding questions about paths to monetization, constraints to delivery related to politics and power availability, and negative free cash flow. US Treasury yields, after peaking at 24-year highs (10-year at 5.33%) around the same time as equities crested, finally became the "safe haven" trade and saw yields fall as much as 40 bp by month-end. Rotational dynamics, rather than actual drawdowns, were the name of the game with the month seeing near record recovery in breadth as we went from a quarter of issues trading above 50-DMAs to more than 60%. Positive earnings and revisions continue to drive valuation multiples DOWN. The combination of fundamentals, technicals and valuations support our equities overweight, but dispersion and separation of winners and losers will likely persist.

- **YTD through October, the S&P 500 is up ~11% to 7,680 after hitting an all-time high on Oct. 6 at 7,819.**
- **Expected 2026 EPS growth is now expected to be close to 32% for the full year.** This is remarkable for a non-recessionary recovery. Since January, earnings estimates for FY2026 have jumped by close to 17%, and 2027's are up another 25% to ~$364/sh and ~$424/sh, respectively. **The implication is the price to forward earnings ratio is down to ~18x.**
- **What is most healthy is the return of RISK PREMIUMS. RESILIENCE OF THIS BULL HAS BEEN PROVEN THROUGH HEADWINDS FROM OIL, RATES, POLICY UNCERTAINTY, AND SPECTRE OF RATE HIKES. But all returns from here will be premised on earnings realization given extremely ambitious expectations. Execution is #1 issue for stock performance.**
- **Emerging issues are earnings quality and peaking growth rates. Second derivatives, which are apt to decline, matter for 2027.**
- **Stock-level dispersion and idiosyncratic risk remains very high and correlations are low**—favoring active stock selection strategies, especially hedge funds. Material volatility in the momentum factor and forced deleveraging in crowded trades imperiled many hedge funds in Q3 and thus selectivity here is key.

The "Blue Tsunami" outcome in US midterms reduces the odds of a boom/bust scenario and increases odds of a "Goldilocks" environment in 2027; the AI trade is in the middle innings. Recent retracement of US Treasury yields to 4.90% on the 10-year is a short-term relief valve and puts us near "fair value" based on our estimates of ~2.5% real growth potential and ~2.5% inflation. Not only is this stabilizing for stock/credit markets but can be additive to portfolios.

- With coupons at a good starting point and Fed "dots" and market expectations converging, we expect bond volatility to be lower in 2027, thus providing decent entry point for income.
- Return of negative correlations between stocks/bonds adds diversification benefits to portfolio holdings.
- Stay focused on intermediate duration and up in quality.

The US economy remains robust and is still surprising on the upside. We are in the growth-boom regime, but 2027 could easily see us move toward "Goldilocks" (if inflation cools) or stagflation (if growth slows before prices do). It is the latter scenario to monitor as bonds would likely lag.

- Real GDP has accelerated in 3Q2026, up 3.4%. There are signs of broadening beyond AI capex with overall business investment up double-digits, consumption defying sentiment, and manufacturing still improving.
- Hints of labor market recovery in JOLTs Surveys and unemployment claims data could hold the key to continued upside surprises in 2027.
- Inflation is sticky but stable, and Fed rhetoric maintains a hawkish bias with dot plots of two further 25-bp hikes now nearly in-line with fed funds futures.

The biggest headwinds to stocks are corporate execution and macro policy risks:

- As AI adoption enters the "show me" phase emphasis on cost management and margin realization may be major factor for AI builders and adopters.
- Fed and market expectations have converged with policy risks now tilting toward fiscal spending and Treasury; debt sustainability will remain topical.
- Oil prices apt to remain above long run forecasts of $75/bbl. for at least another year; unresolved wars in Middle East and Russia/Ukraine.
- The French fiscal crisis a source of instability, as is Brazil.
- China could be bottoming and re-accelerate in 2027.
- **The ongoing risks from tariffs and the US-Iran conflict cements our thematic thesis around RESOURCE NATIONALISM**.

Source: Morgan Stanley Wealth Management Global Investment Office (GIO). Term premium is the excess yield that investors require to commit to holding a long-term bond instead of a series of shorter-term bonds. Risk premium is the return in excess of the risk-free rate of return an investment is expected to yield.

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Key Controversies: The Bull Market Is NOT Over

November 2026

We continue to believe that the AI bull market is intact based on fundamentals of demand for compute materially outpacing supply and the reality that capital needs are apt to be financeable. We see Tuesday's election results as inserting a necessary pause in the existential race for capacity that reduces the risks of a boom/bust scenario and increases the odds of a "Goldilocks" scenario in 2027/28 where growth modestly slows off a base, currently forecast to continue ramping at a pace of at least 50-60% yr-yr. It is critical for investors to contextualize that Thursday's (Nov. 5) action appears to be capitulative from a technical perspective and extends a tech sector correction that began on October 6th when long term interest rates peaked at 5.3%. Many of our proprietary trading insights suggest that positioning and deleveraging—especially among systematic strategies and levered ETFs amplified this latest stage of the correction; not the exit of real money as month to date flows remain positive.

Our confidence ultimately hinges on the combination of:

- A foundational broadening of economic strength; US Real GDP of 3.4%; a labor market that is showing stability and even signs of strength with average hourly earnings growth picking up to 3.1% on a year-over-year basis.
- Critically, US economic growth is quite balanced right now, with the strength of AI capex being echoed in resilience of consumer spending (wealth effects) and manufacturing resurgence.
- Corporate earnings growth that is still pacing solidly up ~31% year-over year in 3Q2026 for the S&P 500.
- Interest rates that are now close to fair value having fallen by 45 bp.
- Meaningfully improved valuations; forward P/E on the S&P 500 of 18.7x versus 22.5x in January.
- Lower index concentration and improved breadth; even during Thursday's sell-off (Nov. 5), 55% of issues in the S&P 500 were trading above their 50-day moving average, a very solid reading.
- This is still mostly about leadership transitions, not net drawdowns; inflows to defensive and cyclical sectors have been meaningful.
- Falling oil prices and prospects that we are closer to resolution in the Middle East.
- 2027 profits that are still being revised higher and embed expectations of growth of 16-18%.
- Credit spreads that are still well behaved even in the high yield universe of B/BB.
- Within the AI sector itself—IG issuance continues to be absorbed and oversubscribed.

On AI in particular:

- 2026 capex looks to be up more than 100% this year to ~$830 billion, and in 2027 to more than $1.4 trillion (according to MS&Co. estimates, which are above Street estimates of $1.2 trillion).
- More importantly, the supply/demand imbalance for compute is poised to continue widening, at least through 2028. Gap moves from ~15GW today to 43GW by yearend 2028.

We are overweight US equities tactically versus our strategic asset allocation models. Year-end 2026 targets for the S&P 500 remain at 8,000, with the June 2027 target at 8,300.

Source: Morgan Stanley Wealth Management GIO

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What We Forecast: Mid-Cycle Expansion Matures

November 2026

2027E US GDP Growth	
Real	2.4%
Nominal	4.7%

4Q2027E US CPI
2.0%

December 2027 Federal Funds Rate
4.25%-4.50%

December 2027 Two-/10-Year UST Yield
4.50%/4.70%
2s10s slope to 20 bp

2027E Global	
Real GDP	3.5%
CPI	2.5%

2027E US Dollar	
1H	+1.5%
2H	-0.1%
US Dollar Index (DXY) @ 104	

2026E/2027E S&P 500 Earnings	
MS & Co.	$339/$380
Consensus	$365/$425
MS & Co. 2027 Growth: 12%	
Consensus: 16%	

Price/Earnings Multiples	
Current	17.8x
Forecast	20.5x
Fair Value	17.8x

S&P 500 trades toward 8,300 (MS & Co.'s base case June 2027 target price)

Source: Morgan Stanley Wealth Management GIO

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GIC Portfolio Positioning

November 2026

- **The GIC recommends exploiting extreme dispersion to focus on large-cap quality equities and non-US exposure that will best weather policy uncertainty, volatility, slowing, but non-recessionary growth, and sticky inflation in 2026.**
  - Magnificent Seven relative valuations have materially improved.
  - Market action suggests quality is cheap.
  - Quality cash flows will matter in a re-leveraging cycle; we are style-neutral.
  - Large-cap over small-cap; indices deconcentrate.
- **2026 is a mid-to-late-cycle year where stock selection favors returns to larger, capex-exposed players with pricing power.**
  - **Potential total portfolio return to average ~10%.**
  - Earnings growth and positive revisions, NOT multiples, pace gains.
  - Fiscal policy produces wide dispersion between beneficiaries and disadvantaged.
  - Momentum factors give way to idiosyncratic exposures…maximum active stock selection.
  - Stock/bond correlations remain volatile/positive as regimes remain unstable; pursue maximum portfolio-level diversification.
- **US Equities:** Overweight
  - Market Weight the Magnificent Seven; **Selling Semiconductors.**
  - Underweight unprofitable tech and small caps.
  - **Balance equal-weighted index exposure with cap-weighted exposure;** max active management at 50% of US equity mix; Mag-7 selectivity.
  - Prefer quality cyclicals; GARP: financials, energy, domestic industrials, health care, media. We are cautious on consumer.
- **Rest of World Equities:** Underweight
  - Overweight Japan, Brazil, and India favored longer-term secular positions.
  - Slight Overweight EM ex-China; Market Weight China; **LatAm highest conviction. Take profits in EM semiconductors.**
  - Underweight Europe, focus on global brands and secular growth themes in defense, construction, engineering, and infrastructure.
- **Fixed Income: Slight Underweight; the GIC is adding fixed income exposure and targeting a neutral duration relative to the benchmark to take advantage of yields over 5%.**
  - Prefer rates and munis over corporate IG.
  - Adding to belly 2-7 years. Moving to neutral duration vs. the benchmark.
- **Real Assets:** Overweight
  - Gold and industrial commodities
  - Residential REITs
  - Energy infrastructure and MLPs
  - Underweight silver and bitcoin
- **Hedge Funds:** Overweight
  - Equity Long/Short
  - Multi-Strategy; Absolute return
  - Market Weight Macro
- **Privates:** Market Weight
  - Prefer infrastructure and real assets
  - Adding to 2026 vintages of venture capital and growth equity.
  - Adding private equity secondaries
  - Adding private credit ABS and distressed/special situations only.
  - Underweight PE buyout and PC direct lending.

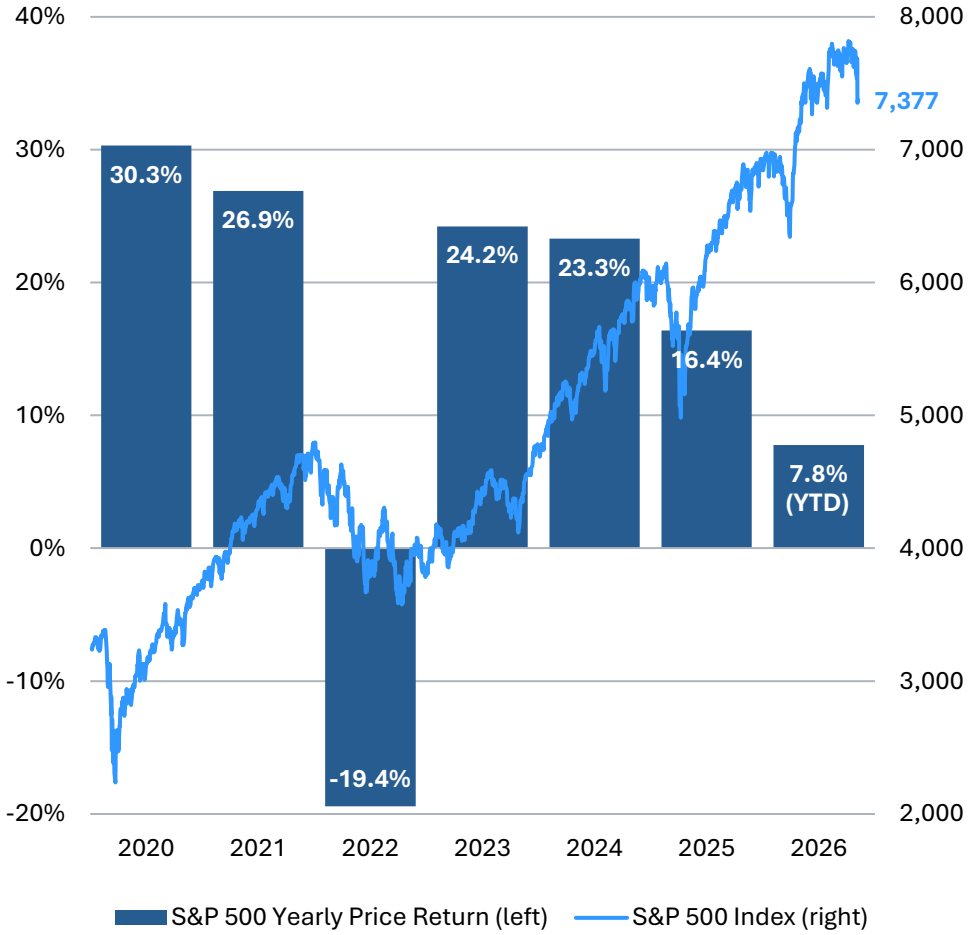
Source: Morgan Stanley Wealth Management GIO

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Four-Year US Equity Bull Market Intact; But Relative Global Performance In Line

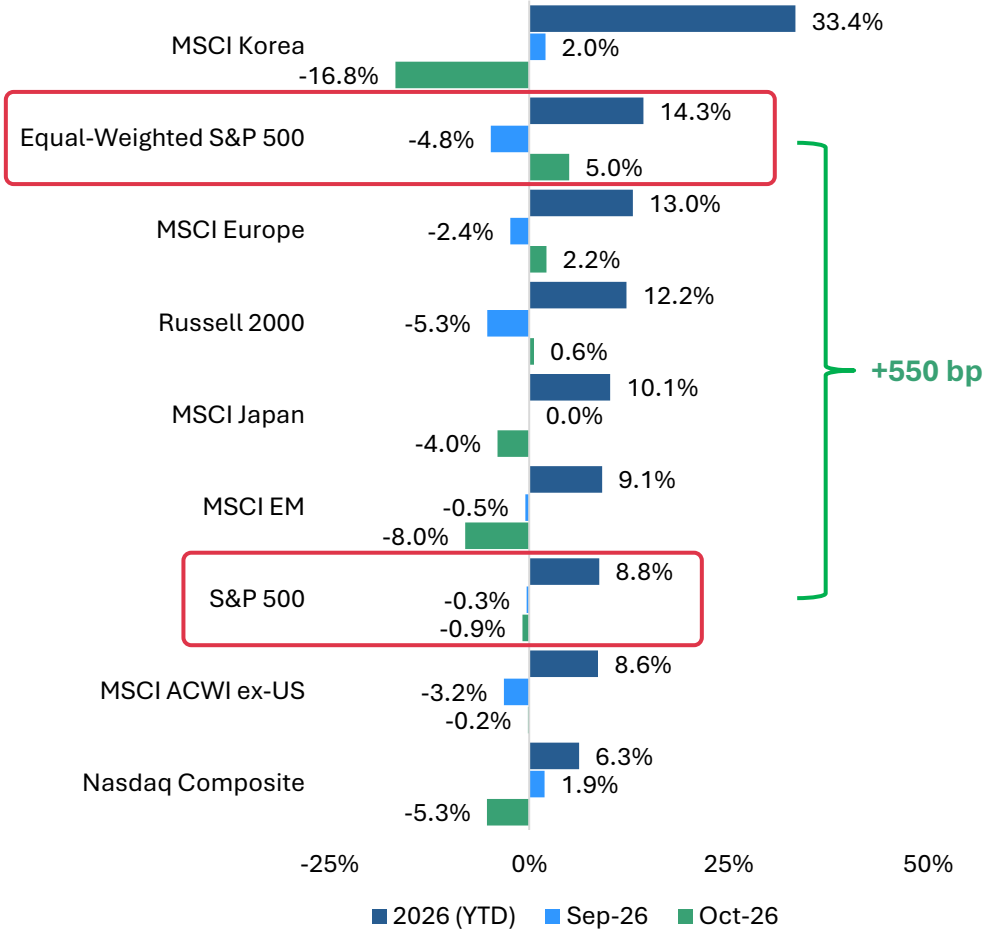
S&P 500 INDEX PRICE PERFORMANCE

AS OF NOVEMBER 6, 2026



2026 YEAR-TO-DATE TOTAL RETURN

AS OF NOVEMBER 6, 2026



Source: Morgan Stanley Wealth Management GIO, Bloomberg

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October Extended the Range in Place Since August; Rates Retraced; Stock/Bond Correlations Flipped

S&P 500 AND MOVING AVERAGES

AS OF NOVEMBER 6, 2026



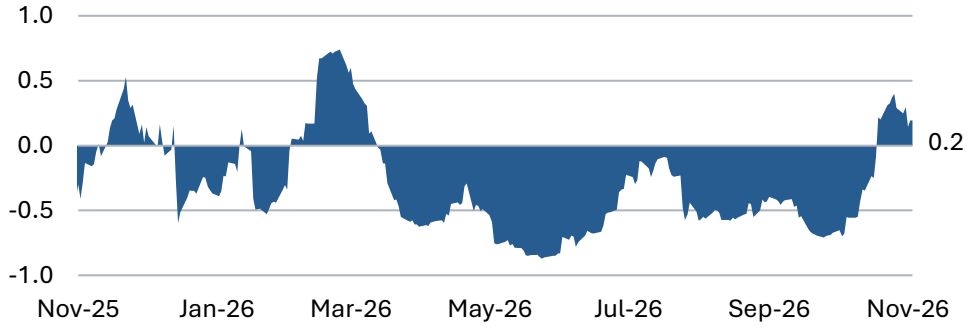
10-YEAR US TREASURY YIELD

AS OF NOVEMBER 6, 2026



10-YEAR UST YIELD VS. S&P 500 20-DAY CORRELATION

AS OF NOVEMBER 6, 2026



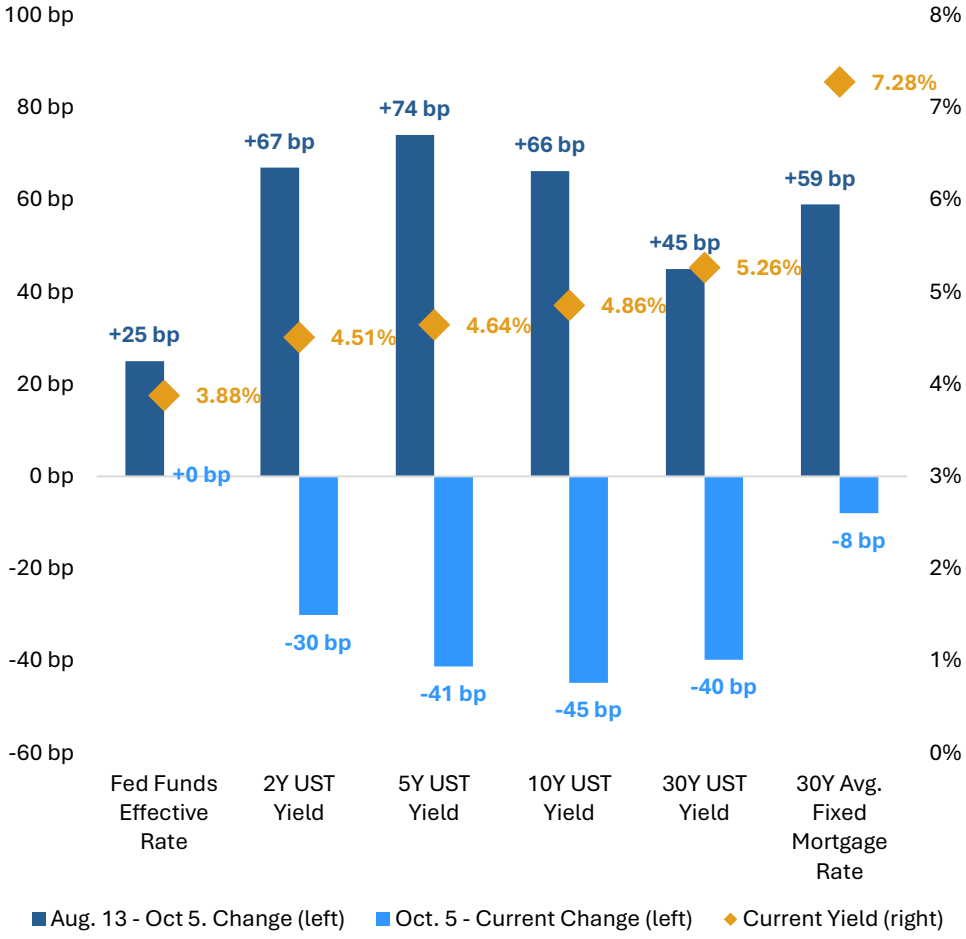
Source: Morgan Stanley Wealth Management GIO, Bloomberg

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October Market Action Reversed September's

CHANGE IN YIELDS OVER SELECT PERIODS

AS OF NOVEMBER 6, 2026



SECTOR AND INDUSTRY SELECT METRICS

AS OF NOVEMBER 6, 2026

	Total Return			12-Month Forward P/E Ratio		P/E Ratio Premium to 20-Year Avg.
Sector / Group	Oct-26	Sep-26	2026 (YTD)	Current	20-Year Avg.	
Information Technology	-6.8%	4.5%	11.4%	17.5x	18.8x	-7.2%
Communication Services	-15.1%	4.3%	-9.3%	16.3x	16.1x	1.2%
Consumer Discretionary	3.9%	-5.8%	0.5%	24.3x	21.0x	15.7%
Consumer Staples	11.6%	-3.3%	19.4%	23.4x	18.1x	29.2%
Energy	14.0%	-2.7%	40.9%	11.7x	14.0x	-16.9%
Financials	5.9%	-7.2%	5.6%	14.9x	13.0x	14.3%
Health Care	9.9%	-0.9%	20.9%	19.8x	15.1x	30.5%
Industrials	0.3%	-4.4%	5.8%	21.7x	17.2x	25.9%
Materials	6.6%	-6.7%	15.5%	17.3x	16.0x	8.2%
Real Estate	5.1%	-6.1%	12.7%	17.8x	16.5x	7.9%
Utilities	10.2%	-5.9%	3.2%	16.8x	16.2x	3.9%
S&P 500	**-0.9%**	**-0.3%**	**8.8%**	**17.8x**	**16.5x**	**7.8%**
Magnificent Seven	-4.7%	4.2%	2.4%	22.6x	27.9x	-18.8%
Software Industry	0.0%	-0.6%	1.6%	24.6x	21.6x	14.2%

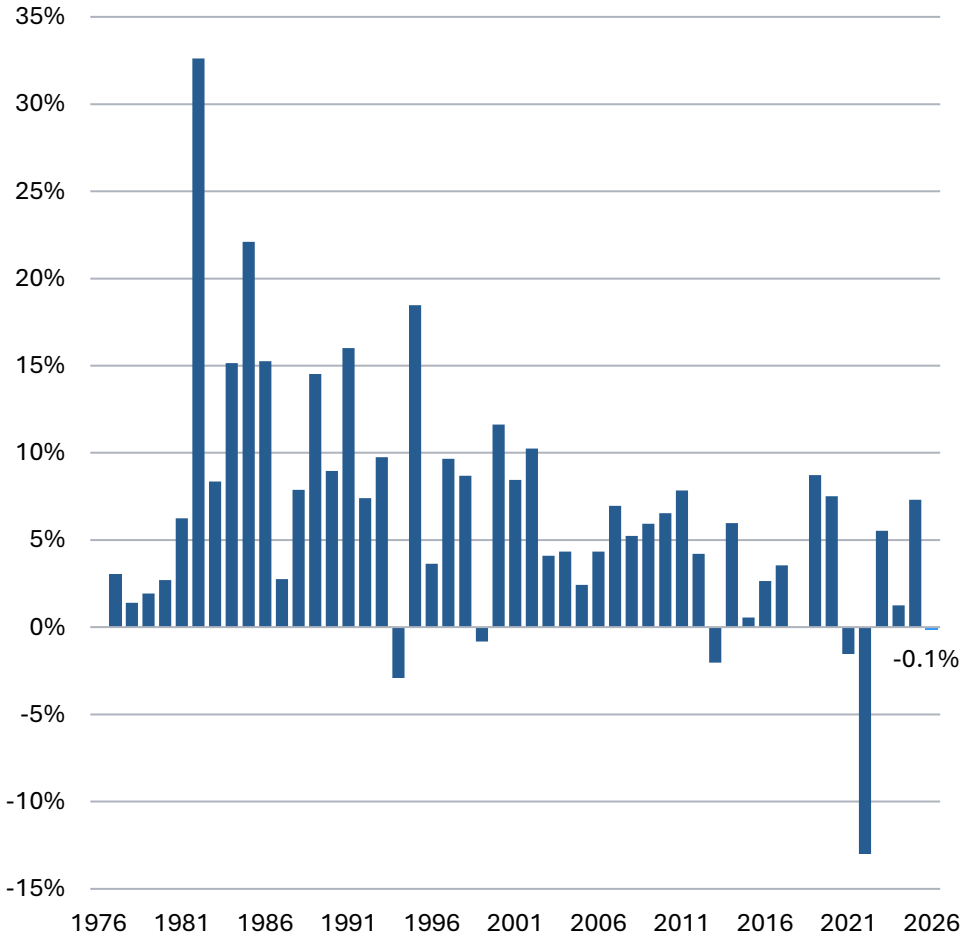
Source: Morgan Stanley Wealth Management GIO, Bloomberg, FactSet

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Bond Performance Recovered

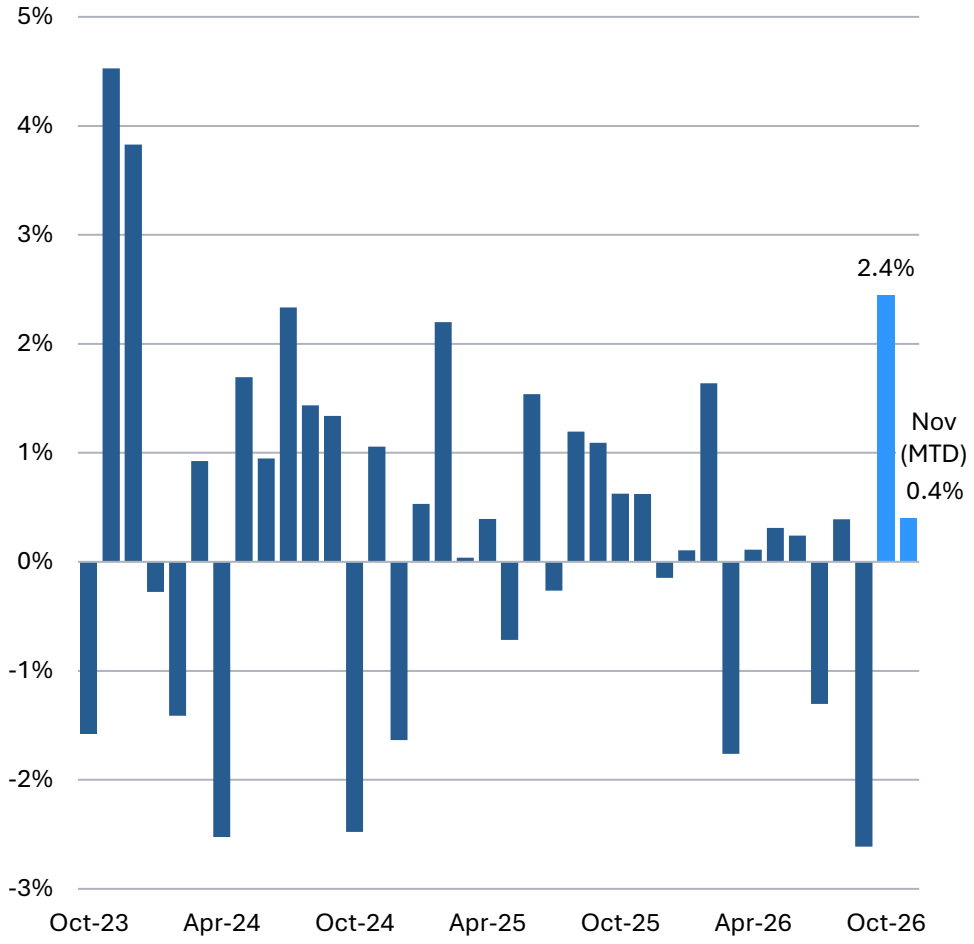
BBG. US TREASURY TOTAL RETURN INDEX, YEAR-OVER-YEAR

AS OF NOVEMBER 6, 2026



BBG. US TREASURY TOTAL RETURN INDEX, MONTH-OVER-MONTH

AS OF NOVEMBER 6, 2026



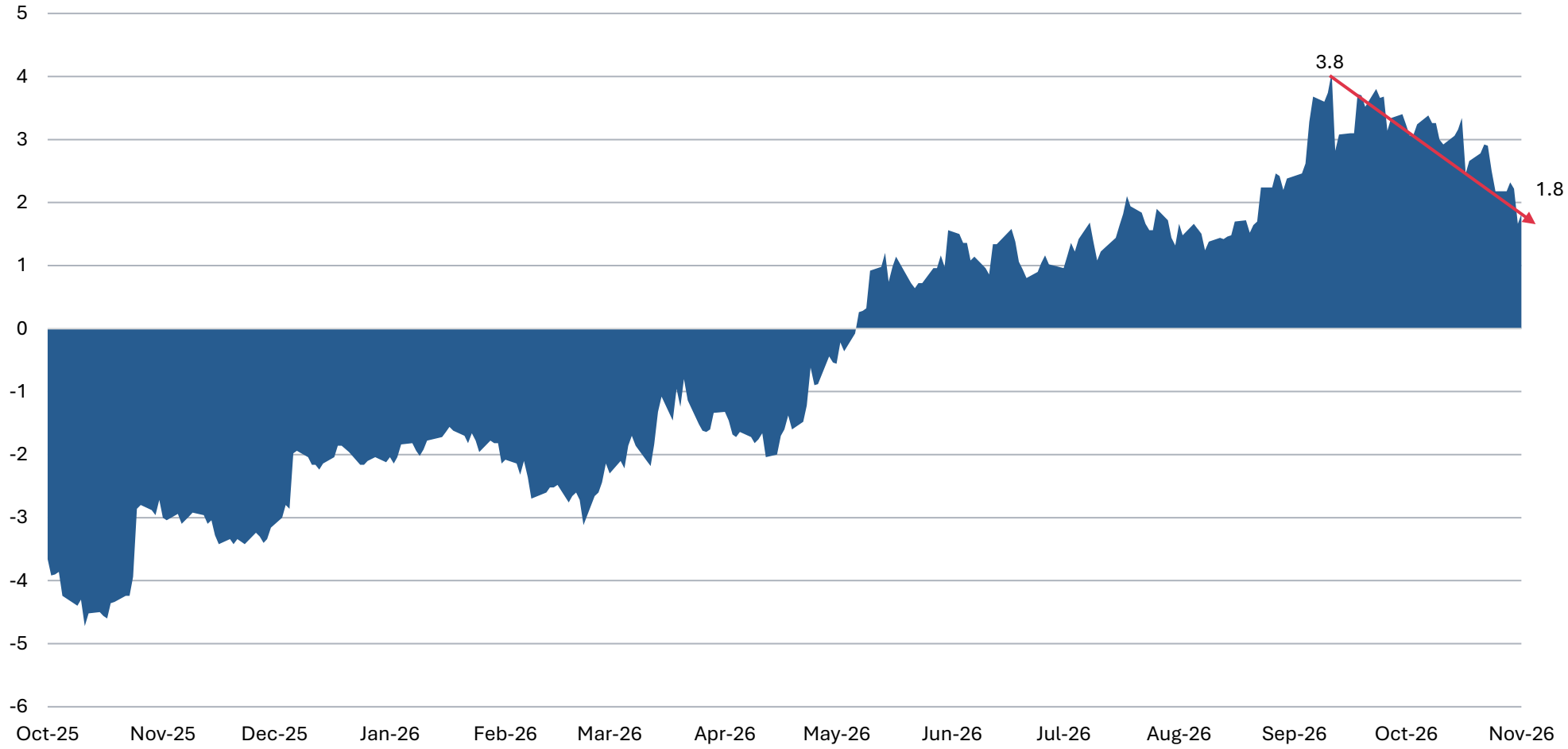
Source: Morgan Stanley Wealth Management GIO, Bloomberg

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Fear of Fed Policy Tightening Has Moderated

MARKET-IMPLIED NUMBER OF 25-BP FED RATE HIKES/CUTS PRICED THROUGH DECEMBER 2027

AS OF NOVEMBER 6, 2026



Source: Morgan Stanley Wealth Management GIO, Bloomberg

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We Are in the Middle Innings; Third NASDAQ Correction of 2026; Pause That Refreshes

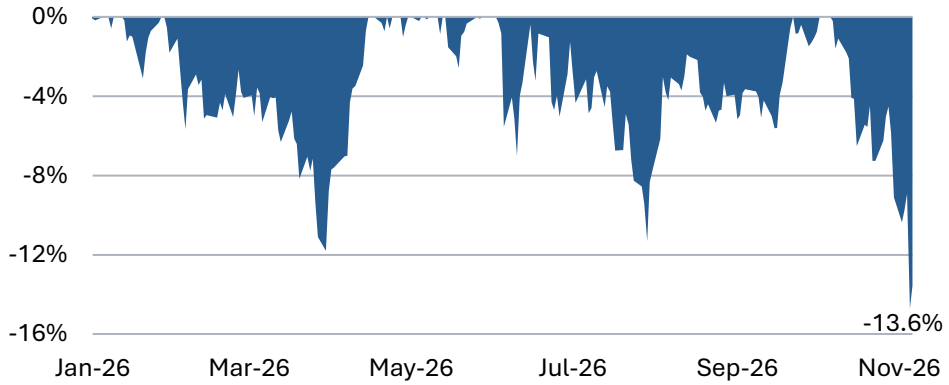
NASDAQ COMPOSITE INDEX PERFORMANCE

AS OF NOVEMBER 6, 2026



NASDAQ-100 INDEX DRAWDOWNS IN 2026

AS OF NOVEMBER 6, 2026



NASDAQ-100 ETF PERFORMANCE SINCE CHATGPT LAUNCH

AS OF NOVEMBER 6, 2026



Source: Morgan Stanley Wealth Management GIO, Bloomberg

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Breadth Rebounded; Along with Small Caps and the Equal-Weighted S&P 500; Three Months of **Rotation**

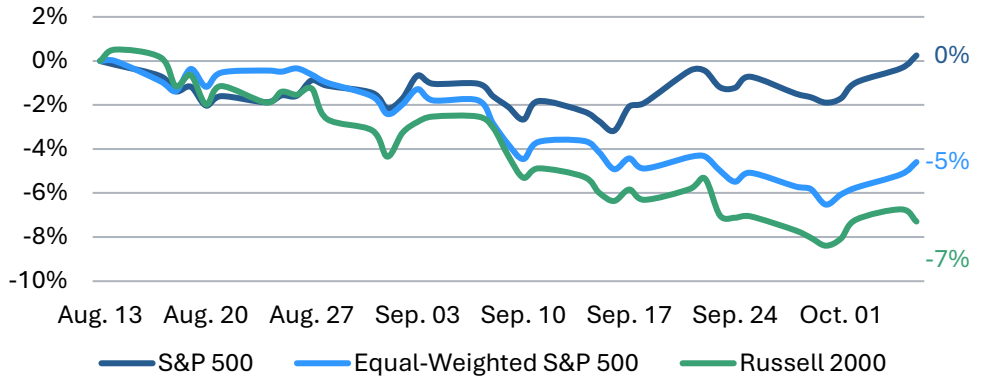
EQUAL-WEIGHTED S&P 500 PERFORMANCE

AS OF NOVEMBER 6, 2026



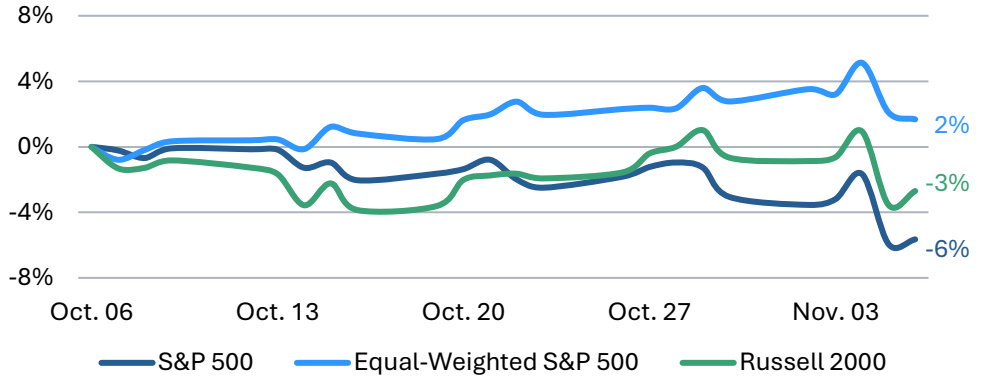
PRICE PERFORMANCE FROM AUG. 13 TO OCT. 6 S&P 500 HIGH

AS OF NOVEMBER 6, 2026 (AUGUST 13, 2026 = 0)



PRICE PERFORMANCE FROM OCT. 6 S&P 500 HIGH TO PRESENT

AS OF NOVEMBER 6, 2026 (OCTOBER 6, 2026 = 0)



Source: Morgan Stanley Wealth Management GIO, Bloomberg

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This Is About Leadership Change; Not Bear Market

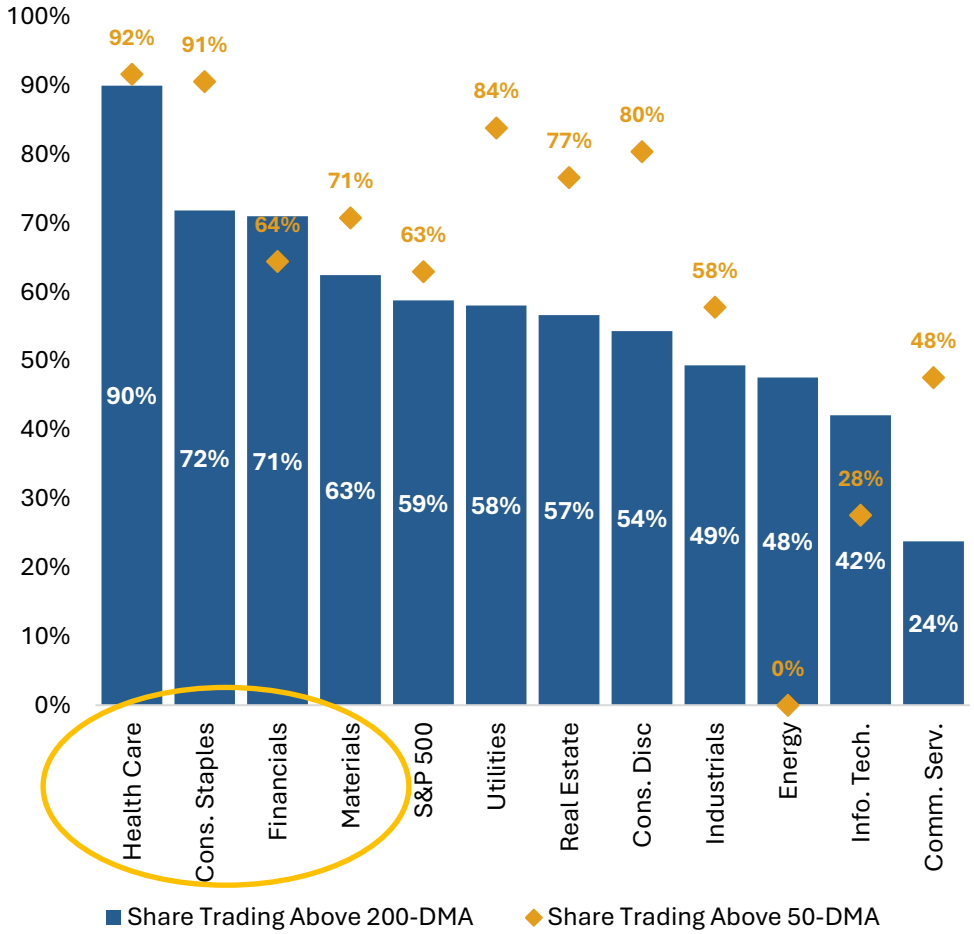
SHARE OF S&P 500 STOCKS TRADING ABOVE 50-DAY MOVING AVG.

AS OF NOVEMBER 6, 2026



SHARE OF S&P 500 STOCKS TRADING ABOVE MOVING AVERAGES

AS OF NOVEMBER 6, 2026



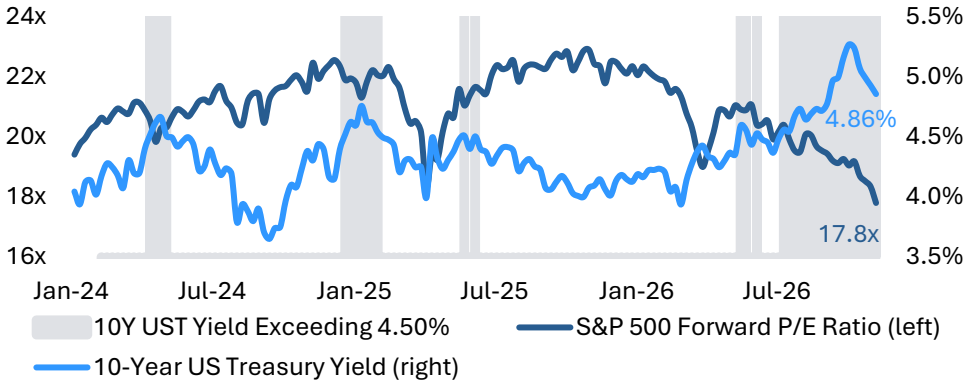
Source: Morgan Stanley Wealth Management GIO, Bloomberg, Strategas

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Multiples Have Compressed in Line With Re-Pricing of Rates; Falling 4-5 Turns; ERP Steady

10-YEAR US TREASURY YIELD VS. S&P 500 FORWARD P/E RATIO

AS OF NOVEMBER 6, 2026



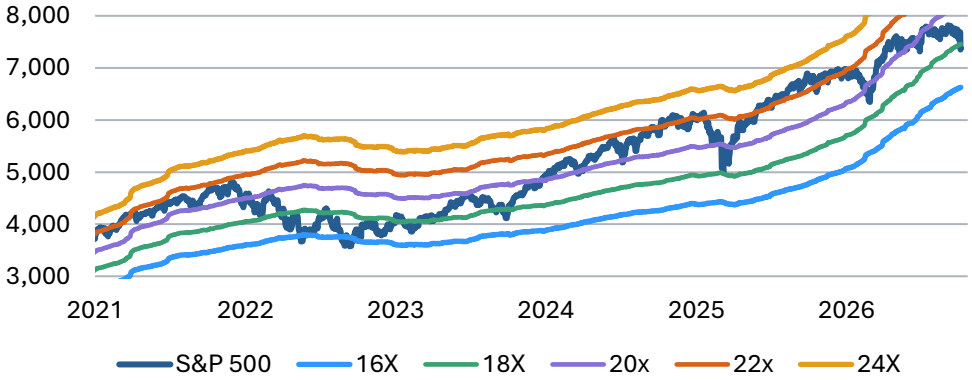
S&P 500 FORWARD 12-MONTH P/E RATIO

AS OF NOVEMBER 6, 2026



S&P 500 BY FORWARD P/E MULTIPLE

AS OF NOVEMBER 6, 2026



S&P 500 EARNINGS YIELD *LESS* 10-YEAR US TREASURY YIELD

AS OF NOVEMBER 6, 2026



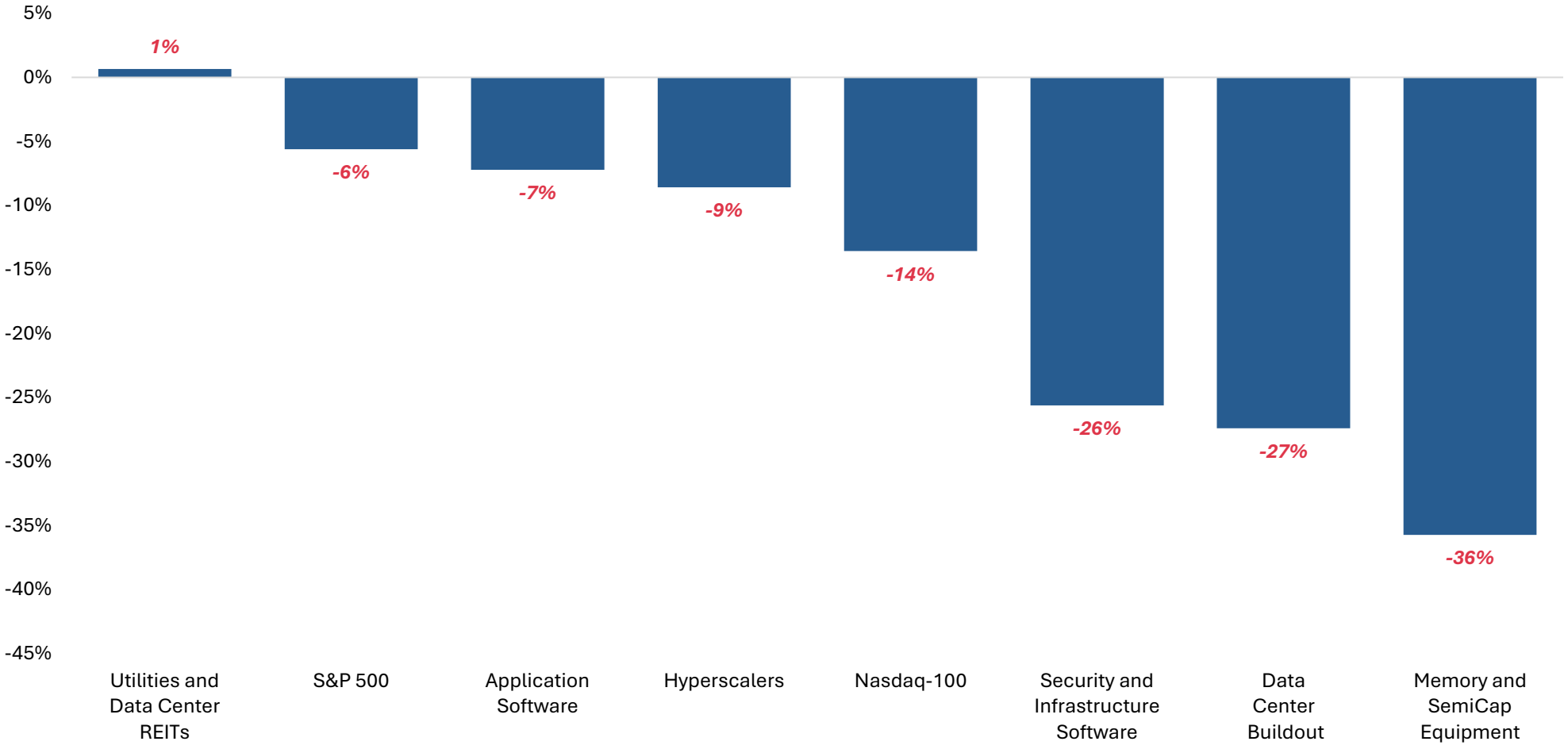
Source: Morgan Stanley Wealth Management GIO, Bloomberg. Earnings revision breadth is defined as the number of positive analyst revisions minus the number of negative analyst revisions divided by the total number of revisions.

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Tech Sector Damage Through Nov 6 Meaningful

AI REVENUE BASKET CAP-WEIGHTED RETURNS SINCE S&P 500 RECORD HIGH (OCTOBER 6, 2026)

AS OF NOVEMBER 6, 2026



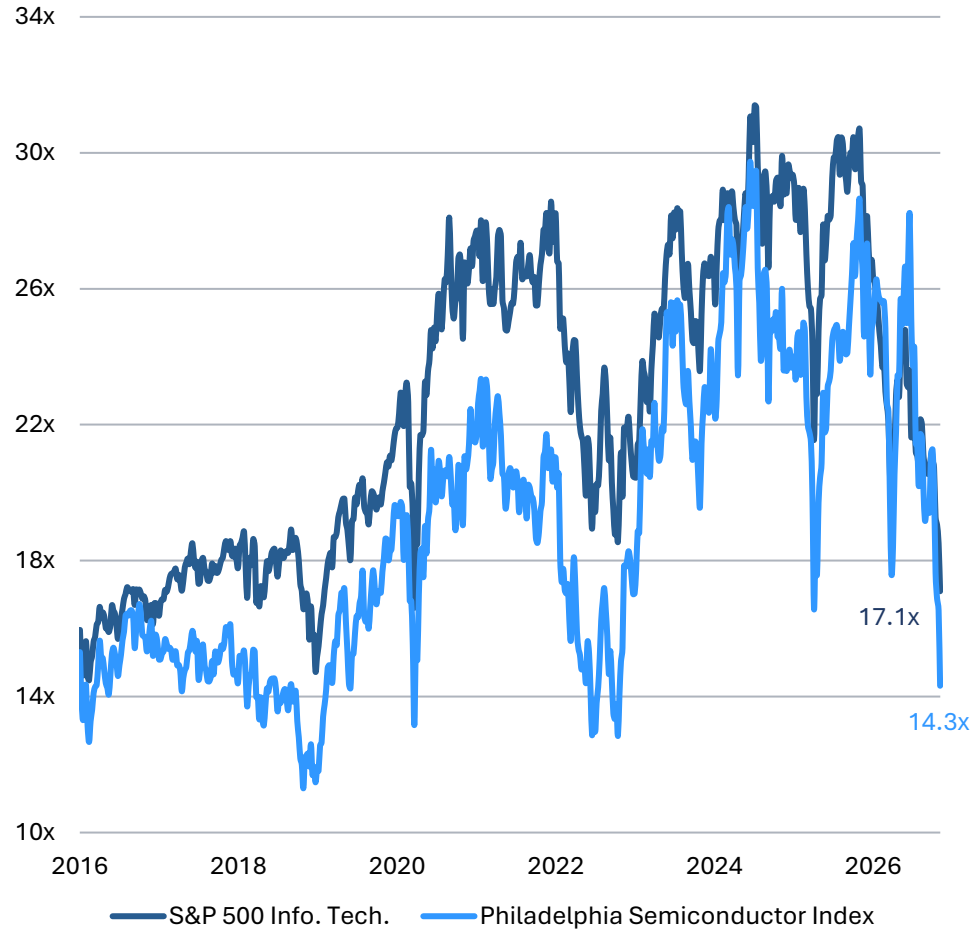
Source: Morgan Stanley Wealth Management GIO, Bloomberg, Trivariate Research

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Tech Sector Multiples No Longer Relatively Stretched

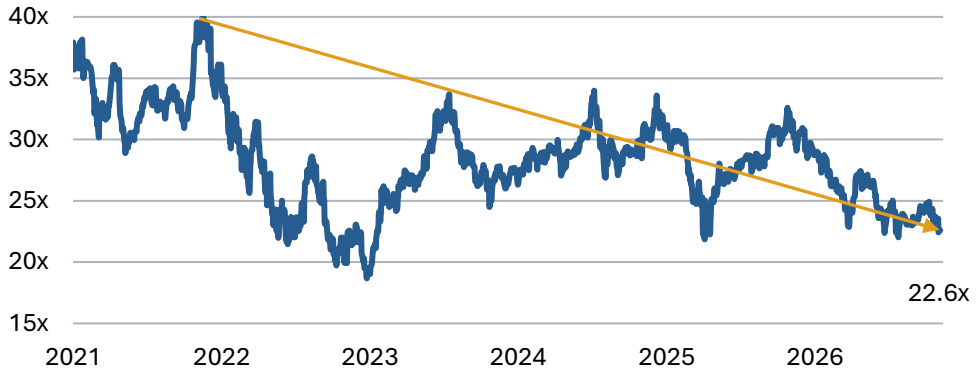
12-MONTH FORWARD P/E RATIOS

AS OF NOVEMBER 6, 2026



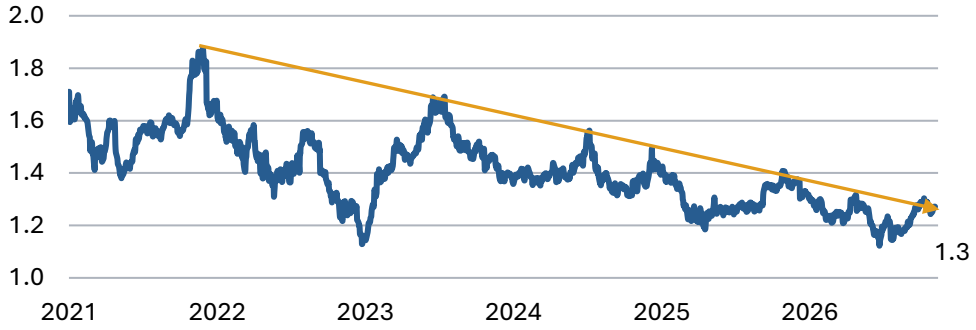
MAGNIFICENT SEVEN 12-MONTH FORWARD P/E RATIO

AS OF NOVEMBER 6, 2026



MAGNIFICENT SEVEN RELATIVE TO S&P 500

AS OF NOVEMBER 6, 2026



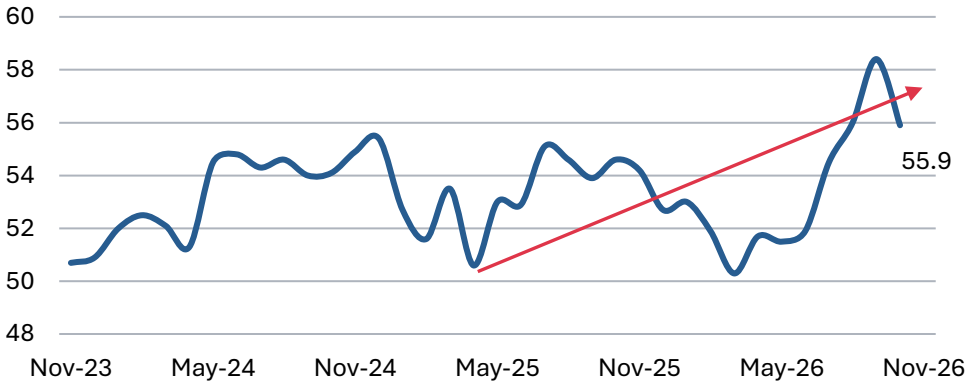
Source: Morgan Stanley Wealth Management GIO, Bloomberg, Trivariate Research

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Positive Economic Growth and Earnings Revisions Suggest Mid-Cycle Boom

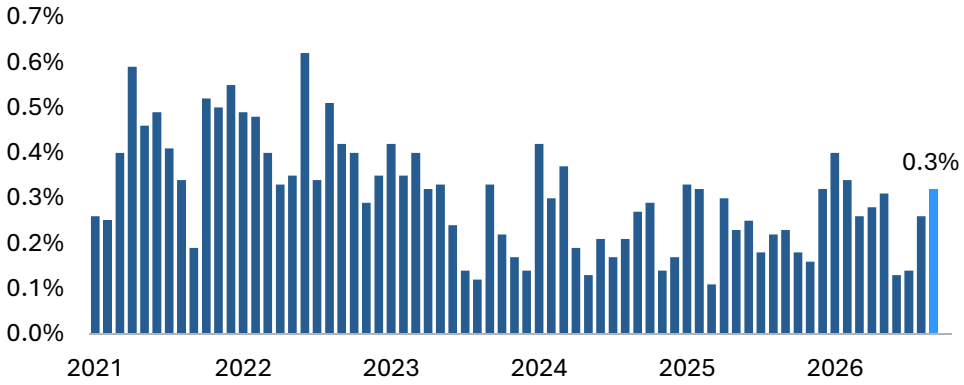
S&P GLOBAL US COMPOSITE PMI

AS OF OCTOBER 31, 2026



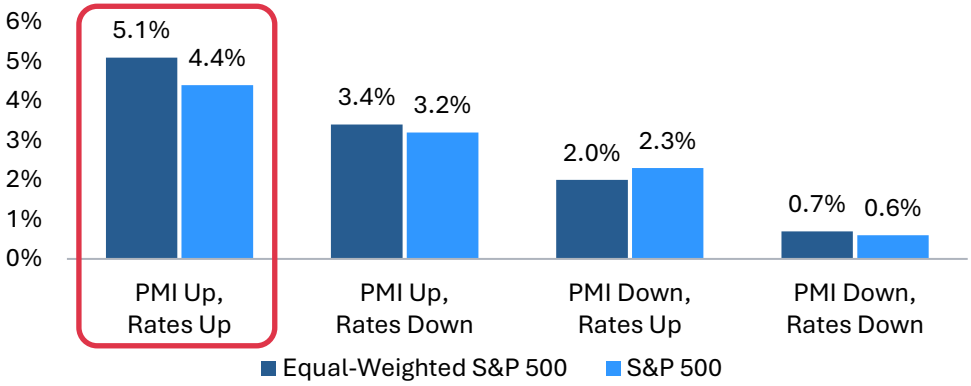
PERSONAL CONSUMPTION EXPENDITURE, MONTH-OVER-MONTH

AS OF OCTOBER 29, 2026



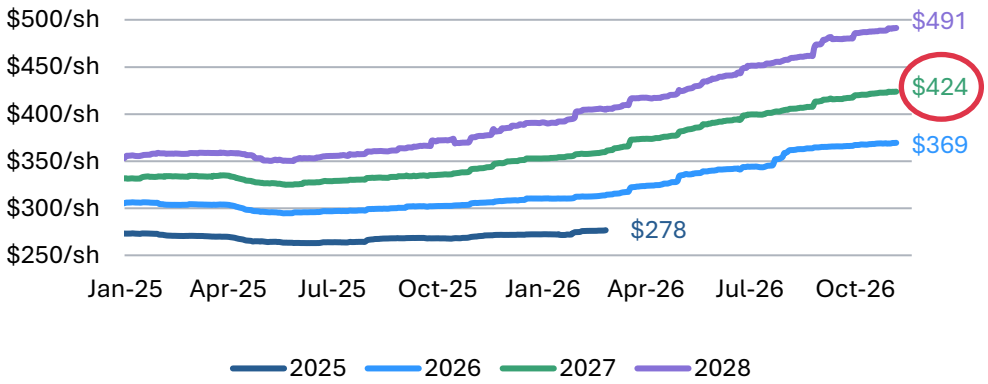
AVERAGE QUARTERLY RETURNS IN PMI AND RATE REGIMES

AS OF OCTOBER 31, 2026



S&P 500 EARNINGS ESTIMATES

AS OF NOVEMBER 6, 2026



Source: Morgan Stanley Wealth Management GIO, MS & Co. Research, Bloomberg. Earnings uses consensus estimates.

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And Economic Momentum Is Still Accelerating

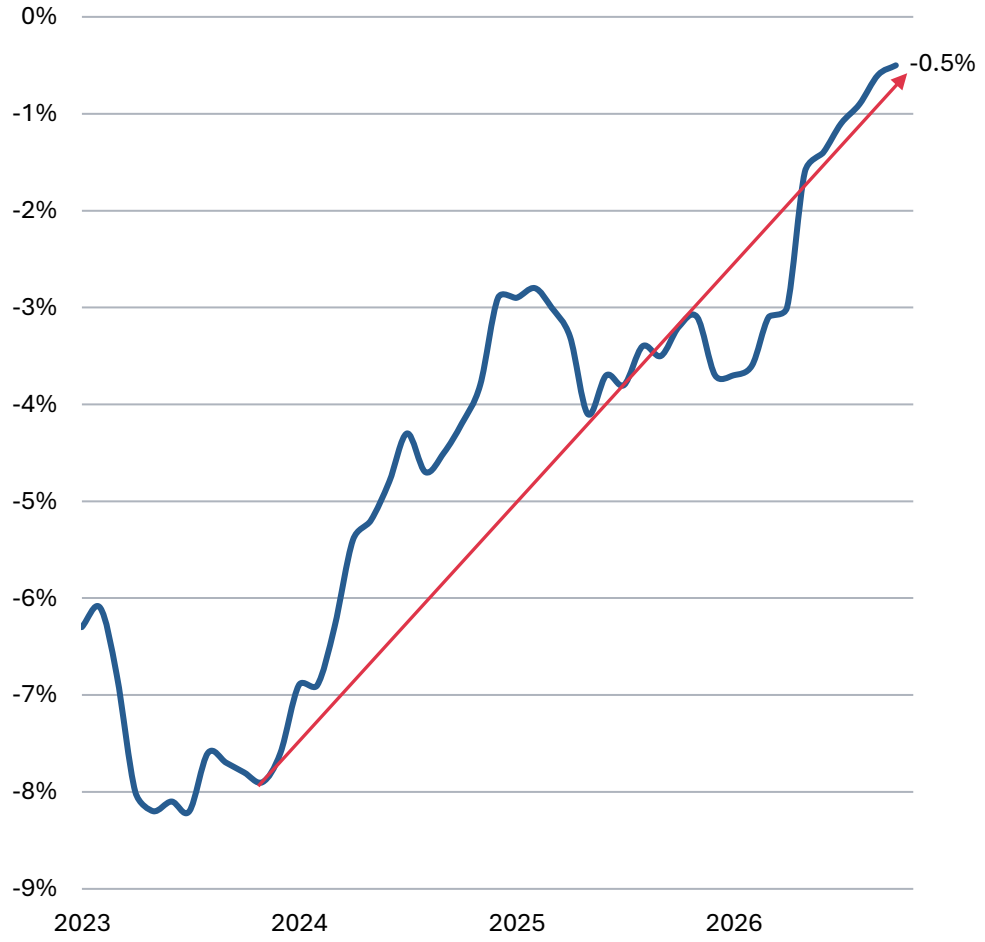
CITI ECONOMIC SURPRISE INDEX

AS OF NOVEMBER 6, 2026



CONF. BOARD LEADING ECONOMIC INDICATORS, YEAR-OVER-YEAR

AS OF NOVEMBER 6, 2026



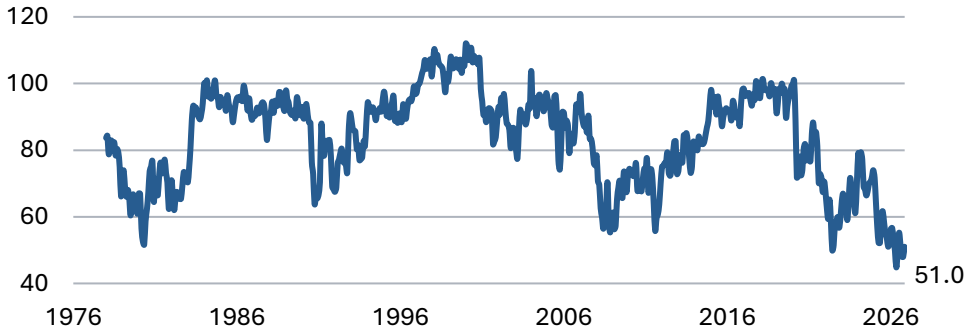
Source: Morgan Stanley Wealth Management GIO, Bloomberg

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The Consumer Seems Fragile...BUT...

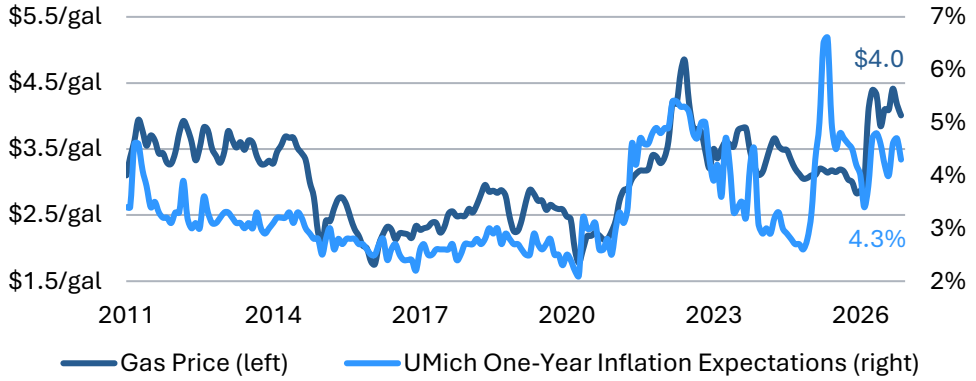
UMICH CONSUMER SENTIMENT HOVERING NEAR ALL-TIME LOWS

AS OF NOVEMBER 6, 2026



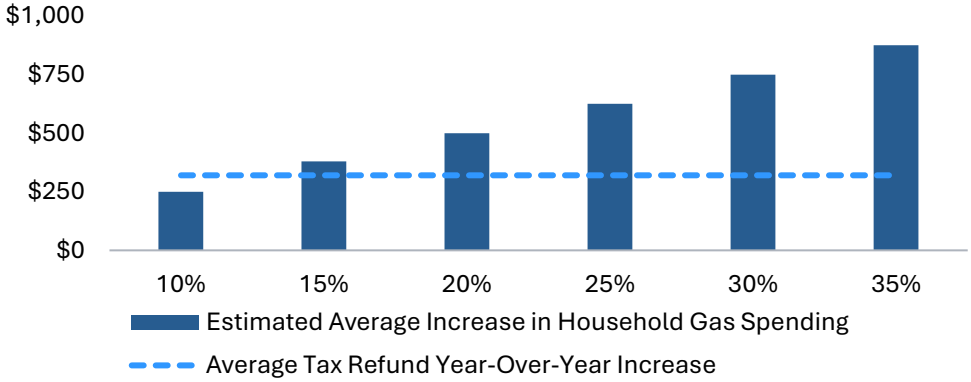
ONE-YEAR INFLATION EXPECTATIONS VS. RETAIL GAS PRICES

AS OF NOVEMBER 6, 2026



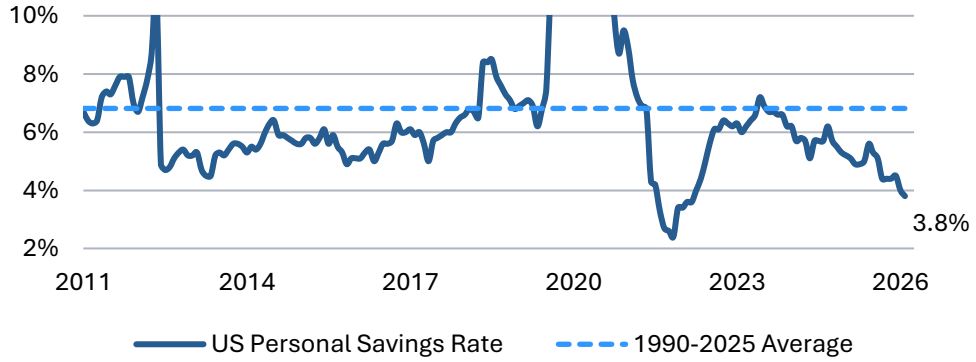
ESTIMATED IMPACT OF GAS PRICE ON HOUSEHOLD SPENDING

AS OF OCTOBER 31, 2026



US PERSONAL SAVINGS RATE

AS OF OCTOBER 29, 2026



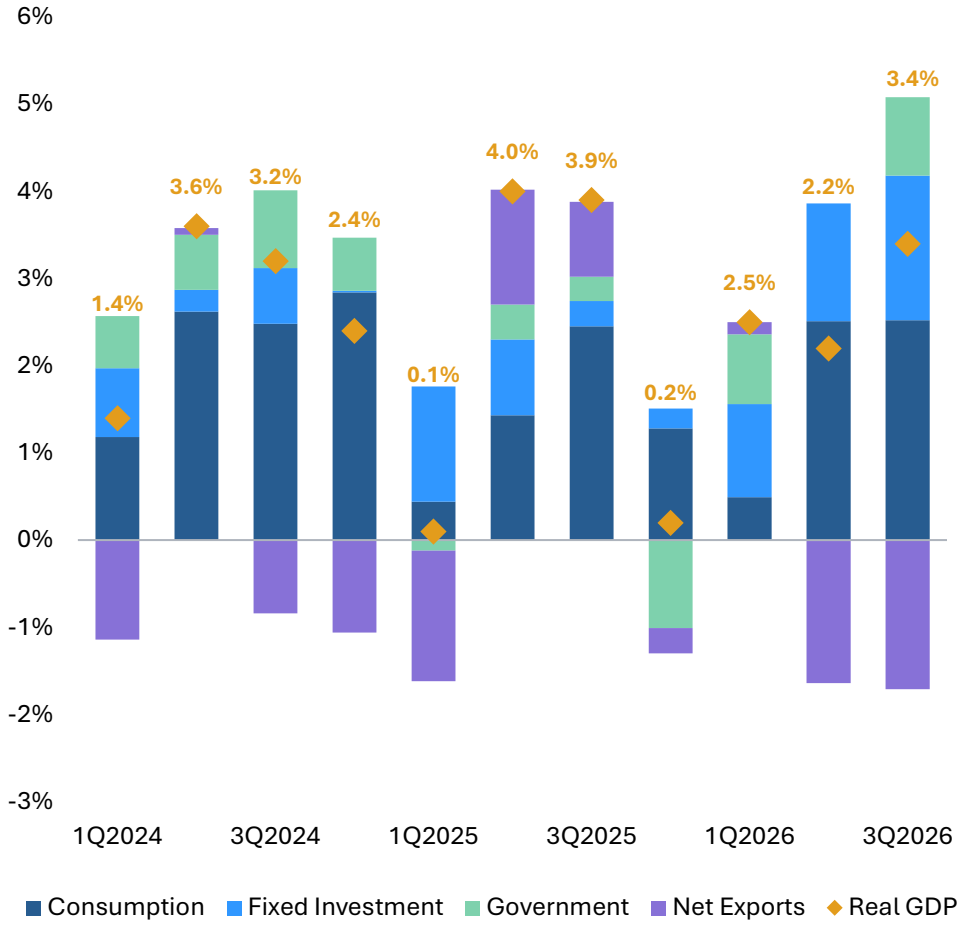
Source: Morgan Stanley Wealth Management GIO, MS & Co. Research, Bloomberg. Note: Personal savings rate data truncated for COVID-period levels.

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Consumption Growth Remains Strong

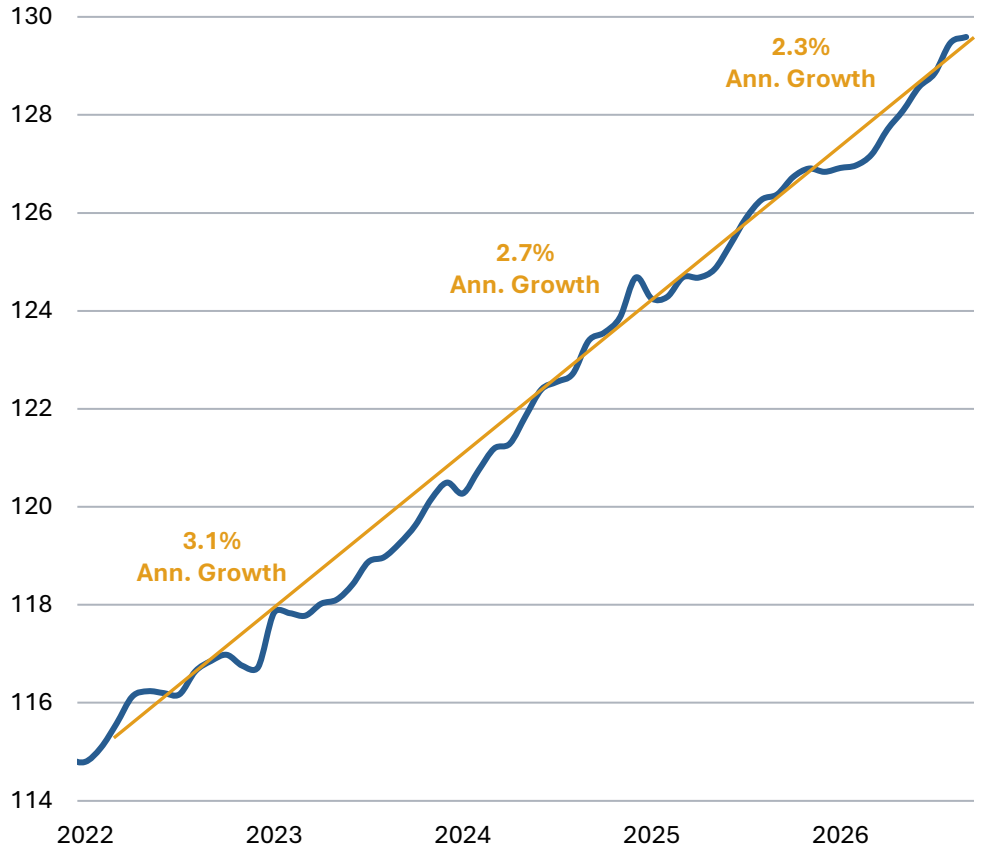
US REAL GDP, QUARTER-OVER-QUARTER (ANN.)

AS OF OCTOBER 29, 2026



REAL PCE EX-MOTOR VEHICLES

AS OF OCTOBER 29, 2026 (JANUARY 1, 2017 = 100)



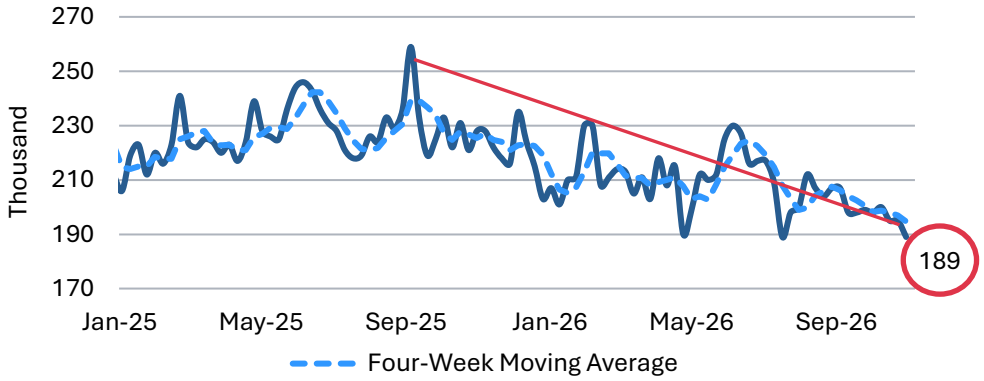
Source: Morgan Stanley Wealth Management GIO, Bloomberg

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And Labor Market Is "Stable"…With Hints of Strengthening

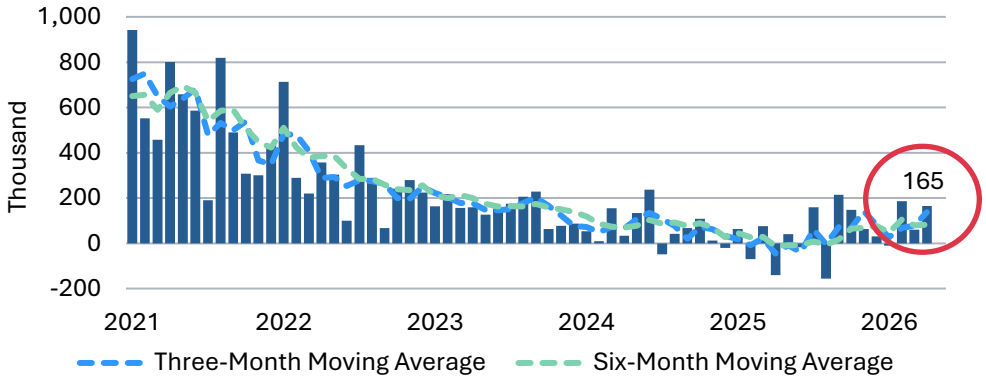
WEEKLY INITIAL JOBLESS CLAIMS

AS OF OCTOBER 30, 2026



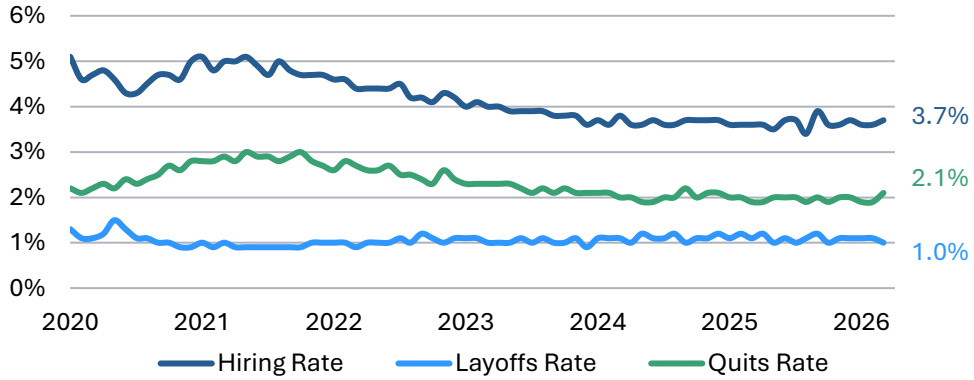
NONFARM PAYROLLS, MONTH-OVER-MONTH

AS OF OCTOBER 31, 2026



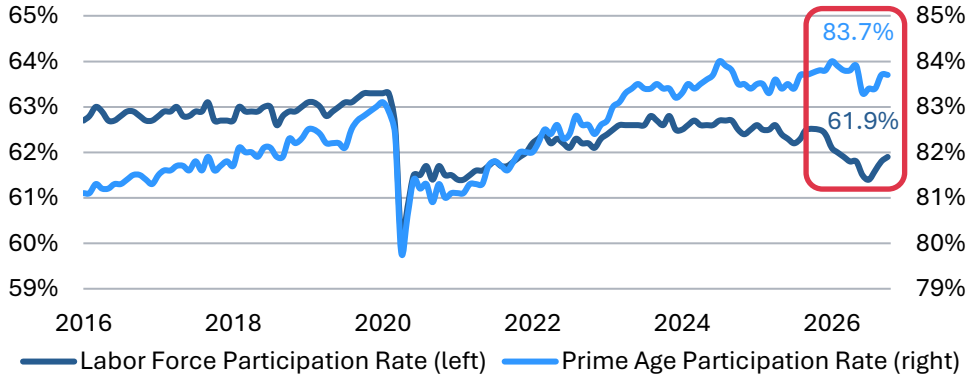
US JOLTS SURVEYS

AS OF NOVEMBER 3, 2026



LABOR FORCE PARTICIPATION RATE

AS OF OCTOBER 31, 2026



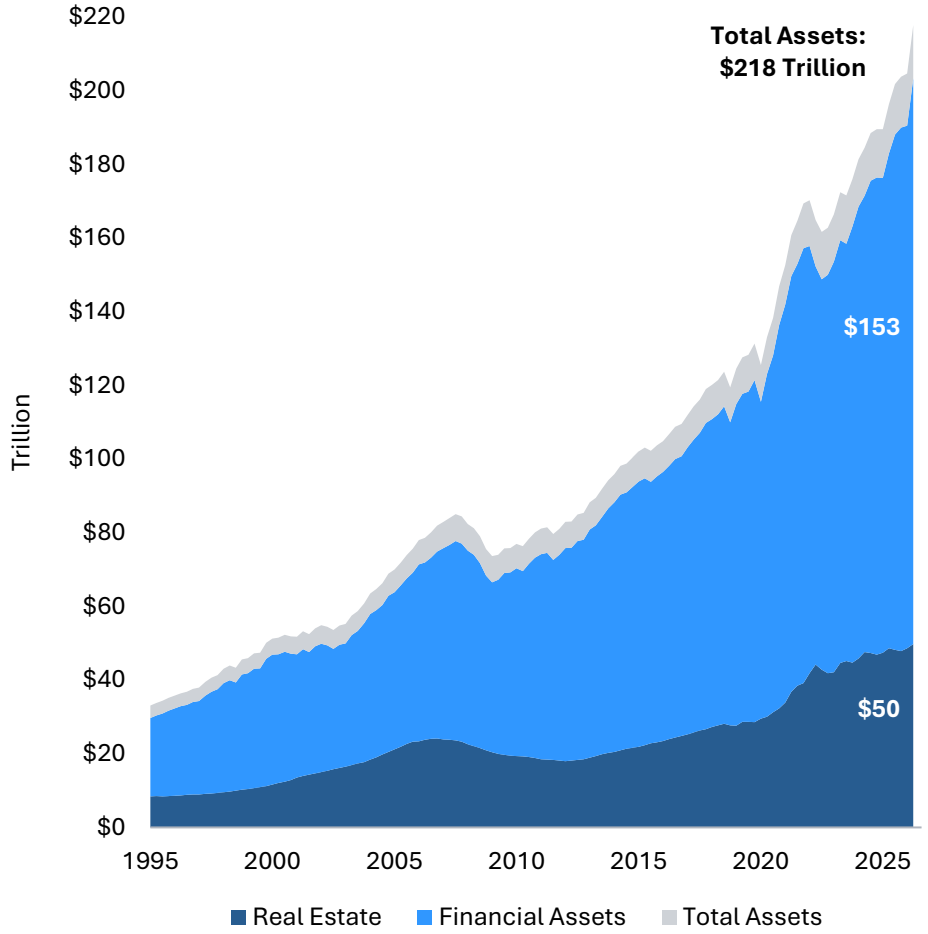
Source: Morgan Stanley Wealth Management GIO, MS & Co. Research, Bloomberg

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Because the Wealth Effect Persists

COMPONENTS OF US HOUSEHOLD ASSETS

AS OF OCTOBER 31, 2026



US EXISTING HOME SALES MEDIAN PRICE, YEAR-OVER-YEAR

AS OF OCTOBER 13, 2026



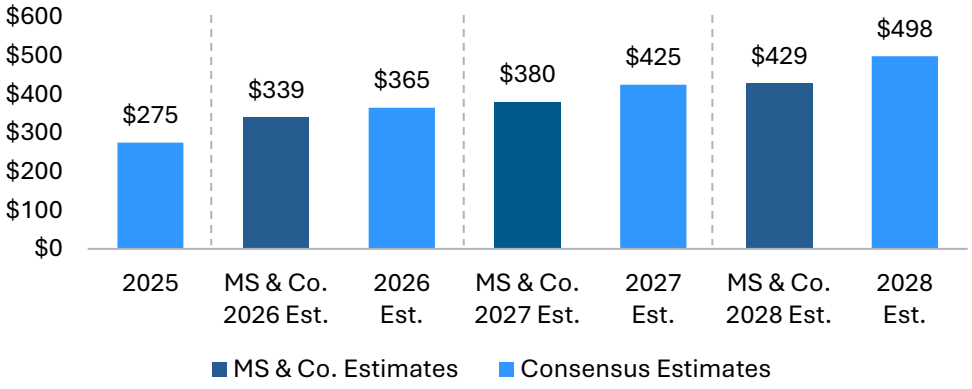
Source: Morgan Stanley Wealth Management GIO, Bloomberg

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Earnings Revisions Remain Strong...

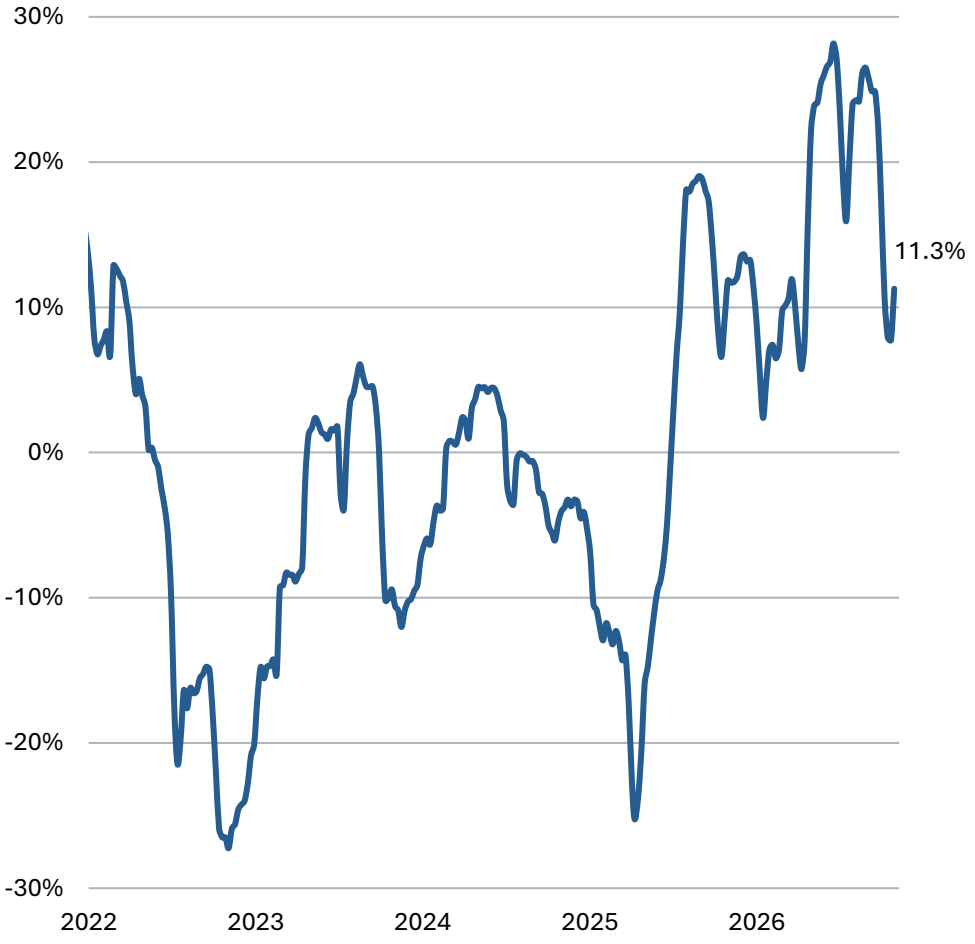
S&P 500 TOP DOWN EPS ESTIMATES: MS & CO. VS. CONSENSUS

AS OF NOVEMBER 6, 2026



S&P 500 EARNINGS REVISIONS BREADTH

AS OF NOVEMBER 6, 2026



S&P 500 BOTTOMS UP EPS REVISIONS BY SECTOR

AS OF NOVEMBER 6, 2026

Sector / Index	2026 EPS		Contribution to S&P 500 2026 EPS Revisions	2027 EPS		Contribution to S&P 500 2027 EPS Revisions
	Jun-26	Nov-26		Jun-26	Nov-26	
Communication Services	$23	$24	12.1%	$25	$26	2.5%
Consumer Discretionary	$86	$85	0.6%	$84	$83	-1.0%
Energy	$54	$51	-6.9%	$61	$79	19.7%
Financials	$57	$59	21.1%	$61	$63	7.1%
Health Care	$112	$108	-9.6%	$110	$113	5.5%
Industrials	$61	$62	2.5%	$65	$64	2.2%
Materials	$33	$34	1.2%	$38	$38	-3.0%
Real Estate	$8	$8	0.3%	$8	$8	0.0%
Consumer Staples	$45	$45	-1.4%	$44	$43	-0.5%
Information Technology	$205	$231	78.9%	$347	$387	67.5%
Utilities	$27	$27	1.2%	$27	$27	-0.1%
S&P 500	**$341**	**$369**	**100.0%**	**$399**	**$424**	**100.0%**

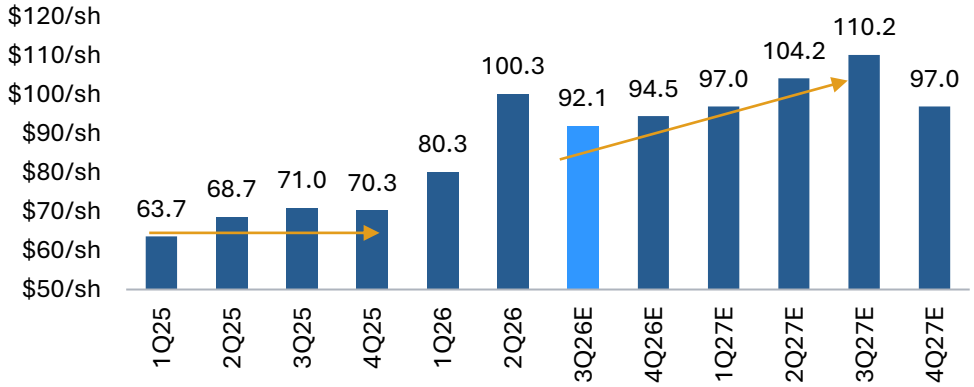
Source: Morgan Stanley Wealth Management GIO, MS & Co. Research, Bloomberg. Earnings revision breadth is defined as the number of positive analyst revisions minus the number of negative analyst revisions divided by the total number of revisions.

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Earnings Growth Peaking at High Levels, Lumpy Deceleration Makes Execution Key

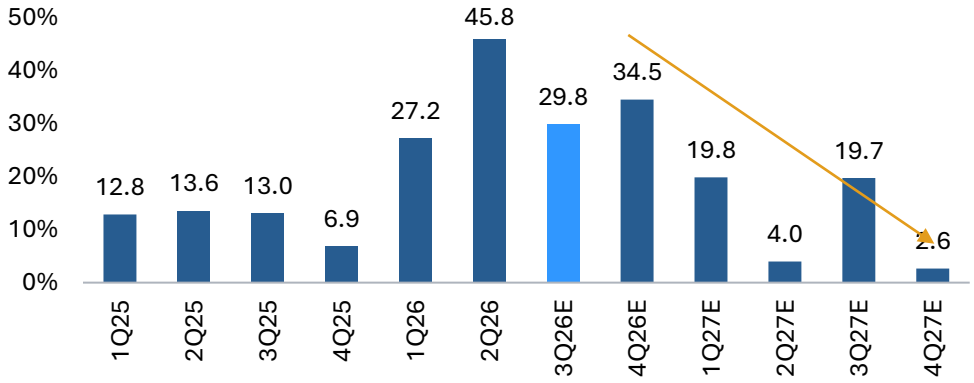
S&P 500 CONSENSUS EPS

AS OF NOVEMBER 6, 2026



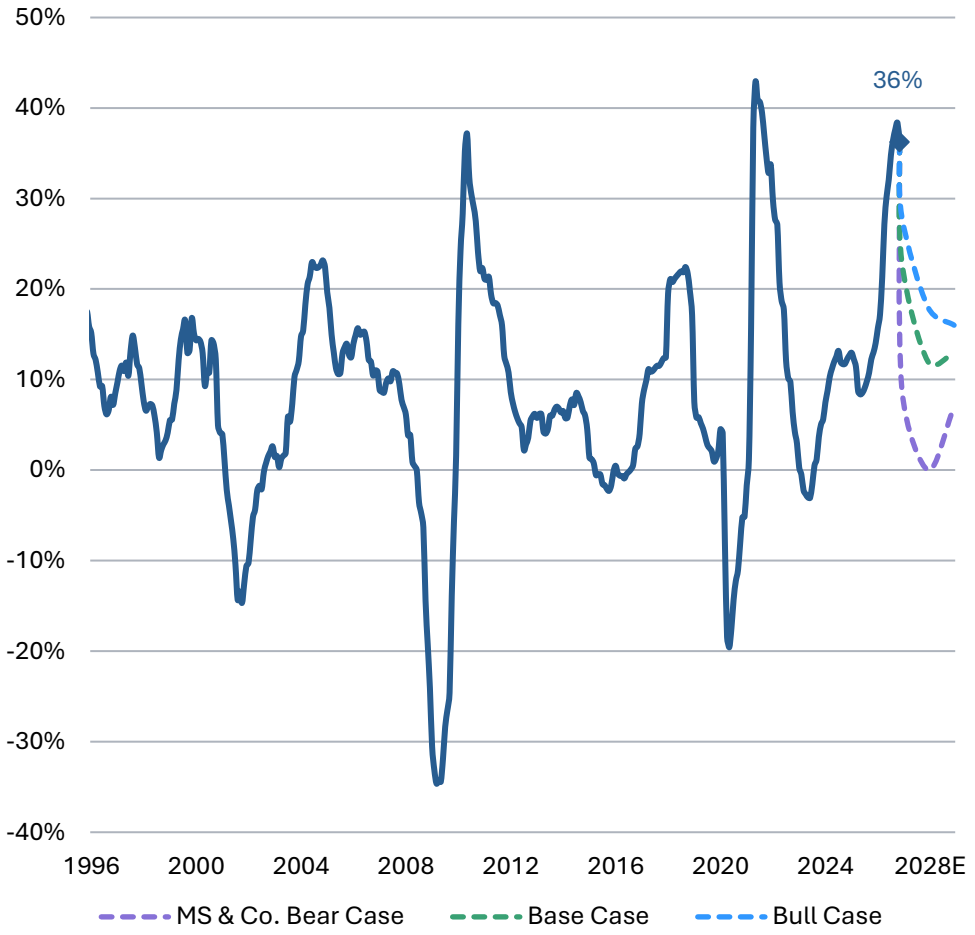
S&P 500 CONSENSUS EPS, YEAR-OVER-YEAR GROWTH

AS OF NOVEMBER 6, 2026



S&P 500 FORWARD EPS, YEAR-OVER-YEAR

AS OF NOVEMBER 6, 2026



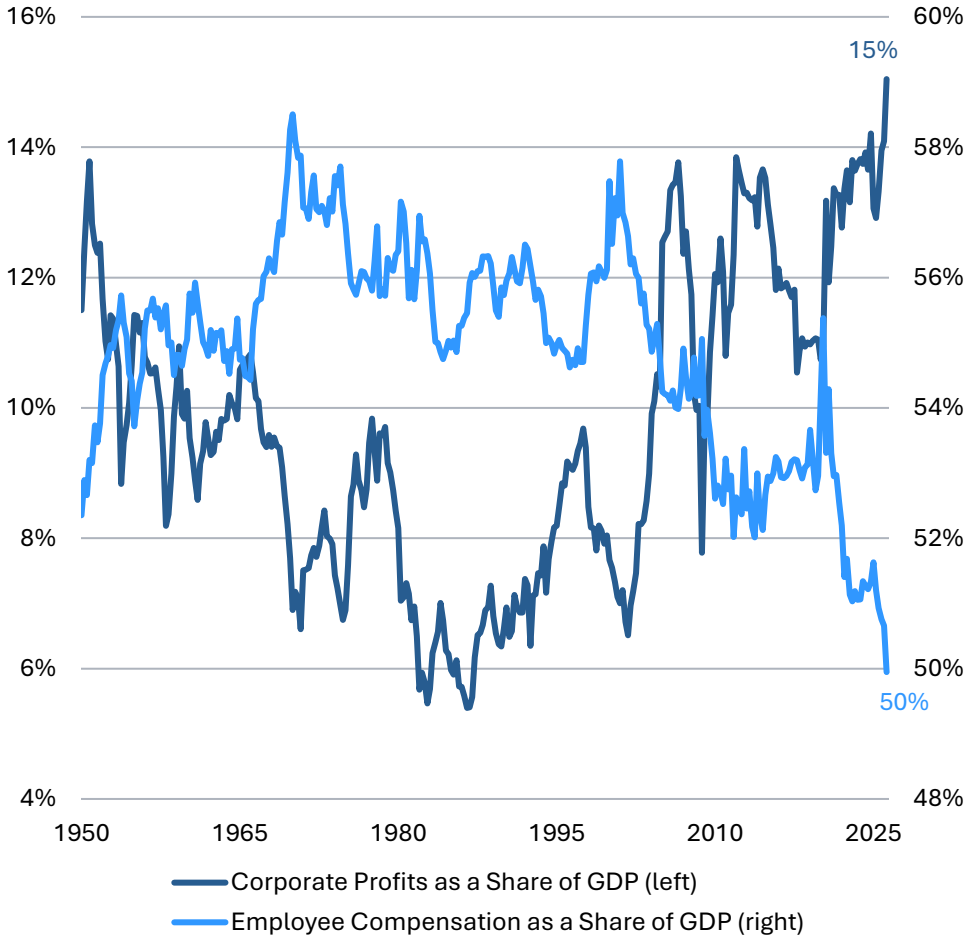
Source: Morgan Stanley Wealth Management GIO, MS & Co. Research. Earnings revisions breadth is defined as the number of positive analyst revisions minus the number of negative analyst revisions divided by the total number of revisions.

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Expectations for Productivity Gains Are Substantial; Off a Record High Base

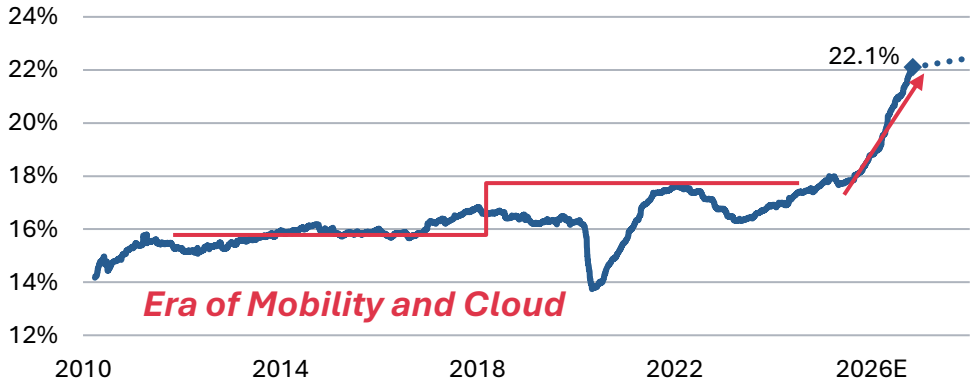
CORPORATE PROFITS VS. LABOR AS A SHARE OF GDP

AS OF OCTOBER 31, 2026



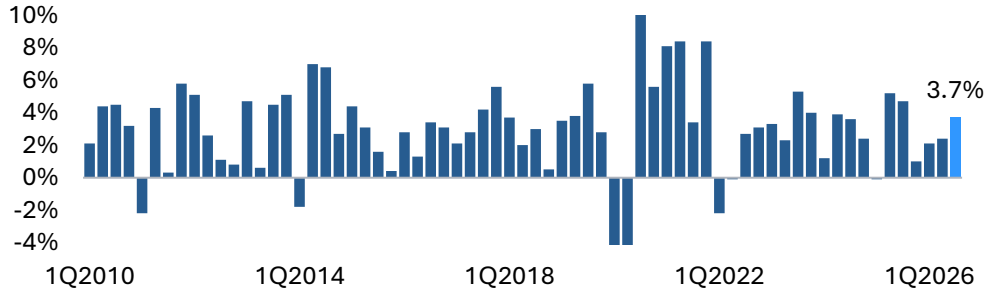
S&P 500 12-MONTH FORWARD OPERATING MARGIN

AS OF NOVEMBER 6, 2026



US NONFARM LABOR REAL OUTPUT, YEAR-OVER-YEAR

AS OF OCTOBER 31, 2026



Source: Morgan Stanley Wealth Management GIO, Bloomberg. Operating margins use consensus estimates.US nonfarm labor real output data truncated for COVID-era highs and lows.

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Markets Priced for 5-12% Potential Upside

S&P 500 VALUATION MATRIX

AS OF NOVEMBER 6, 2026

12-Month Forward Price/Earnings Ratio

12-Month Forward Earnings Per Share	17.5x	18.0x	18.5x	19.0x	19.5x	20.0x	20.5x	21.0x	21.5x	22.0x
$450	7,875	8,100	8,325	8,550	8,775	9,000	9,225	9,450	9,675	9,900
$440	7,700	7,920	8,140	8,360	8,580	8,800	9,020	9,240	9,460	9,680
$430	7,525	7,740	7,955	8,170	8,385	8,600	8,815	9,030	9,245	9,460
$420	7,350	7,560	7,770	7,980	8,190	8,400	8,610	8,820	9,030	9,240
$410	7,175	7,380	7,585	7,790	7,995	8,200	8,405	8,610	8,815	9,020
$400	7,000	7,200	7,400	7,600	7,800	8,000	8,200	8,400	8,600	8,800
$390	6,825	7,020	7,215	7,410	7,605	7,800	7,995	8,190	8,385	8,580
$380	6,650	6,840	7,030	7,220	7,410	7,600	7,790	7,980	8,170	8,360

Current Consensus

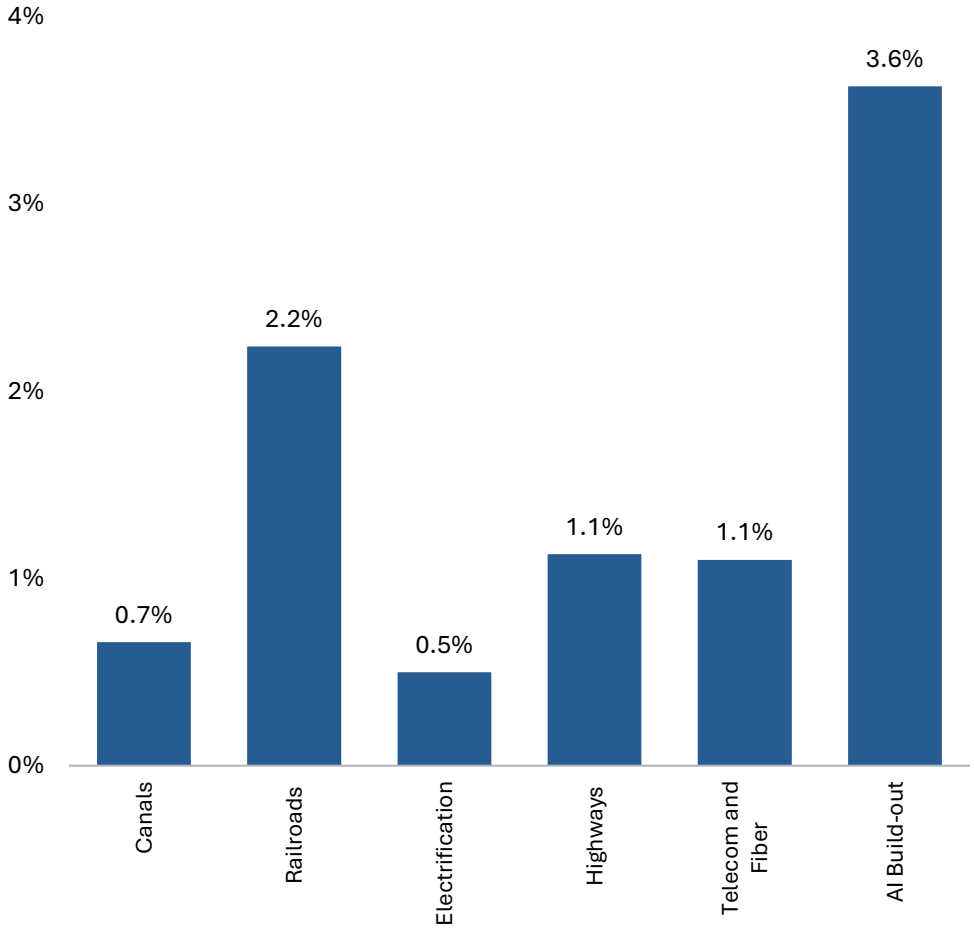
Source: Morgan Stanley Wealth Management GIO, MS & Co. Research, Bloomberg

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AI Build-Out Could Be the Largest Transformation in History; Requiring Capital Across All Markets

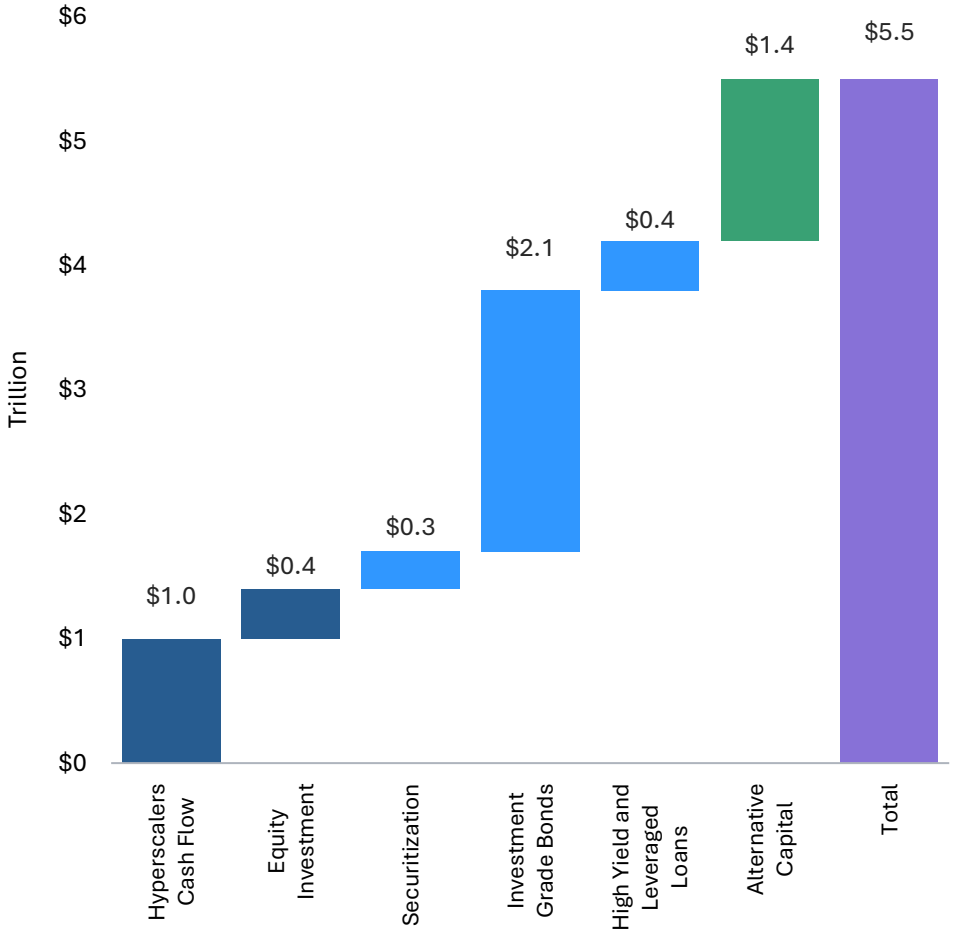
SELECT CAPEX BOOMS AVG. YEARLY EXPENDITURE SHARE OF GDP

AS OF OCTOBER 31, 2026



EXPECTED TOTAL AI CAPEX INVESTMENT THROUGH 2030

AS OF OCTOBER 31, 2026



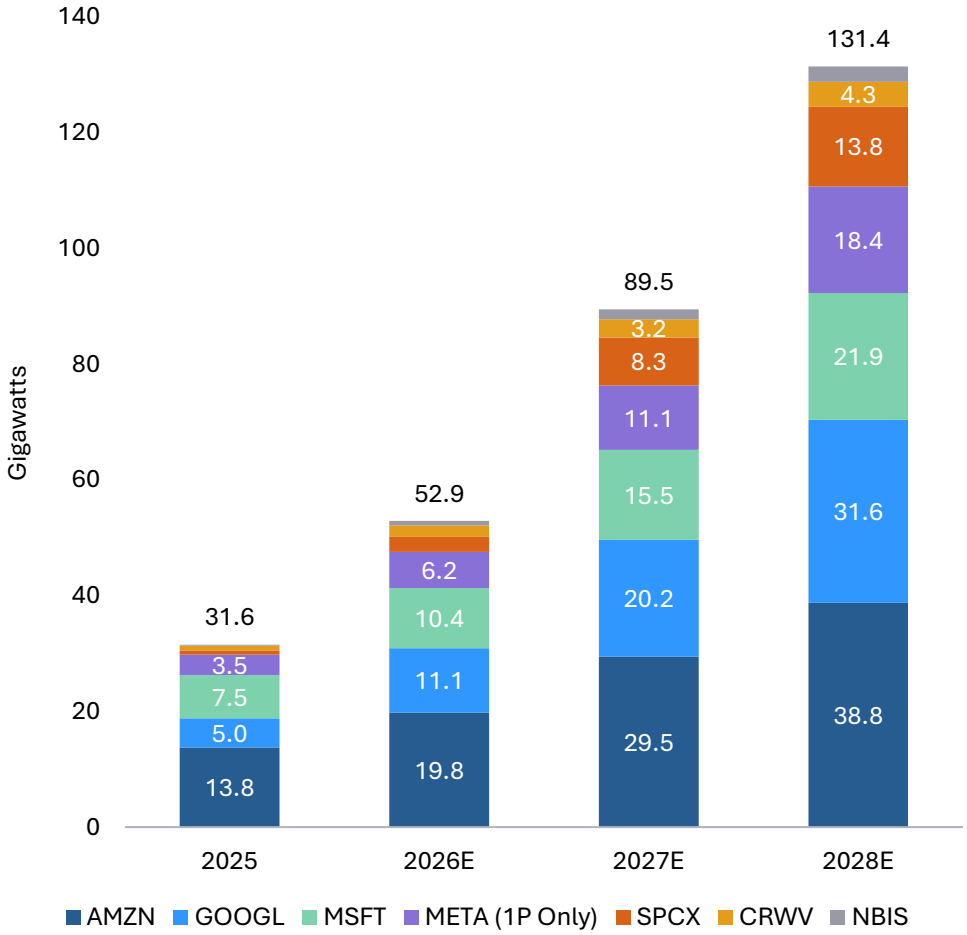
Source: Morgan Stanley Wealth Management GIO, Bloomberg, J.P. Morgan Global Research

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Demand Continues to Far Surpass Supply

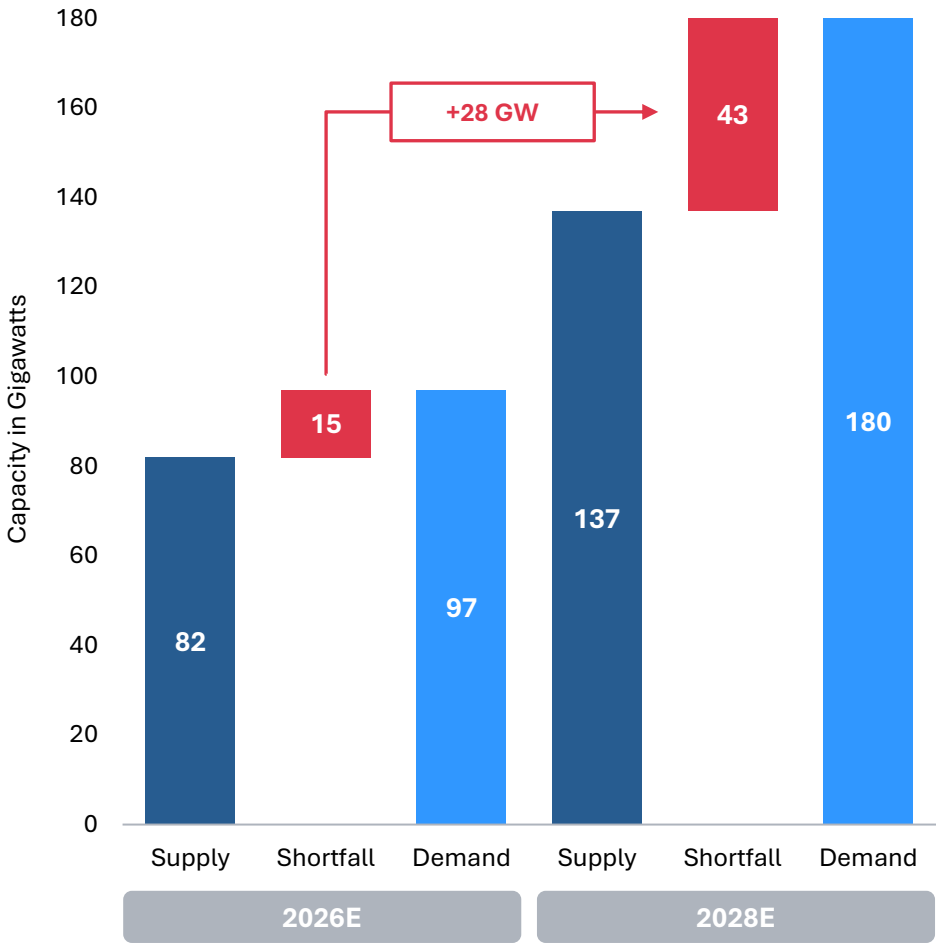
HYPERSCALER TOTAL CAPACITY

AS OF NOVEMBER 9, 2026



US DATA CENTER CAPACITY SHORTFALL

AS OF OCTOBER 31, 2026



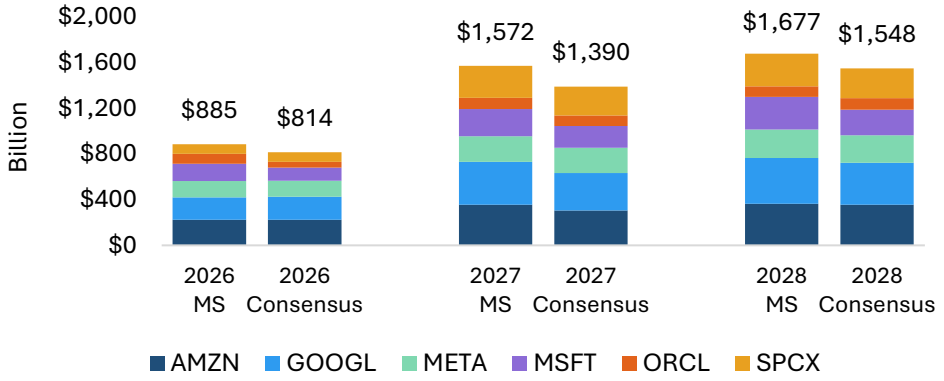
Source: Morgan Stanley Wealth Management GIO, MS & Co. Research estimates

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AI Debate Around Capital Spending Monetization Is Intensifying with Acceleration of Spend

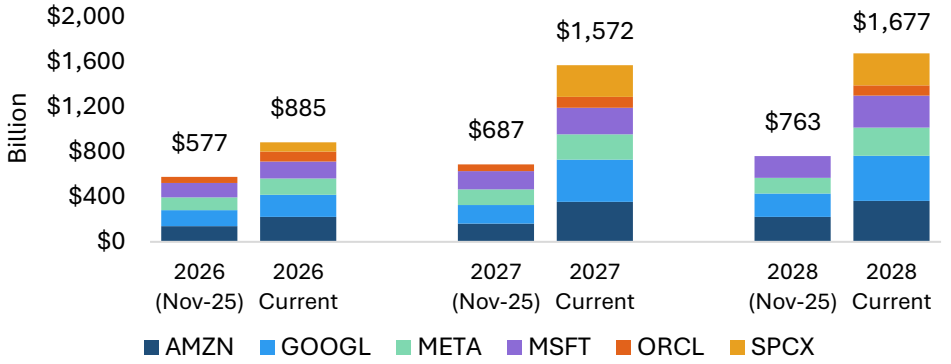
MS & CO. VS. CONSENSUS HYPERSCALER CAPEX ESTIMATES

AS OF NOVEMBER 6, 2026



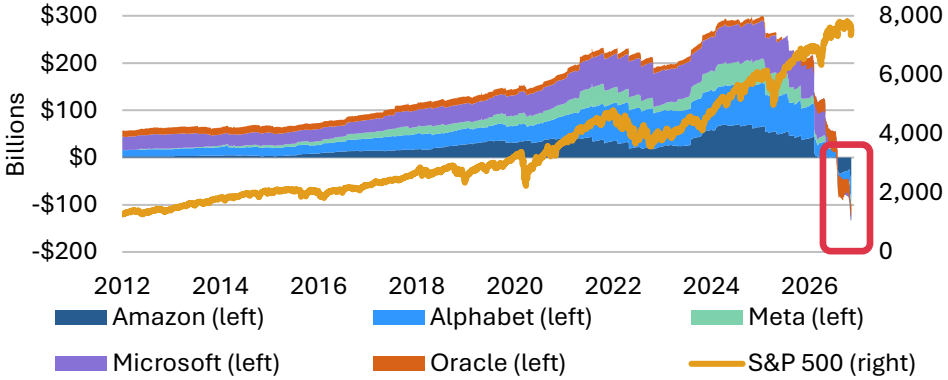
MS & CO. HYPERSCALER CAPEX EST. REVISIONS SINCE NOV. 2025

AS OF NOVEMBER 6, 2026



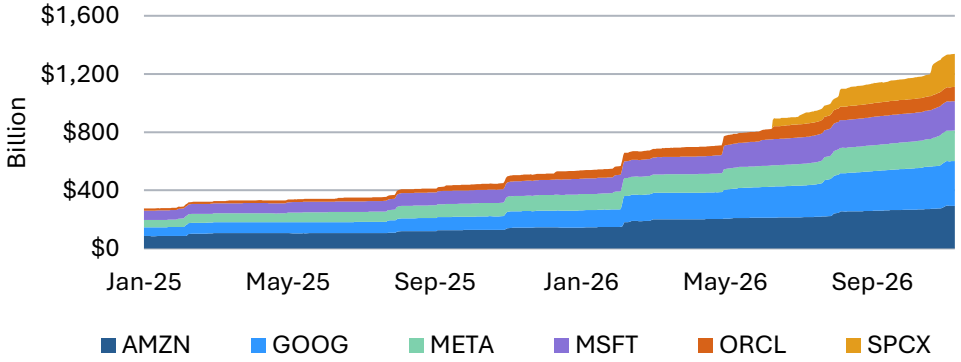
FREE-CASH-FLOW, FORWARD 12-MONTH CONSENSUS EST.

AS OF NOVEMBER 6, 2026



CAPEX, FORWARD 12-MONTH CONSENSUS EST.

AS OF NOVEMBER 6, 2026



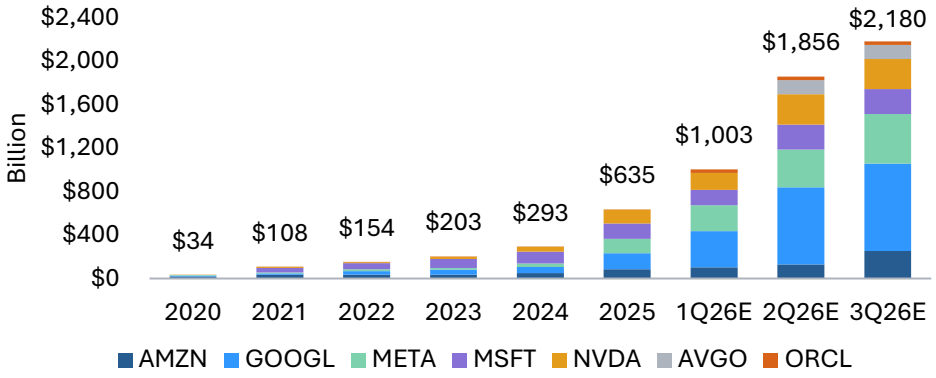
Source: Morgan Stanley Wealth Management GIO, MS & Co. Research, Bloomberg

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And Ecosystem Risks Are Growing

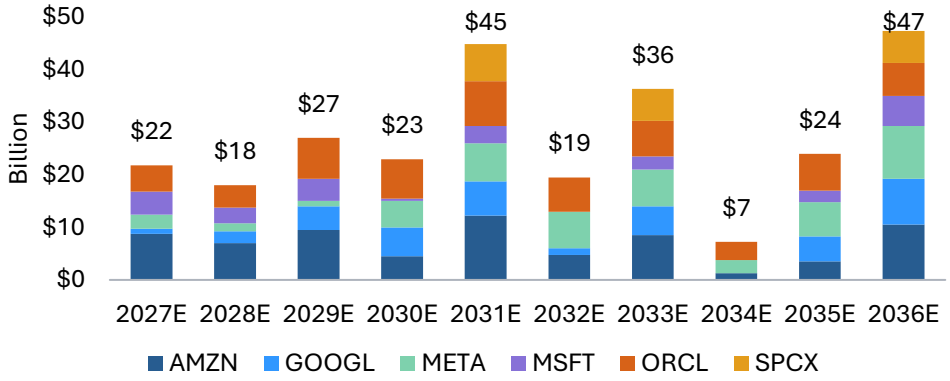
HYPERSCALER PURCHASE COMMITMENTS

AS OF OCTOBER 30, 2026



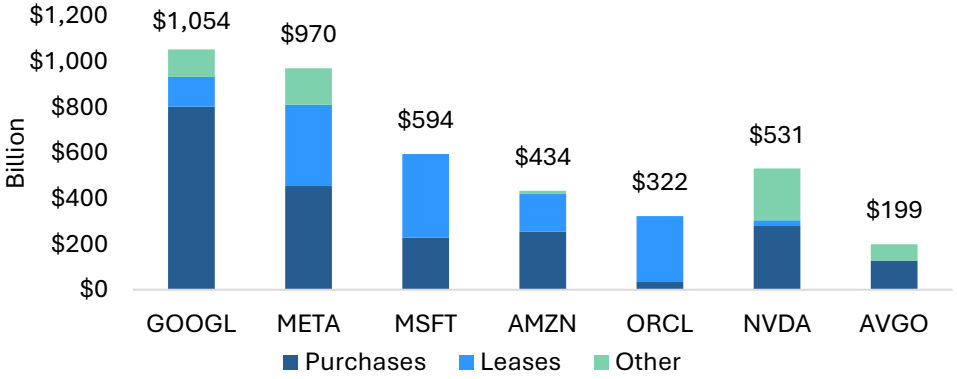
HYPERSCALER MATURITY WALLS

AS OF OCTOBER 30, 2026



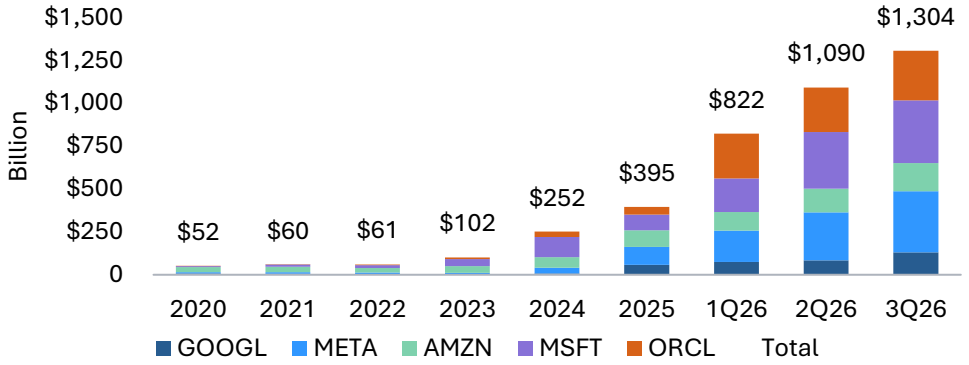
OFF-BALANCE SHEET DEBT FOR HYPERSCALERS AND OTHERS

AS OF OCTOBER 30, 2026



HYPERSCALERS' LEASES NOT YET COMMENCED

AS OF OCTOBER 30, 2026



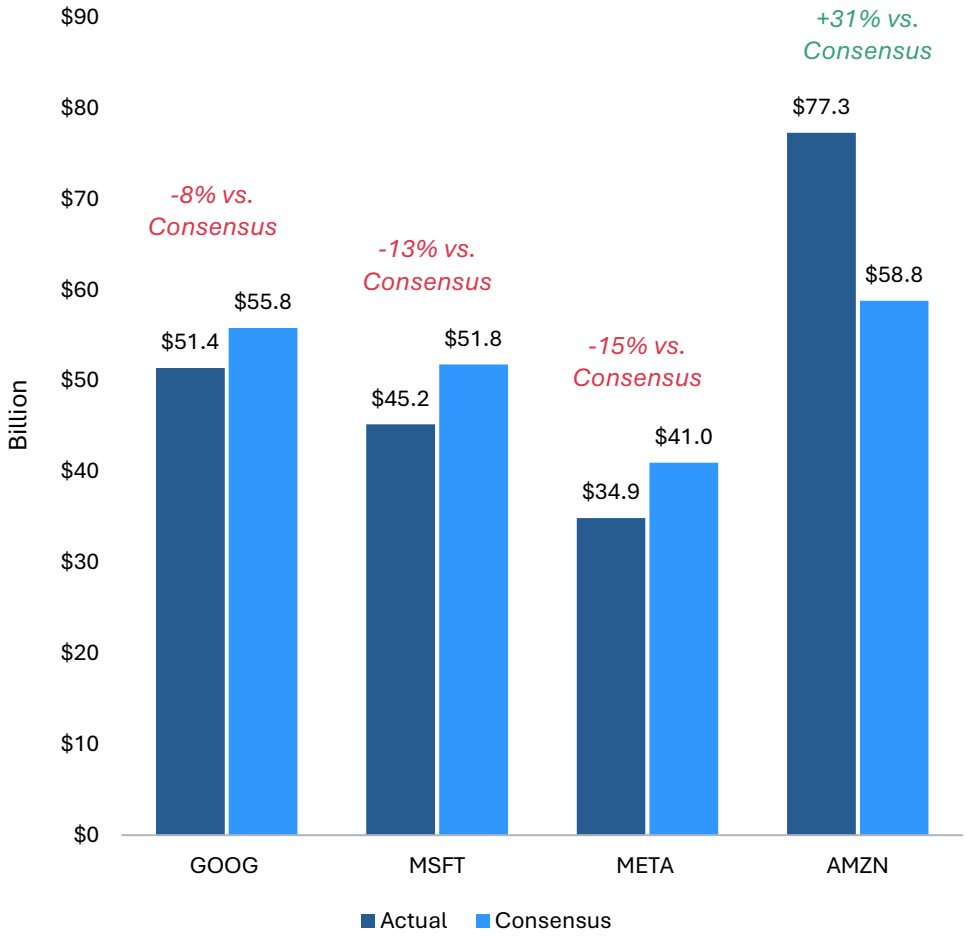
Source: Morgan Stanley Wealth Management GIO, MS & Co. Research estimates

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The Current Drawdown Catalyzed by Questions About Pace of Capex

3Q2026 CAPEX VS. CONSENSUS ESTIMATES

AS OF NOVEMBER 8, 2026



2027 CONSENSUS CAPEX VS. ANNUALIZED RUN RATE

AS OF NOVEMBER 8, 2026



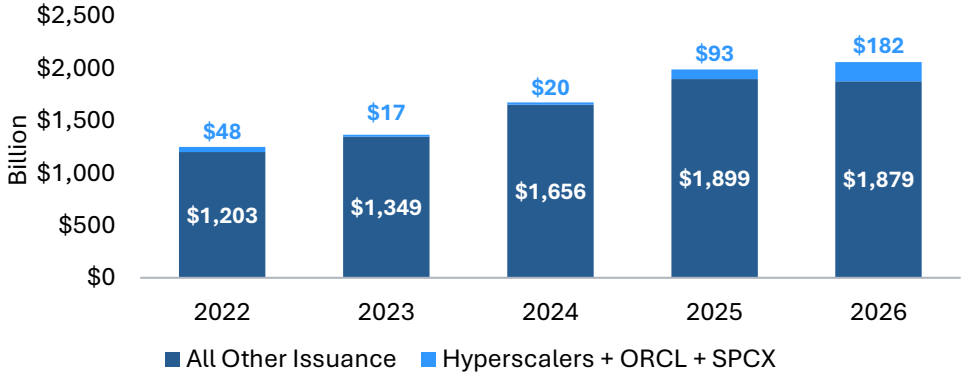
Source: Morgan Stanley Wealth Management GIO, 22V Research

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But the Market Is Pricing the Risks Effectively

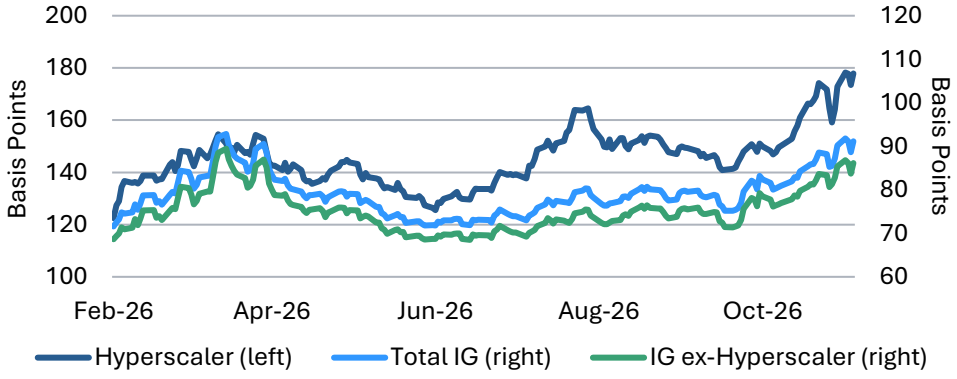
US CORPORATE DEBT ISSUANCE

AS OF NOVEMBER 6, 2026



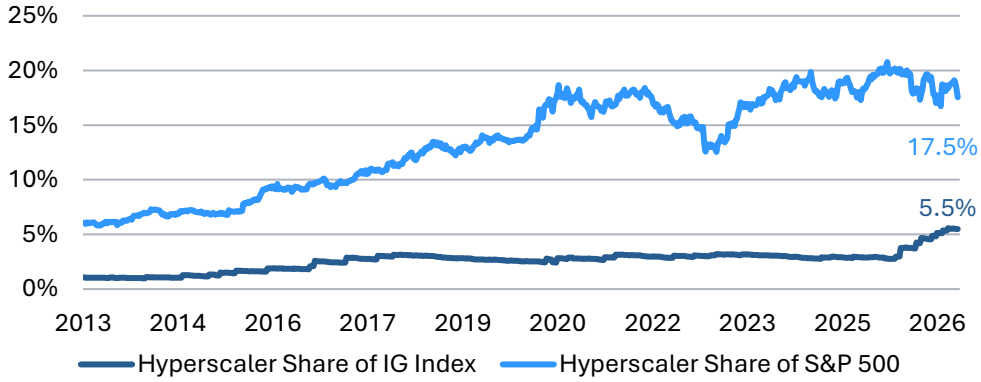
HYPERSCALER VS. IG OPTION-ADJUSTED SPREADS (OAS)

AS OF NOVEMBER 6, 2026



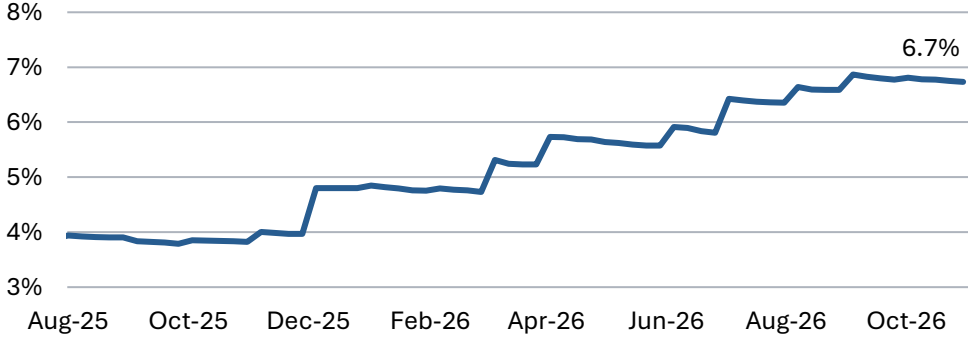
HYPERSCALERS SHARE OF IG CREDIT VS. EQUITY MARKETS

AS OF NOVEMBER 6, 2026



AI-RELATED DEBT SHARE OF IG INDEX

AS OF NOVEMBER 6, 2026



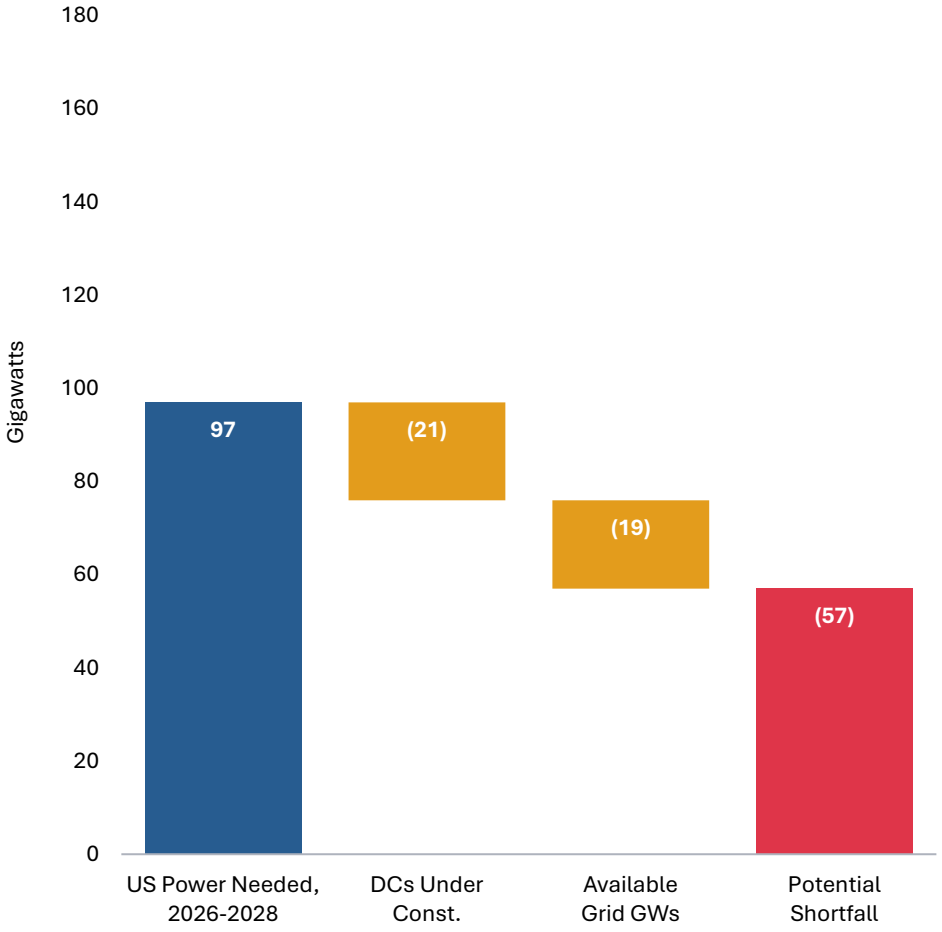
Source: Morgan Stanley Wealth Management GIO, MS & Co. Research, Strategas. Option-adjusted spread (OAS) is a measurement of the spread of a fixed income security rate and the risk-free rate of return, which is adjusted to take into account an embedded option.

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The Growing Constraint Is Power...and Politics

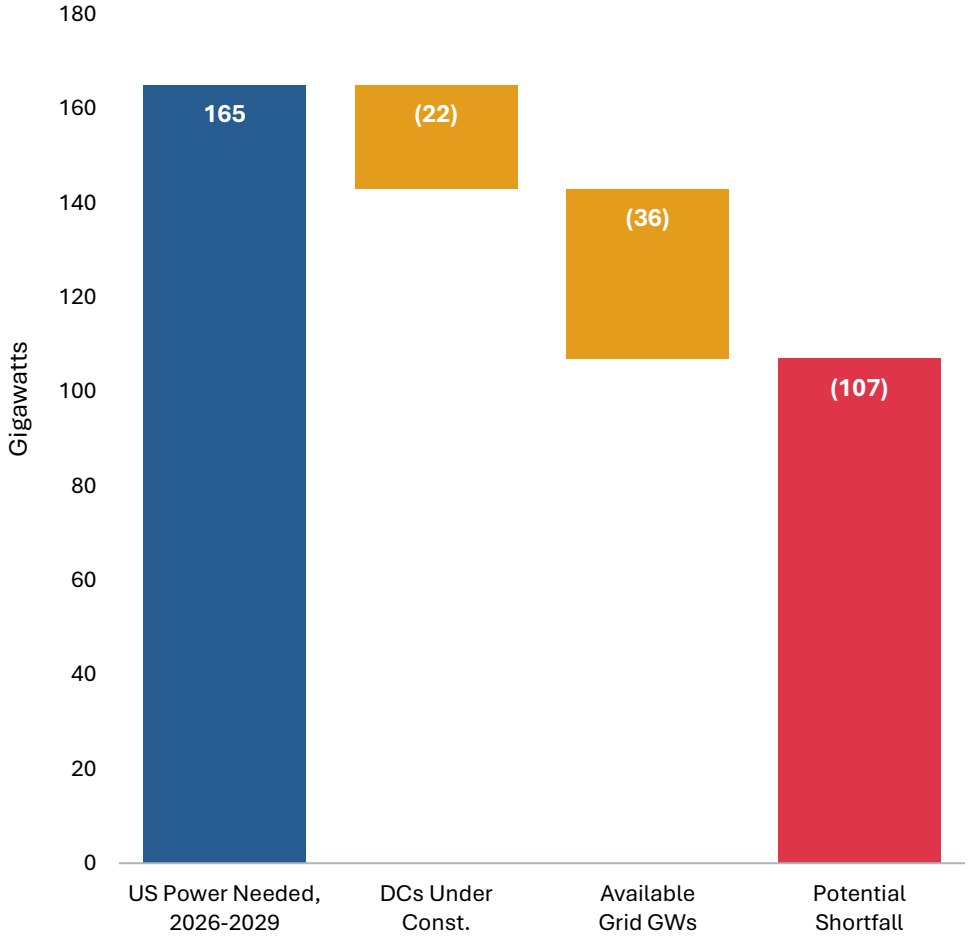
POTENTIAL SHORTFALL IN POWER FOR US DATA CENTERS 2026-28

AS OF OCTOBER 31, 2026



POTENTIAL SHORTFALL IN POWER FOR US DATA CENTERS 2026-29

AS OF OCTOBER 31, 2026



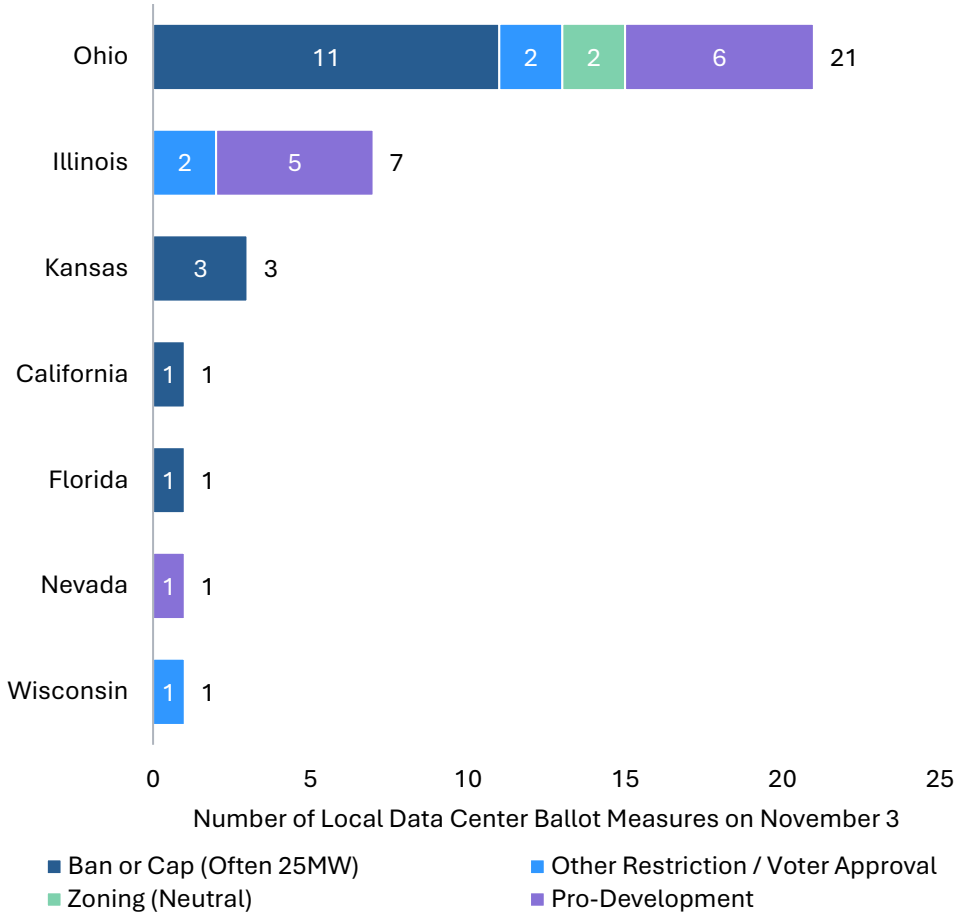
Source: Morgan Stanley Wealth Management GIO, MS & Co. Research

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Election Results Will Slow NOT Stop the Cycle

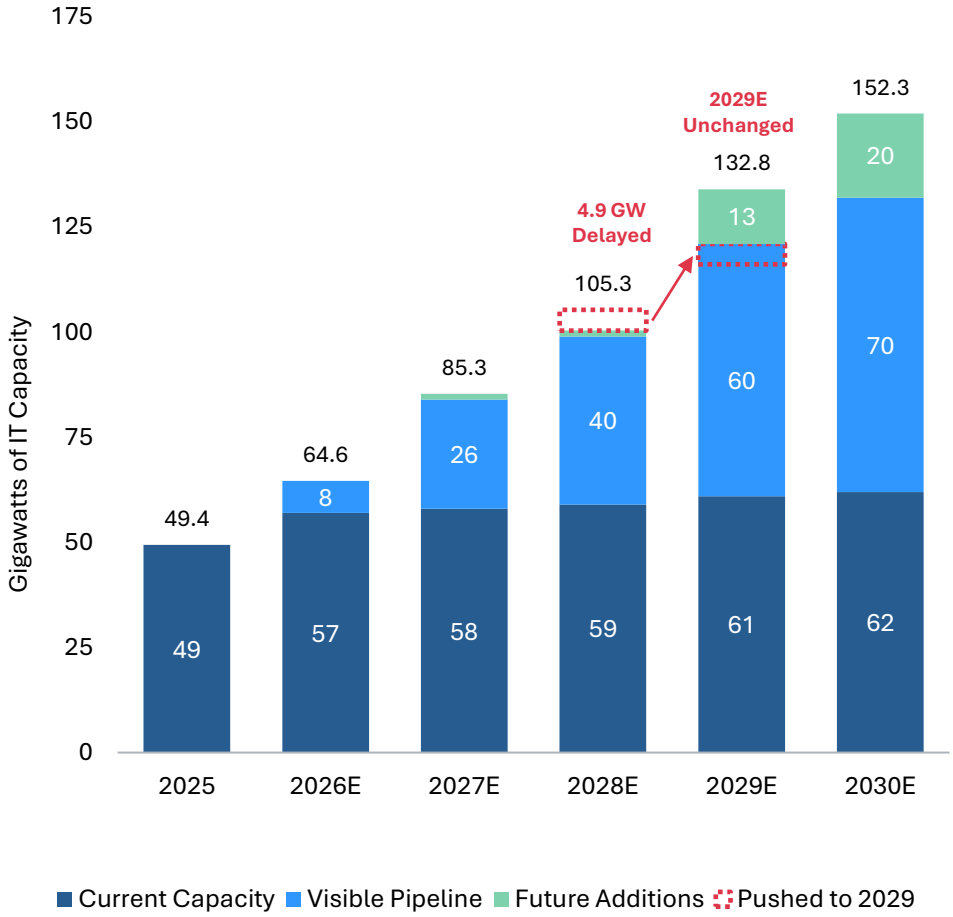
NUMBER OF DATA CENTER BALLOT MEASURES ON ELECTION DAY

AS OF NOVEMBER 3, 2026



US DATA CENTER CUMULATIVE CAPACITY

AS OF NOVEMBER 8, 2026



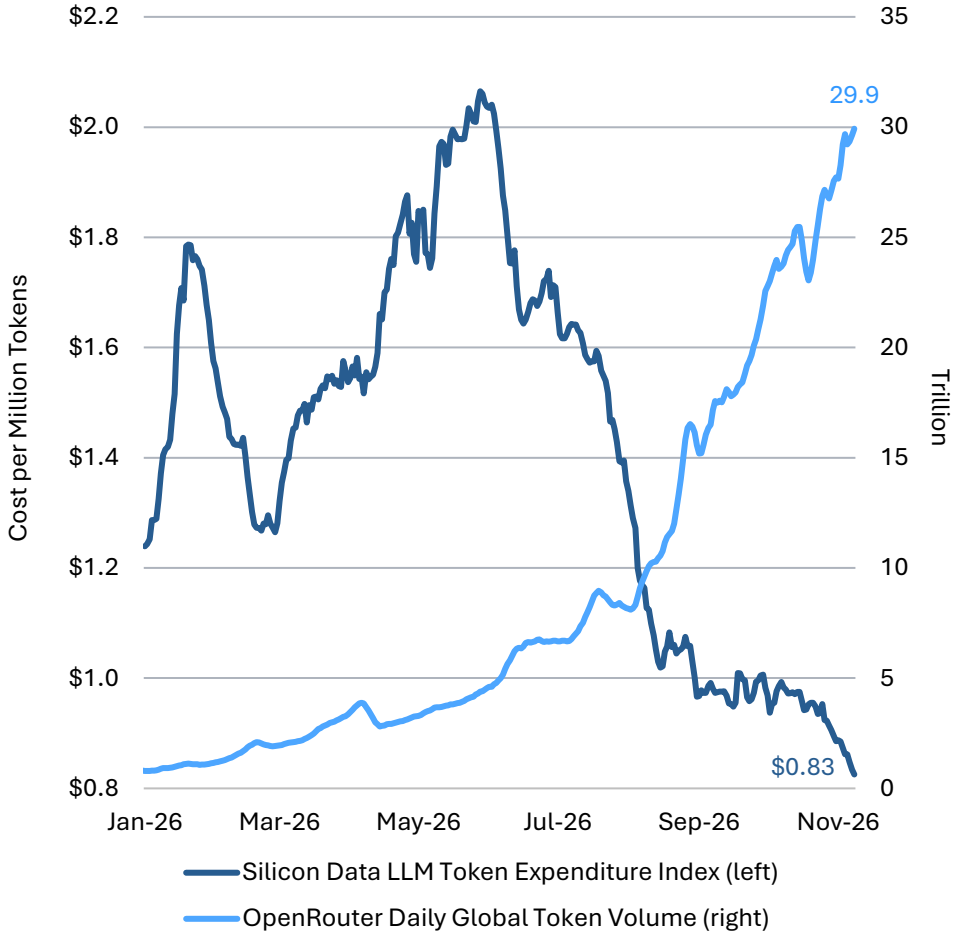
Source: Morgan Stanley Wealth Management GIO, MS & Co. Research, ZeroHedge. Data center capacity estimates are from MS & Co. Research.

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We Sense the AI Deployment Narrative Is Shifting; Moving to Token Cost Management

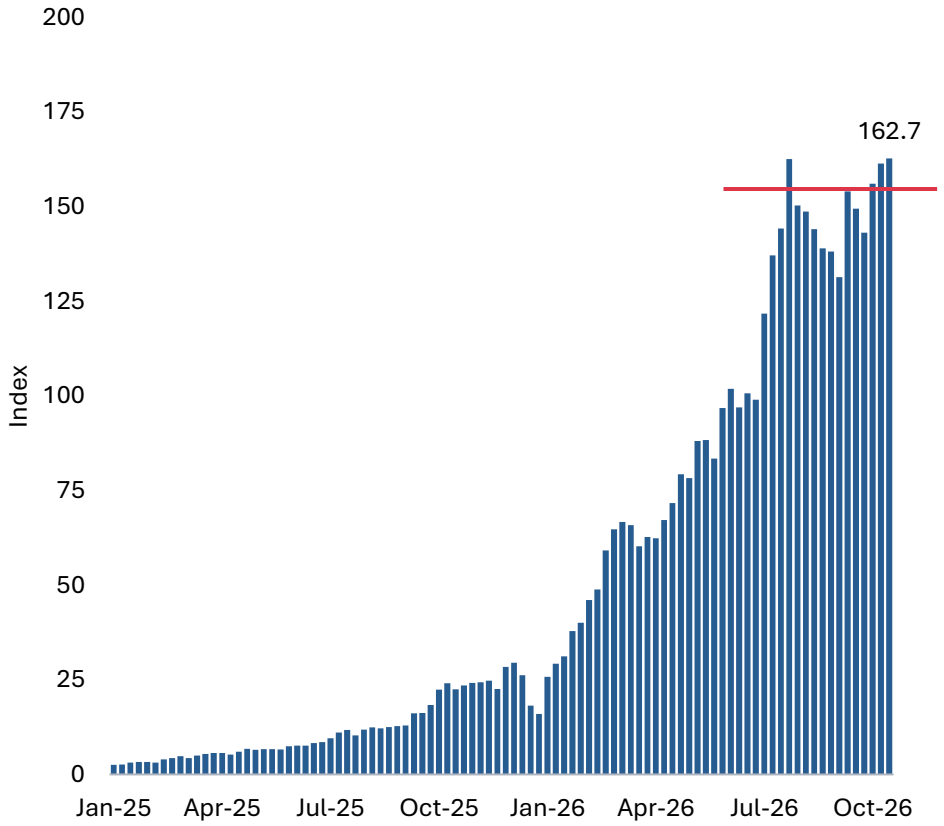
TOKEN EXPENDITURES VS. TOKEN VOLUME

AS OF NOVEMBER 8, 2026



RAMP TOTAL WEEKLY TOKEN SPEND INDEX

AS OF OCTOBER 31, 2026



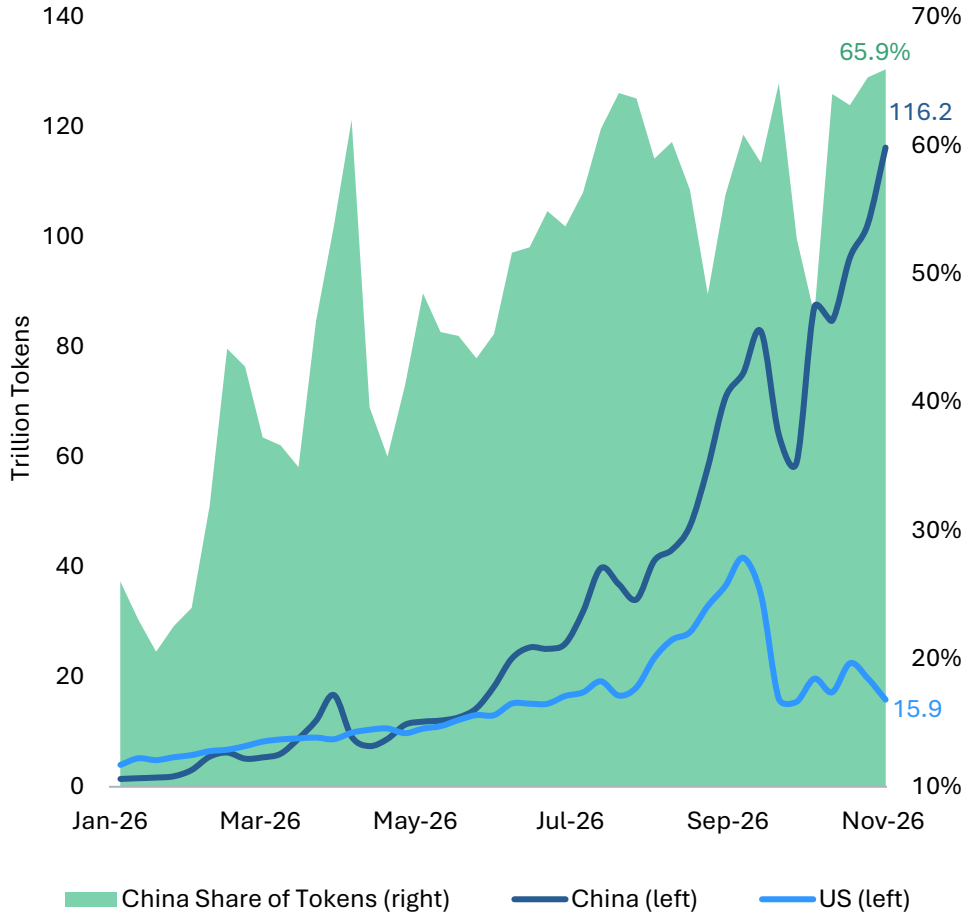
Source: Morgan Stanley Wealth Management GIO, Bloomberg, Ramp, Silicon Data

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With Adoption of Chinese Open-Source Models Increasing on Price Umbrella

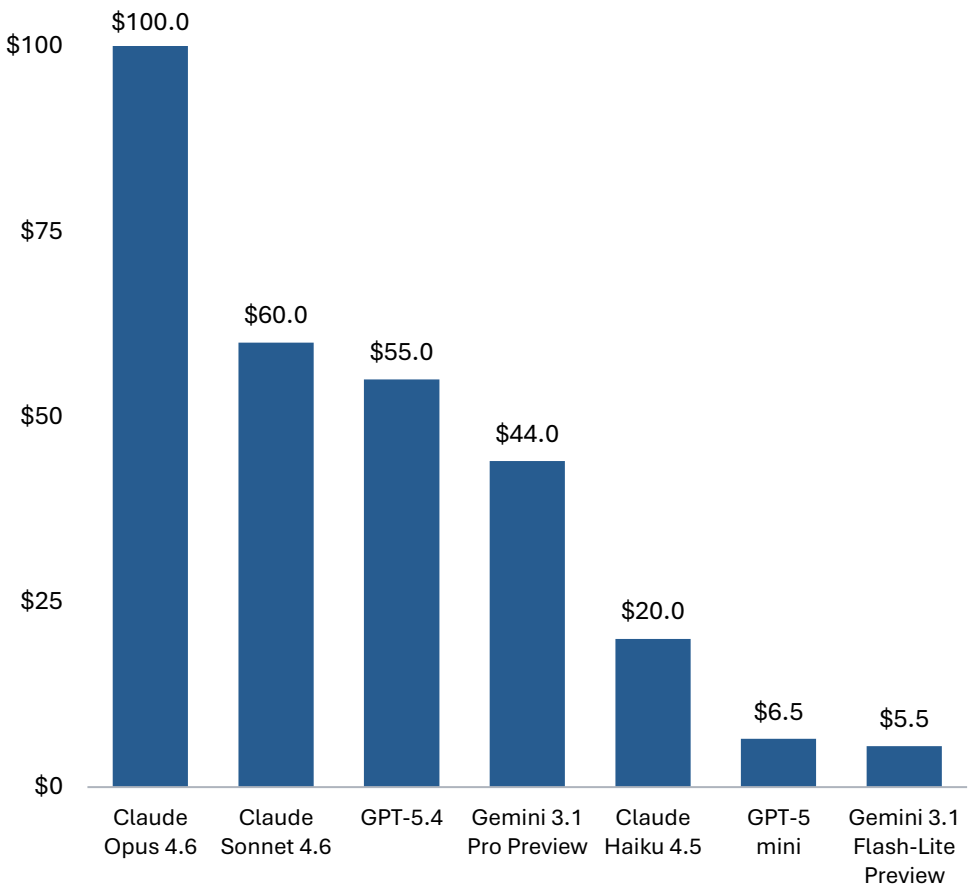
WEEKLY USAGE OF TOP NINE AI MODELS ON OPEN ROUTER

AS OF NOVEMBER 2, 2026



COST PER 10M-INPUT + 2M-OUTPUT TOKEN WORKLOAD

AS OF OCTOBER 31, 2026



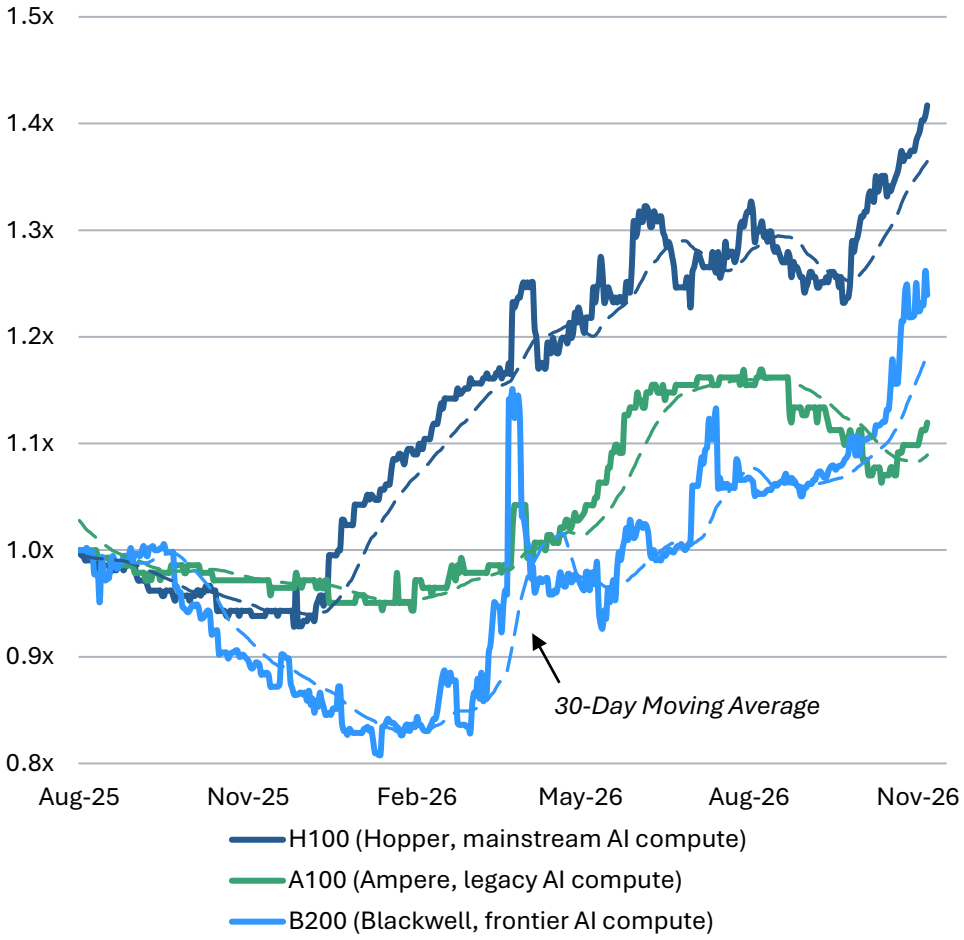
Source: Morgan Stanley Wealth Management GIO, Empirical Research, OpenRouter

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And Non-NVIDIA Chipsets Taking Share From GPUs

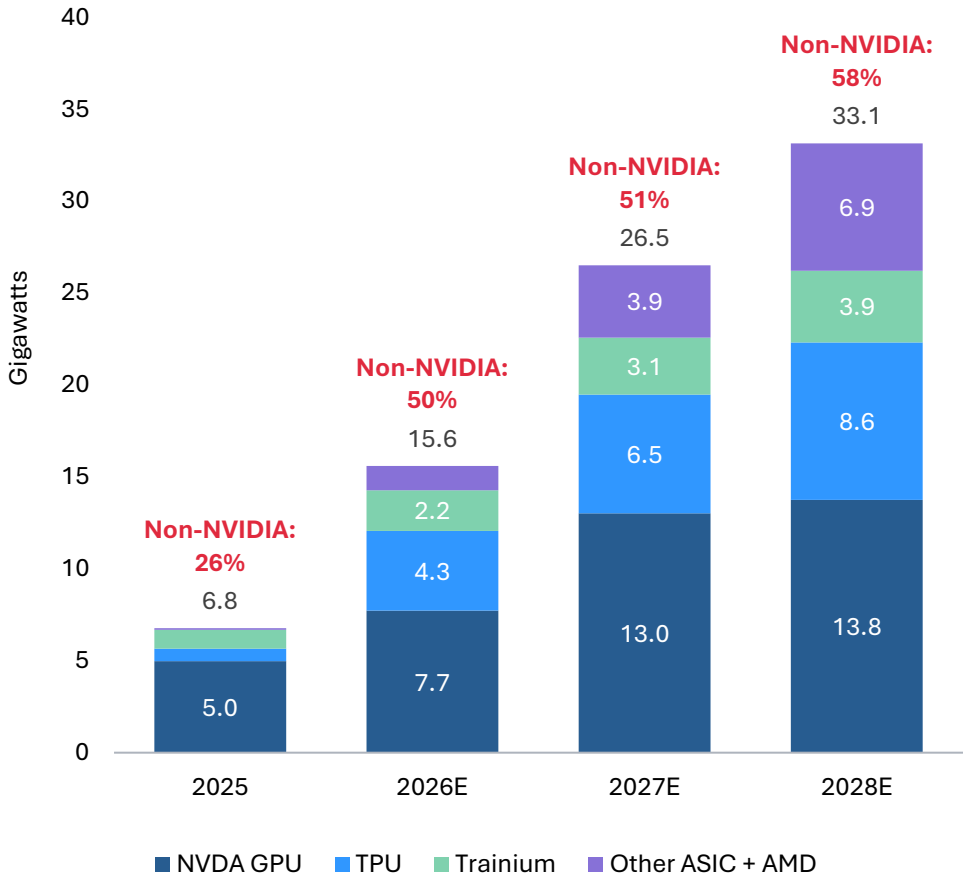
SILICON DATA GPU RENTAL PRICE INDEXES

AS OF NOVEMBER 6, 2026 (JULY 31, 2025 = 1.0X)



HYPERSCALER CAPACITY ADDITIONS BY CHIP TYPE

AS OF NOVEMBER 9, 2026



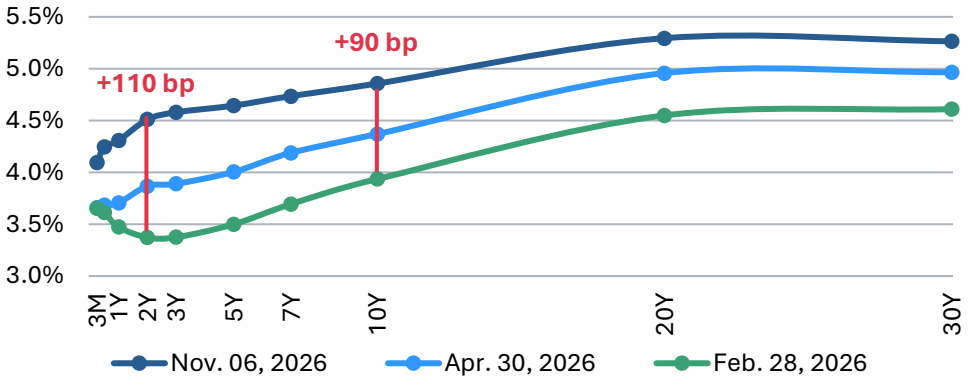
Source: Morgan Stanley Wealth Management GIO, MS & Co. Research, OpenRouter. Hyperscaler capacity additions estimates are from MS & Co. Research

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Global Rates Have Anchored Higher; Sovereign Bond Yields at Multi-Decade Highs

US TREASURY YIELD CURVE

AS OF NOVEMBER 6, 2026



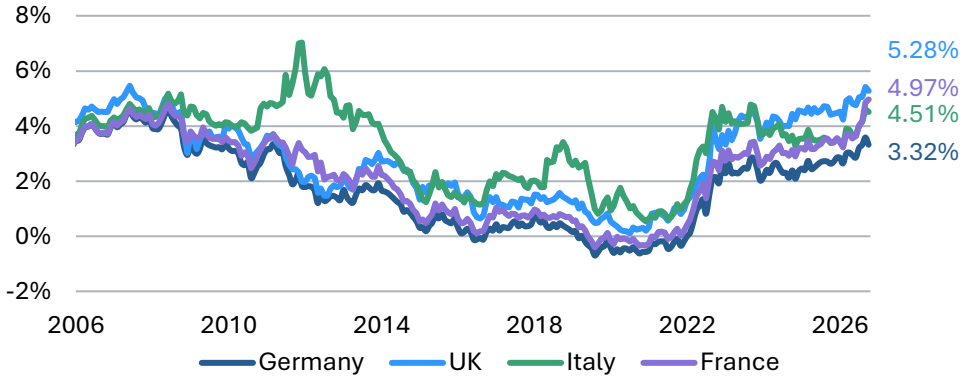
30-YEAR US TREASURY YIELD

AS OF NOVEMBER 6, 2026



10-YEAR EURO ZONE SOVEREIGN BOND YIELDS

AS OF NOVEMBER 6, 2026



10-YEAR JAPAN GOVERNMENT BOND YIELD

AS OF NOVEMBER 6, 2026



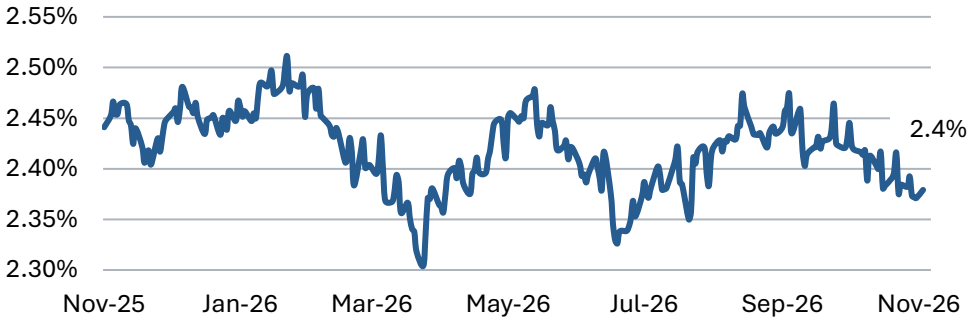
Source: Morgan Stanley Wealth Management GIO, Bloomberg, Strategas

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Markets Not Really Worried About Inflation in Aggregate: Correlation with Oil Is a Part of the Story

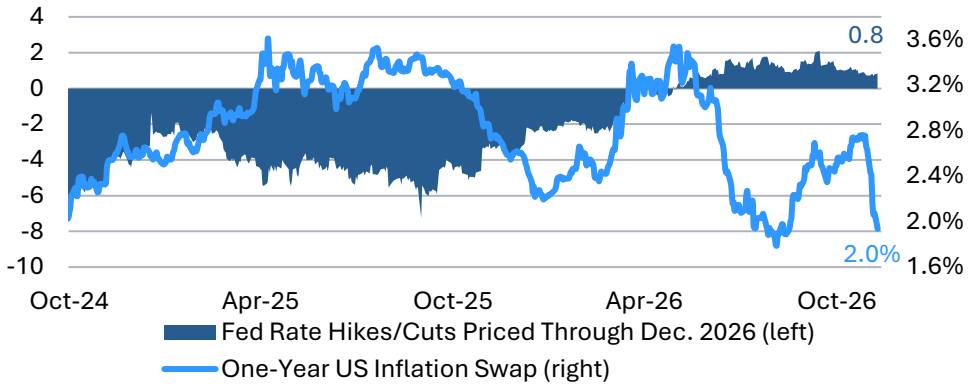
FIVE-YEAR, FIVE-YEAR US INFLATION BREAKEVEN RATE

AS OF NOVEMBER 9, 2026



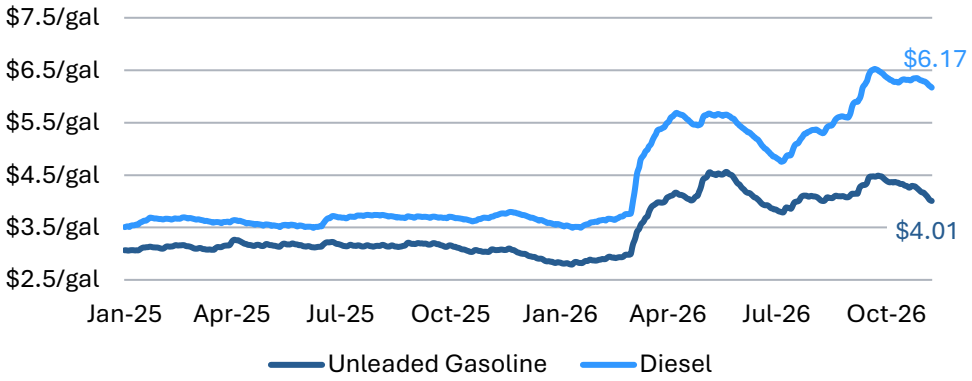
DEC. 2026 FED FUNDS FUTURES VS. ONE-YEAR INFLATION SWAPS

AS OF NOVEMBER 9, 2026



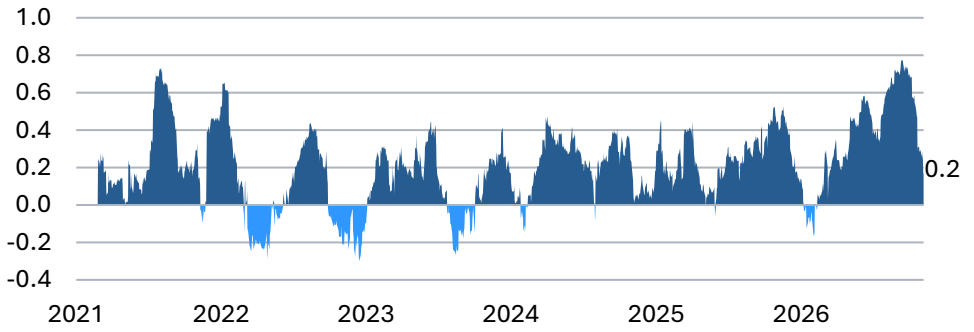
UNLEADED GASOLINE VS. DIESEL PRICE

AS OF NOVEMBER 9, 2026



BRENT CRUDE OIL VS. 10-YEAR UST YIELD, 40-DAY CORRELATION

AS OF NOVEMBER 6, 2026



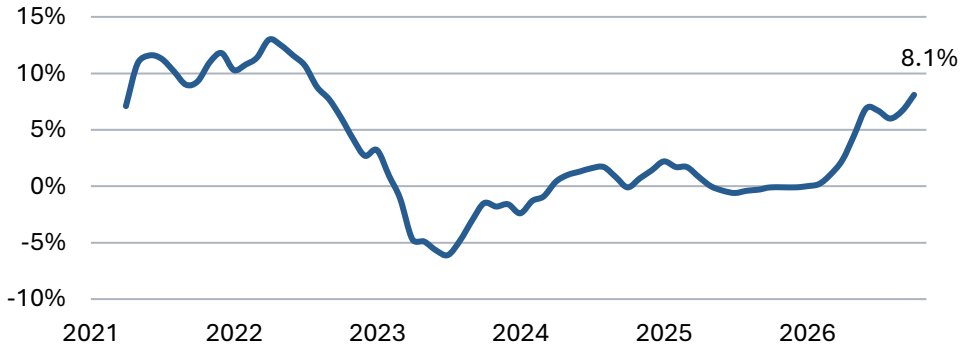
Source: Morgan Stanley Wealth Management GIO, Bloomberg

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Inflation Trends Are Sticky...

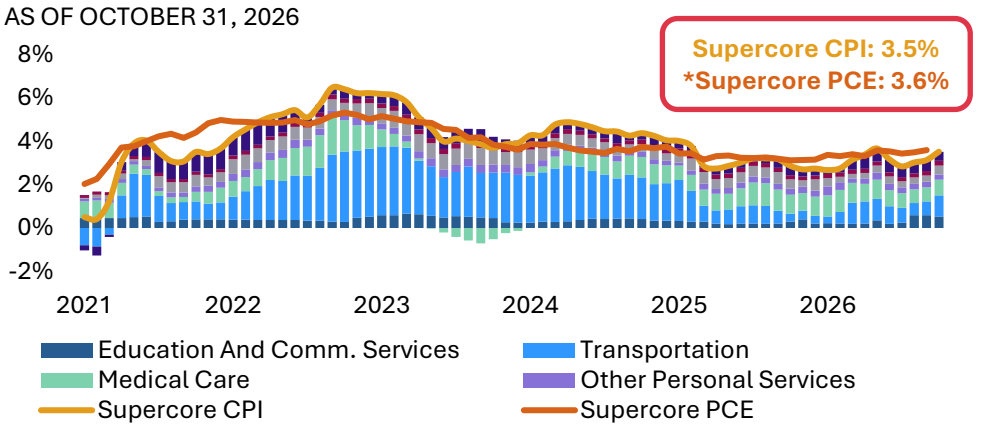
US IMPORT PRICE INDEX, YEAR-OVER-YEAR

AS OF OCTOBER 16, 2026



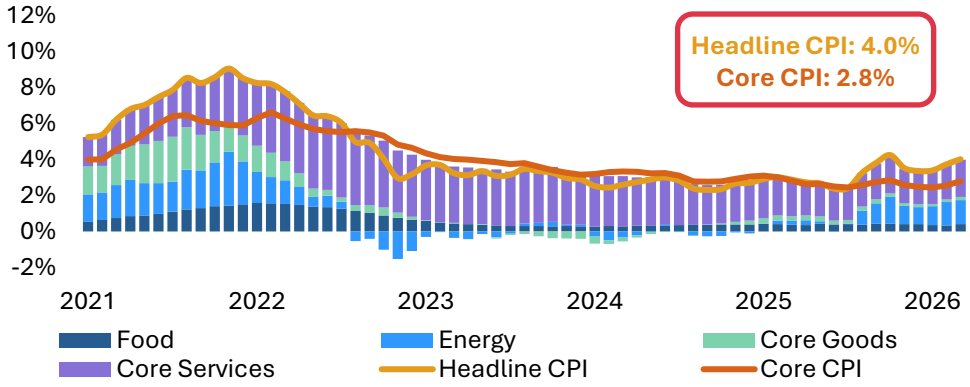
US SUPERCORE CPI, YEAR-OVER-YEAR

AS OF OCTOBER 31, 2026



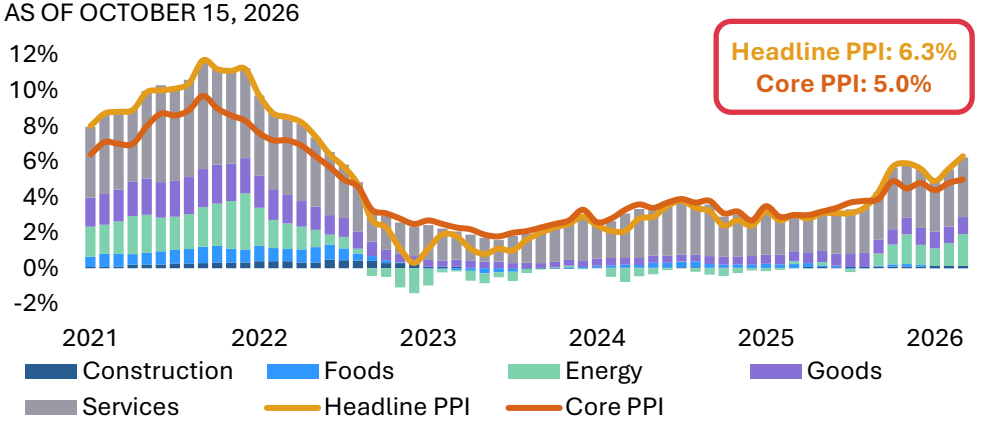
US CPI, YEAR-OVER-YEAR

AS OF OCTOBER 31, 2026



US PPI, YEAR-OVER-YEAR

AS OF OCTOBER 15, 2026



Source: Morgan Stanley Wealth Management GIO, Bloomberg. Note: As the Bureau of Labor Statistics (BLS) did not release October 2025 data due to the US government shutdown, October CPI and Supercore CPI year-over-year data reflects the change between October 2026 levels and the geometric mean of September 2025 and November 2025 levels. *Supercore PCE data as of September 2026.

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And Inflation Is Still Above Target; On Most of Warsh "Metrics"

ATLANTA FED INFLATION DASHBOARD

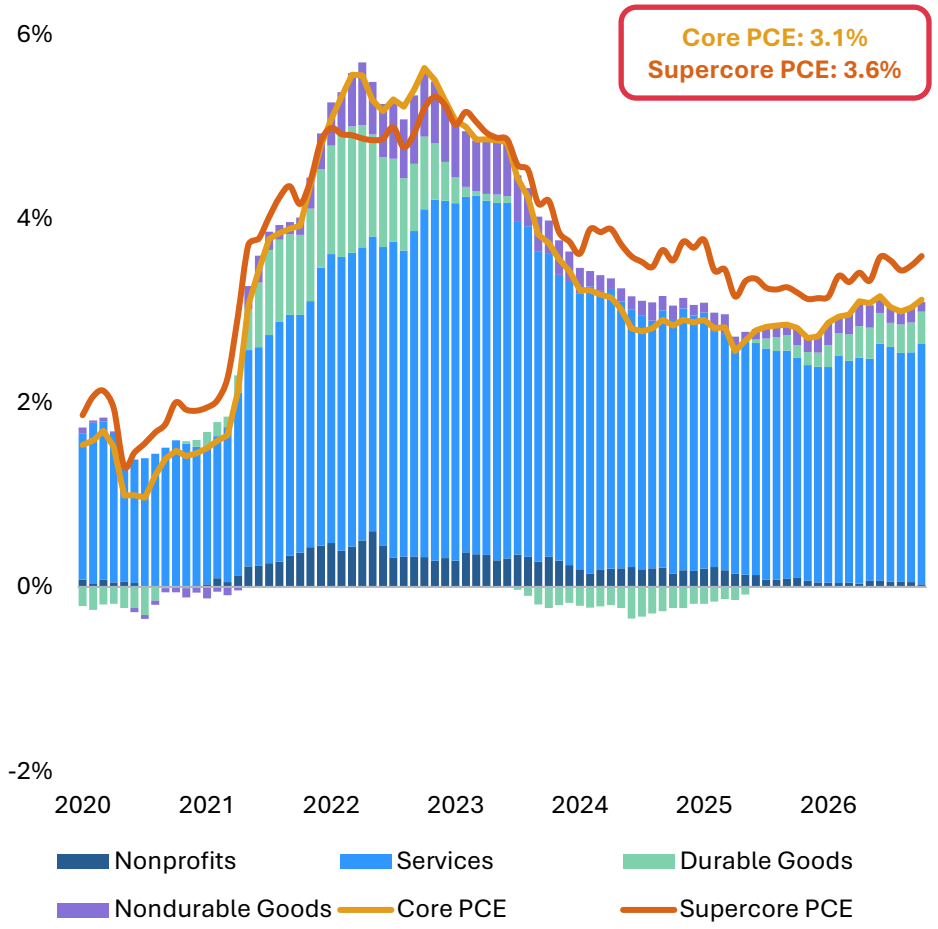
AS OF OCTOBER 31, 2026

Inflation Measure	Oct-25 Year-Over-Year	Oct-26 Year-Over-Year	Target Based on 2% Core PCE
Core CPI	3.0%	2.8%	2.3%
Cleveland Fed Median CPI	3.3%	2.8%	2.6%
Cleveland Fed 16% Trimmed-Mean CPI	3.0%	2.9%	2.3%
Atlanta Fed Sticky CPI	3.1%	3.1%	2.5%
Core PCE	2.7%	3.1%	2.0%
Market-Based Core PCE	2.5%	3.1%	1.8%
Dallas Fed Trimmed-Mean PCE	2.6%	2.3%	2.1%
San Francisco Fed Cyclical Core PCE Inflation	3.4%	3.1%	2.6%
Cyclically Sensitive Inflation (Stock and Watson)	2.7%	3.4%	1.9%

More Than 0.50% Above Target
Between 0.25% and 0.50% Above Target
Within 0.25% of Target

US CORE PCE, YEAR-OVER-YEAR

AS OF OCTOBER 29, 2026



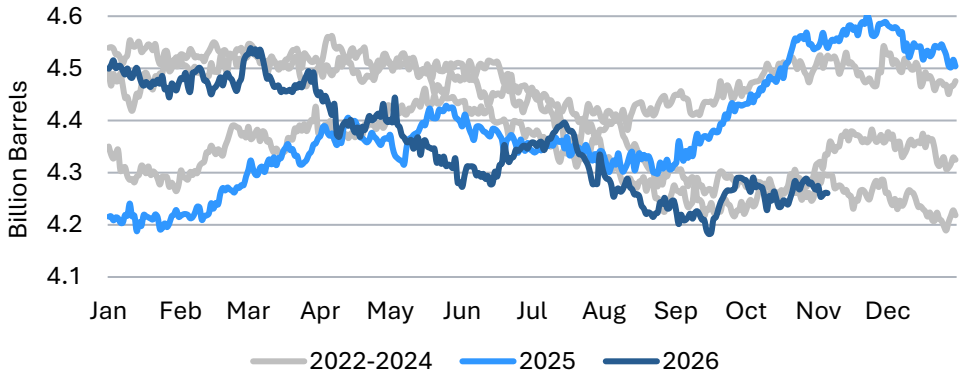
Source: Morgan Stanley Wealth Management GIO, Bloomberg. Note: *As the Bureau of Labor Statistics (BLS) did not release October 2025 data due to the US government shutdown, October Core CPI year-over-year data reflects the change between October 2026 levels and the geometric mean of September 2025 and November 2025 levels.

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New MS & Co. Crude Oil Forecasts Suggest Stress Until Mid-2027

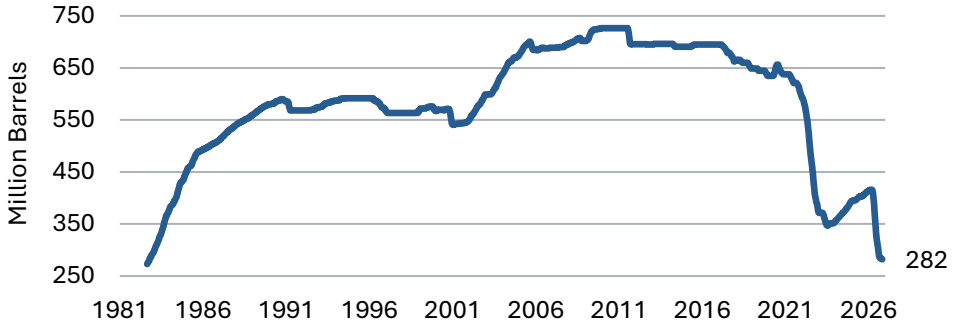
GLOBAL CRUDE OIL INVENTORIES OUTSIDE OF CHINA

AS OF NOVEMBER 6, 2026



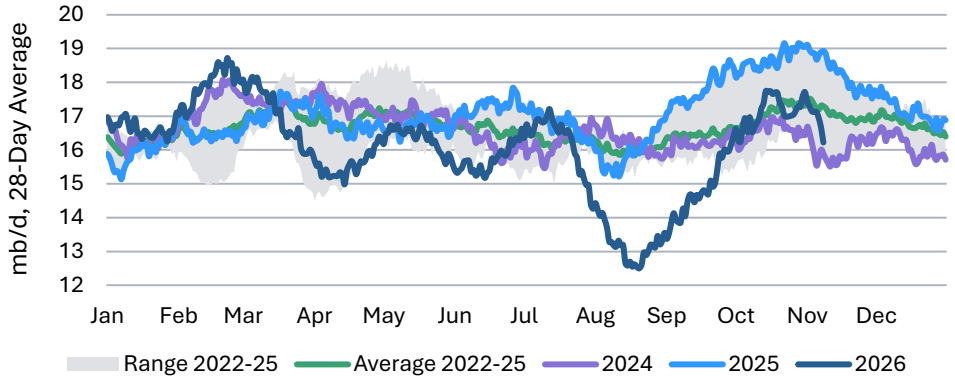
US STRATEGIC PETROLEUM RESERVES

AS OF NOVEMBER 6, 2026



SEABORNE/CONDENSATE EXPORTS (IRAN, RUSSIA, SAUDI ARABIA, US)

AS OF NOVEMBER 6, 2026



MS & CO. RESEARCH DATED BRENT PRICE FORECASTS

AS OF NOVEMBER 6, 2026

	4Q26E	1Q27E	2Q27E	3Q27E	4Q27E	1H28E
Current *($/bbl)*	$105	$100	$95	$93	$90	$85
Previous *($/bbl)*	$105	$100	$90	$80	$75	-
Change *($/bbl)*	*$0*	*$0*	*+$5*	*+$13*	*+$15*	-

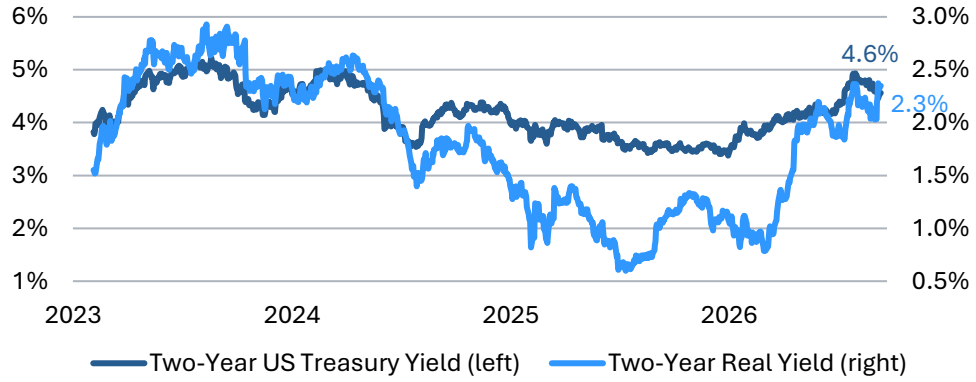
Source: Morgan Stanley Wealth Management GIO, MS & Co. Research, Bloomberg

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A Lot of the Re-Pricing in Nominals Has Happened With REAL Rates and Term Premiums

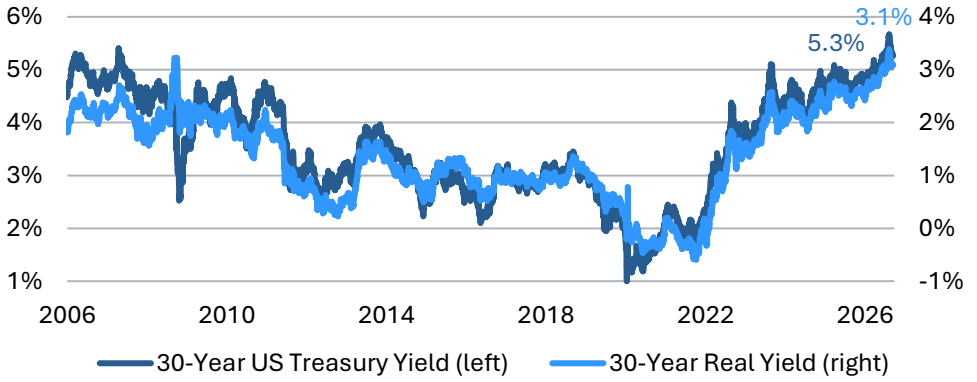
TWO-YEAR NOMINAL AND REAL US TREASURY YIELDS

AS OF NOVEMBER 9, 2026



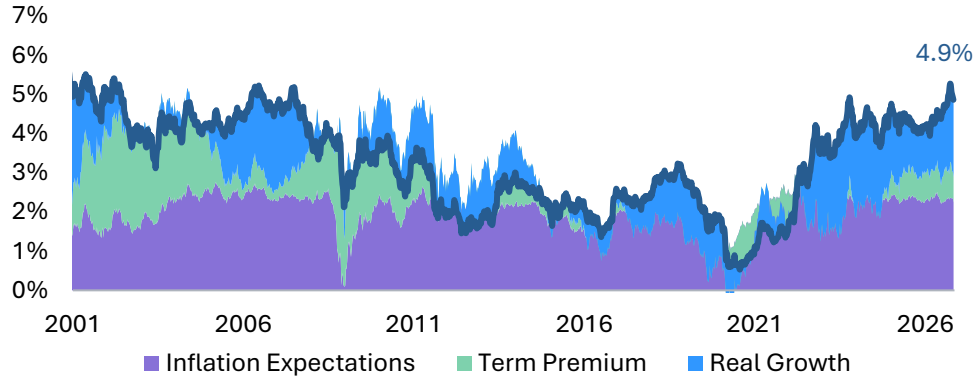
30-YEAR NOMINAL AND REAL US TREASURY YIELDS

AS OF NOVEMBER 9, 2026



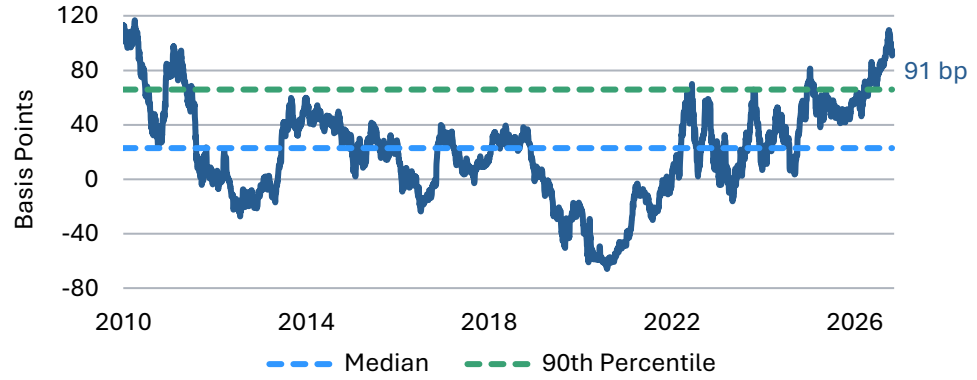
10-YEAR US TREASURY YIELD BY COMPONENT

AS OF NOVEMBER 6, 2026



KIM AND WRIGHT MODEL 10-YEAR US TERM PREMIUM

AS OF OCTOBER 31, 2026



Source: Morgan Stanley Wealth Management GIO, Bloomberg. Term premium is the excess yield that investors require to commit to holding a long-term bond instead of a series of shorter-term bonds.

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Bond Investors Understand the Fed Is NOT Tight

US NOMINAL GDP VS. 10-YEAR US TREASURY YIELD

AS OF NOVEMBER 6, 2026



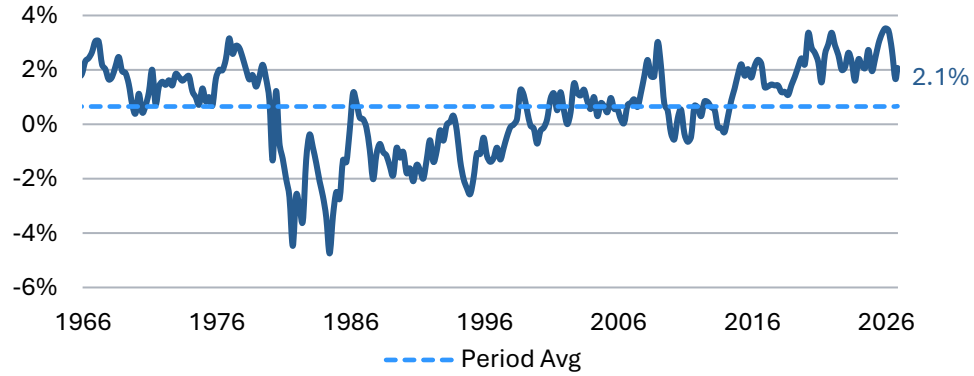
GOLDMAN SACHS FINANCIAL CONDITIONS INDEX

AS OF NOVEMBER 6, 2026



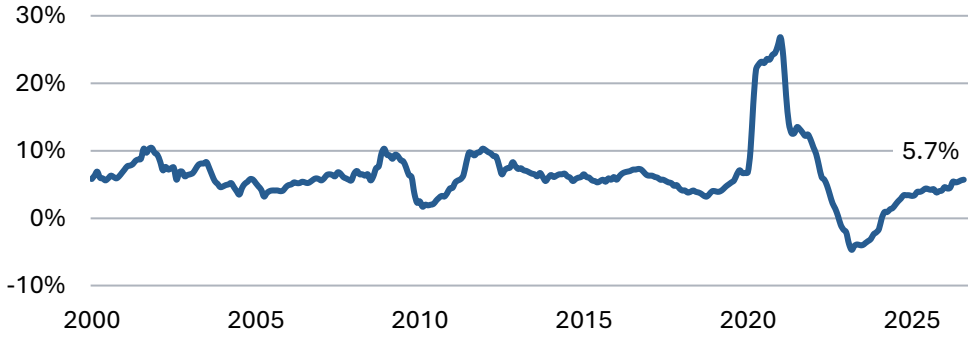
US NOMINAL GDP, 5Y AVERAGE *LESS* 10-YEAR US TREASURY YIELD

AS OF NOVEMBER 6, 2026



US M2 MONEY SUPPLY, YEAR-OVER-YEAR

AS OF OCTOBER 31, 2026



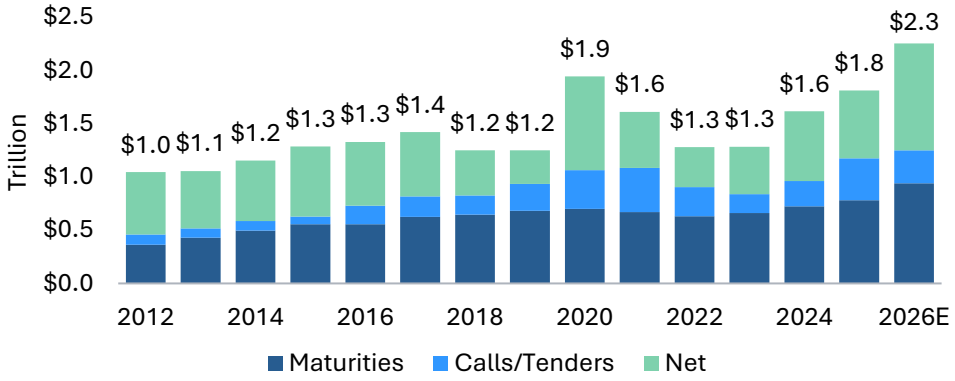
Source: Morgan Stanley Wealth Management GIO, Bloomberg. M2 is a measure of the money supply that includes all elements of M1 as well as "near money." M1 includes cash and checking deposits, while near money refers to savings deposits, money market securities, mutual funds and other time deposits.

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And Global Issuance Is Surging – Especially AI

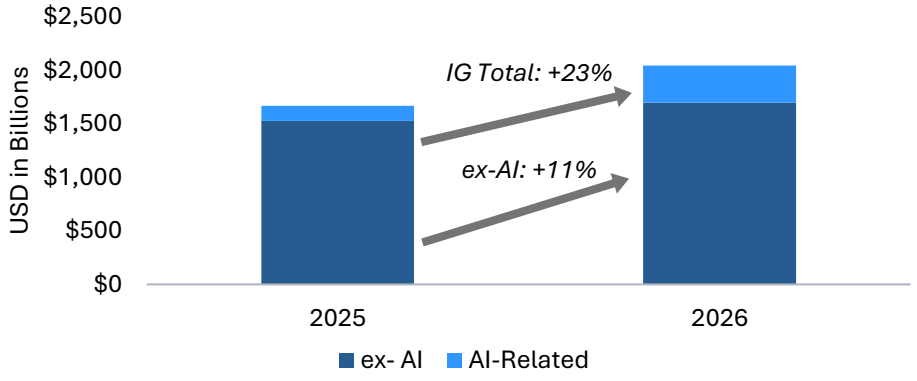
INVESTMENT GRADE CREDIT ISSUANCE

AS OF OCTOBER 31, 2026



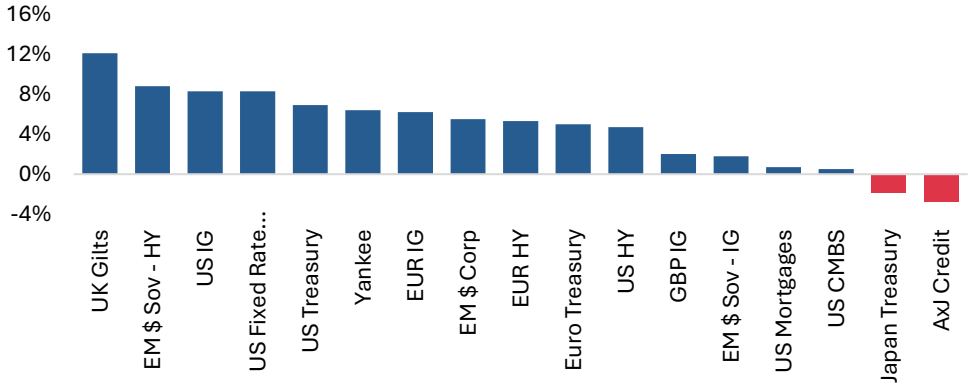
2026 (YTD) INVESTMENT GRADE SUPPLY

AS OF OCTOBER 31, 2026



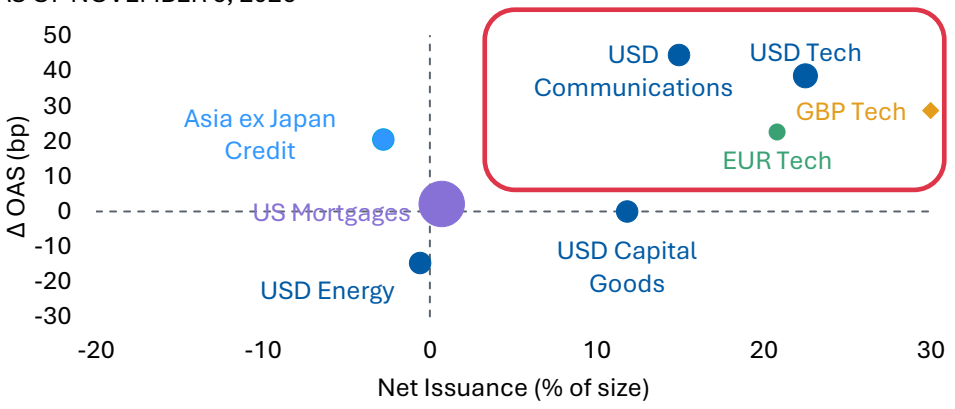
12 MONTH NET ISSUANCE BY MARKET (% OF SIZE)

AS OF NOVEMBER 6, 2026



12 MONTH NET ISSUANCE BY SECTOR (% OF SIZE)

AS OF NOVEMBER 6, 2026



Source: Morgan Stanley Wealth Management GIO, MS & Co. Research, Bloomberg

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While Price Sensitive Treasury Buyers Now Dominate

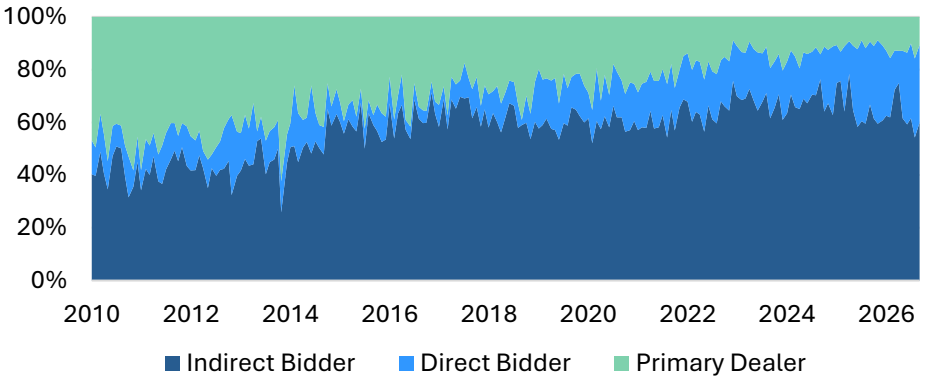
FIVE-YEAR UST BID-TO-COVER RATIO, THREE-AUCTION AVG.

AS OF OCTOBER 27, 2026



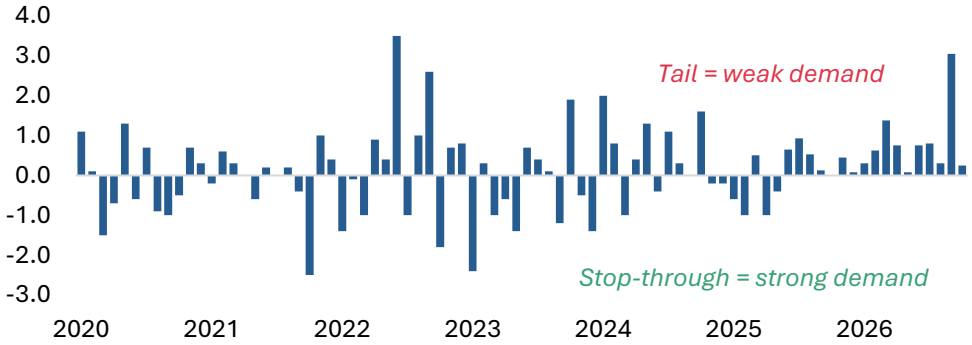
SHARE OF US TREASURY BIDDERS BY TYPE

AS OF OCTOBER 27, 2026



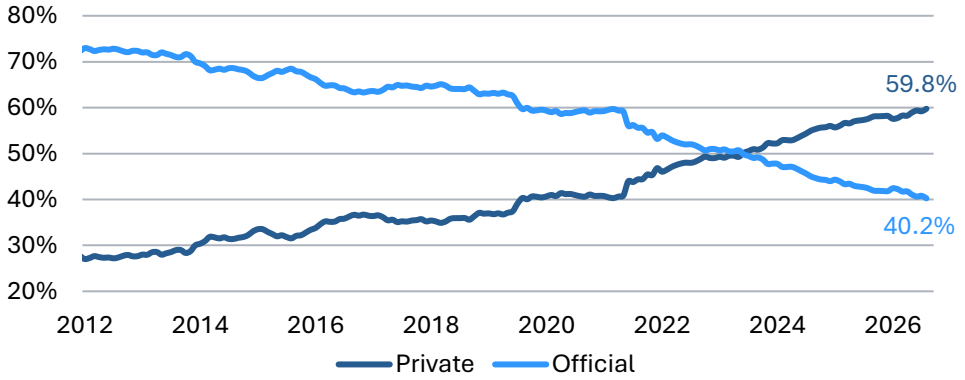
FIVE-YEAR US TREASURY BOND AUCTION TAIL

AS OF OCTOBER 27, 2026



US TREASURY HOLDERS BY TYPE

AS OF OCTOBER 31, 2026



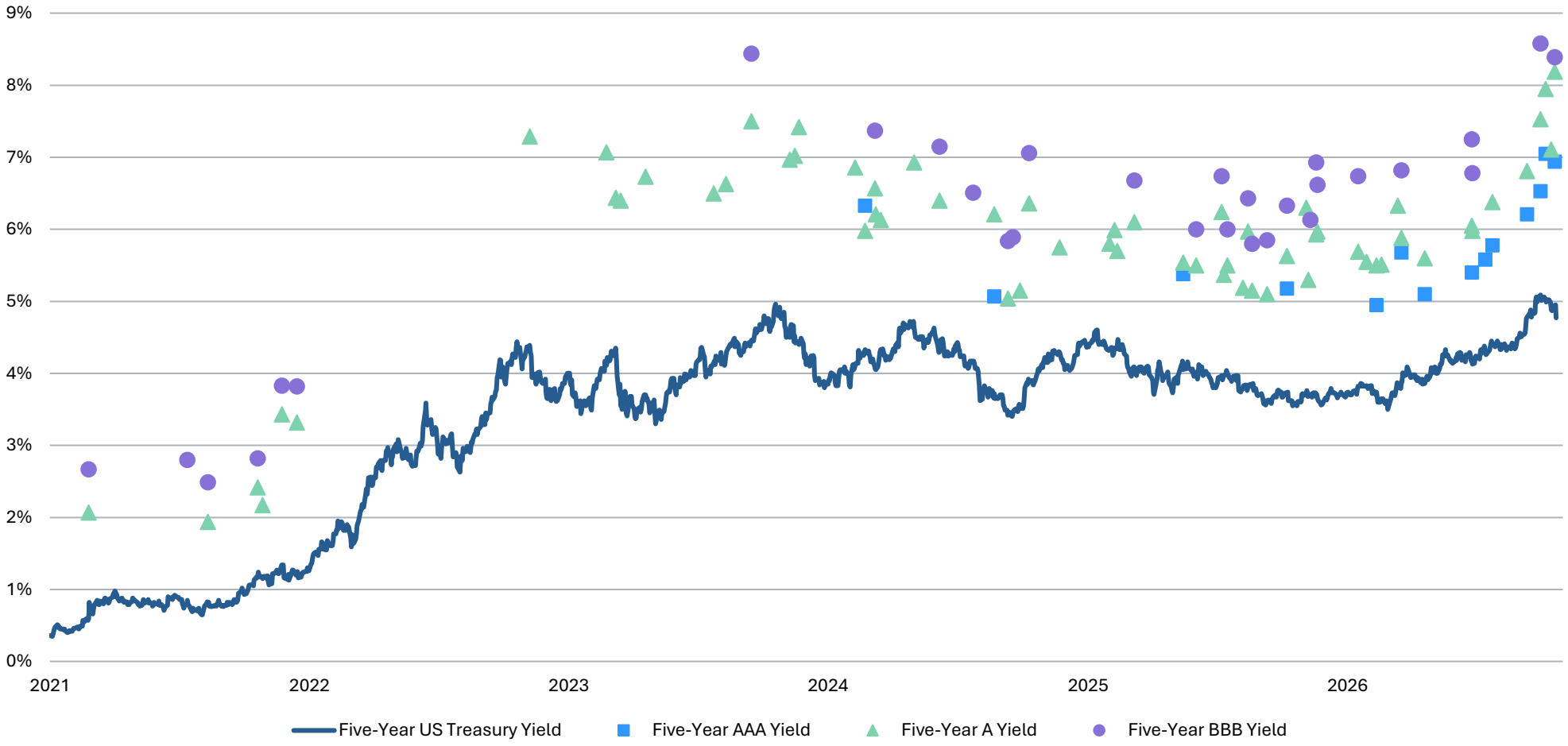
Source: Morgan Stanley Wealth Management GIO, Bloomberg

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Crowding Out and Anchoring Higher Are Genuine Concerns

NEW ISSUE YIELDS OF FIVE-YEAR DATA CENTERS

AS OF OCTOBER 31, 2026



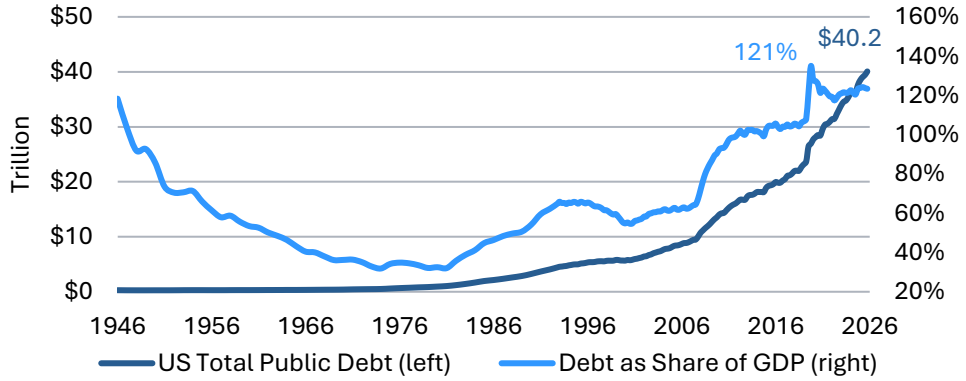
Source: Morgan Stanley Wealth Management GIO, MS & Co. Research, Bloomberg

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Bessent Activism Has Highlighted LR Constraints

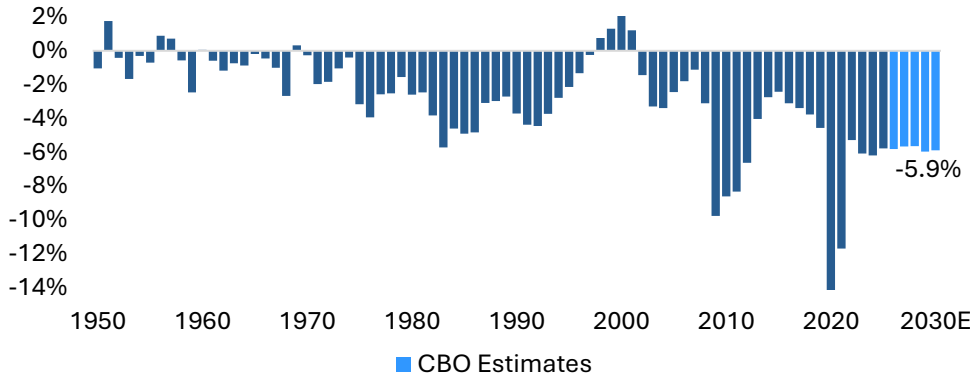
US TOTAL DEBT AS A SHARE OF US NOMINAL GDP

AS OF OCTOBER 31, 2026



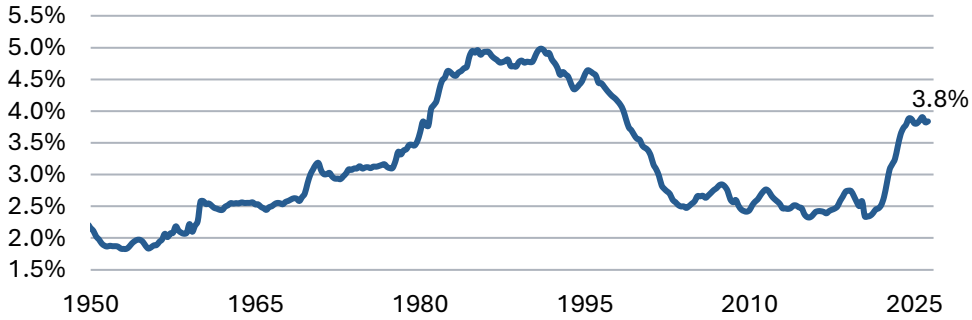
US ANNUAL BUDGET DEFICIT AS SHARE OF US NOMINAL GDP

AS OF OCTOBER 31, 2026



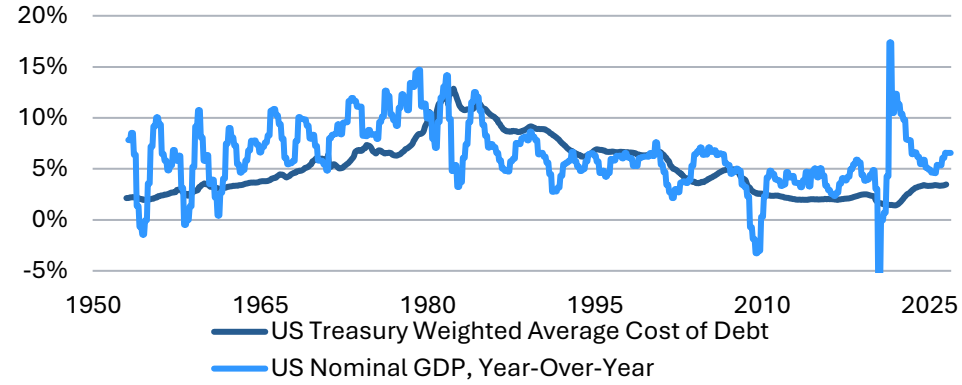
GOVERNMENT INTEREST COST AS A SHARE OF US NOMINAL GDP

AS OF OCTOBER 31, 2026



US TREASURY WEIGHTED COST OF DEBT VS. US NOMINAL GDP

AS OF OCTOBER 31, 2026



Source: Morgan Stanley Wealth Management GIO, Bloomberg, Congressional Budget Office (CBO) FRED, US Department of the Treasury, Strategas

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And Short-Term US Market Vulnerabilities

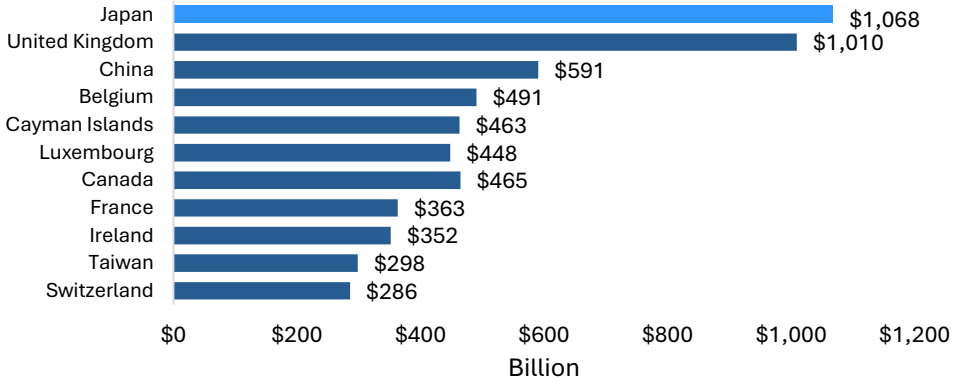
US DOLLAR/JAPANESE YEN EXCHANGE RATE

AS OF NOVEMBER 9, 2026



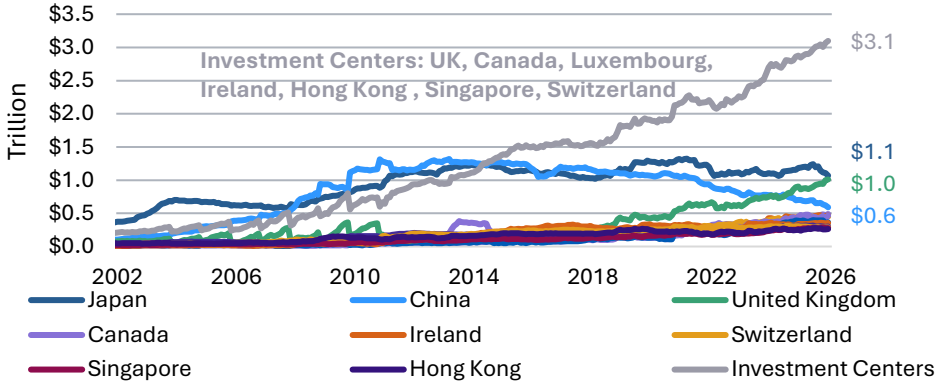
LARGEST FOREIGN OWNERS OF US TREASURIES

AS OF OCTOBER 31, 2026



FOREIGN OWNERS OF US TREASURIES

AS OF OCTOBER 31, 2026



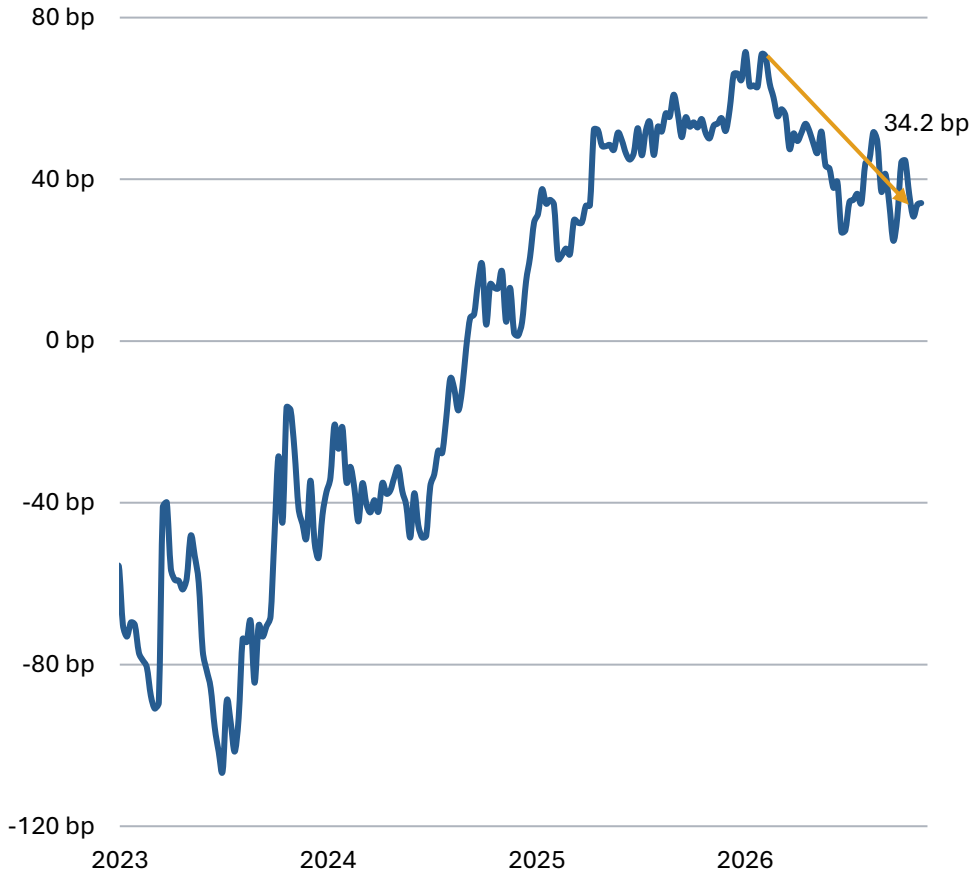
Source: Morgan Stanley Wealth Management GIO, Bloomberg

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Resulting in Flatter Yield Curves: Not Paid for Duration Risk

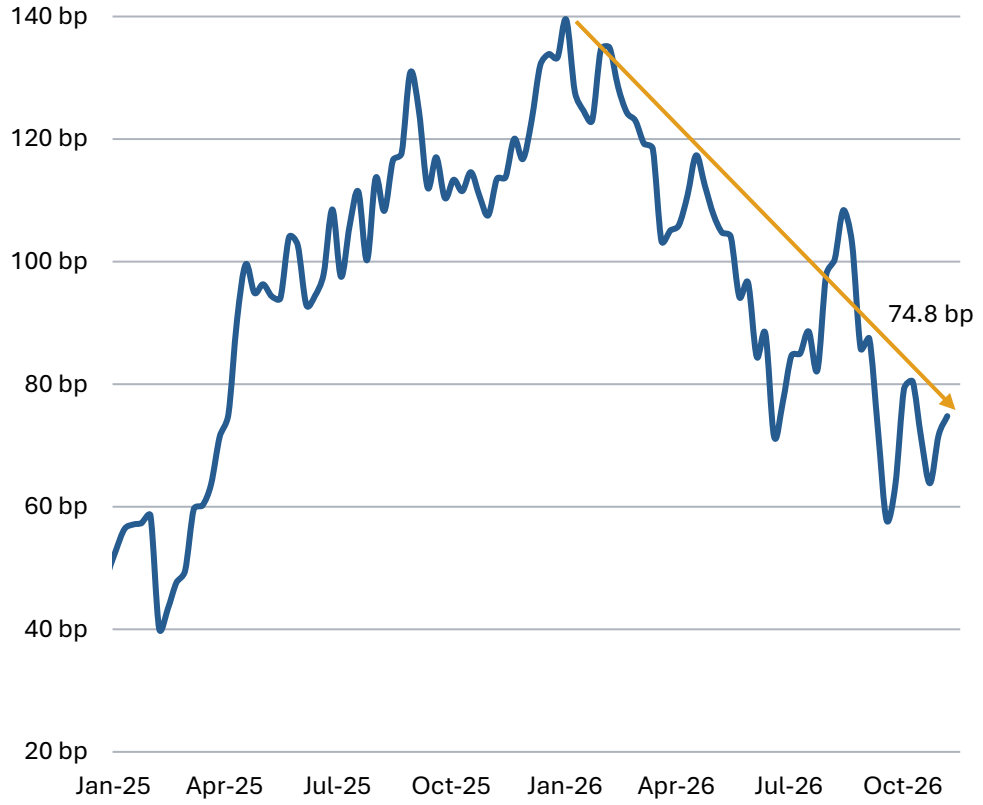
TWO-/10-YEAR US TREASURY YIELD CURVE

AS OF NOVEMBER 6, 2026



TWO-/30-YEAR US TREASURY YIELD CURVE

AS OF NOVEMBER 6, 2026



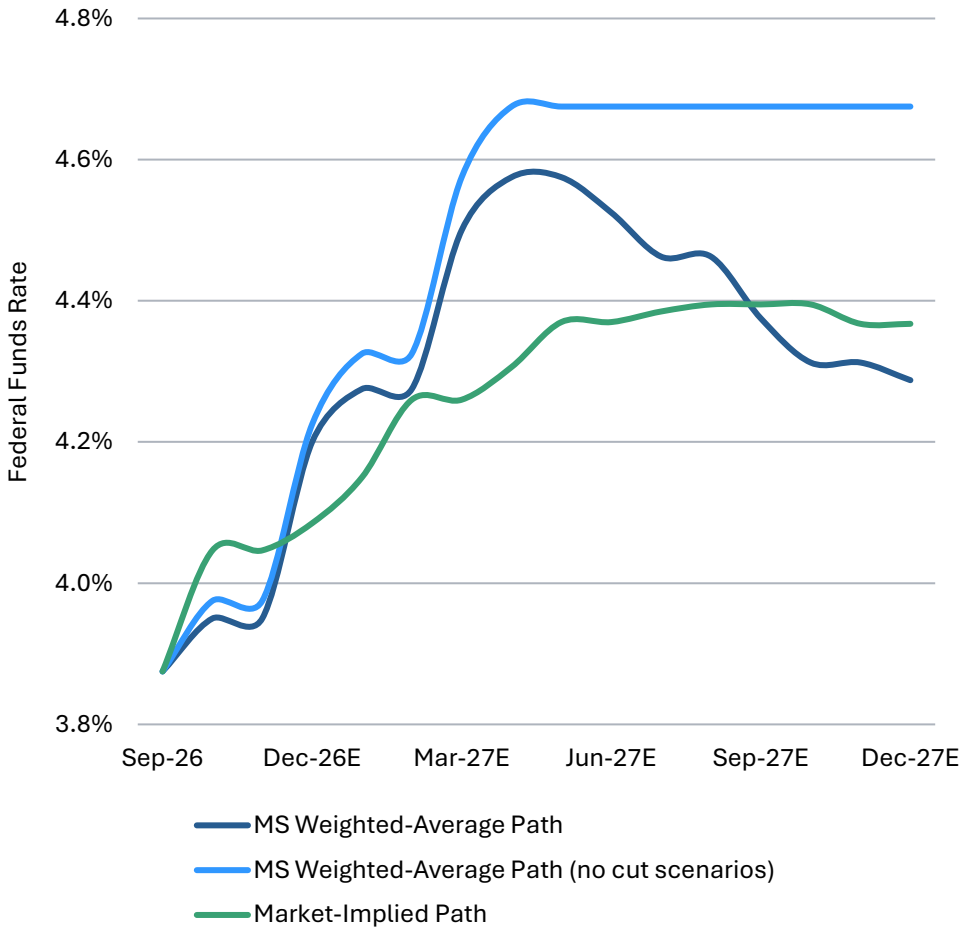
Source: Morgan Stanley Wealth Management GIO, Bloomberg

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MS & Co. Research Has Issued a New Rate Outlook, Which Suggests Asymmetric Risk

FEDERAL FUNDS RATE PROJECTIONS

AS OF NOVEMBER 6, 2026



MS & CO. RESEARCH US RATE FORECASTS

AS OF NOVEMBER 6, 2026

Period	Fed Funds	Two-Year UST Yield	Five-Year UST Yield	10-Year UST Yield	30-Year UST Yield
Current Level	**3.875%**	**4.51%**	**4.65%**	**4.86%**	**5.26%**
4Q2026E	4.125%	4.80%	4.80%	4.80%	4.90%
1Q2027E	4.375%	4.85%	4.80%	4.85%	4.95%
2Q2027E	4.375%	4.80%	4.75%	4.85%	4.95%
3Q2027E	4.375%	4.55%	4.60%	4.70%	4.90%
4Q2027E	4.375%	4.50%	4.55%	4.70%	4.90%

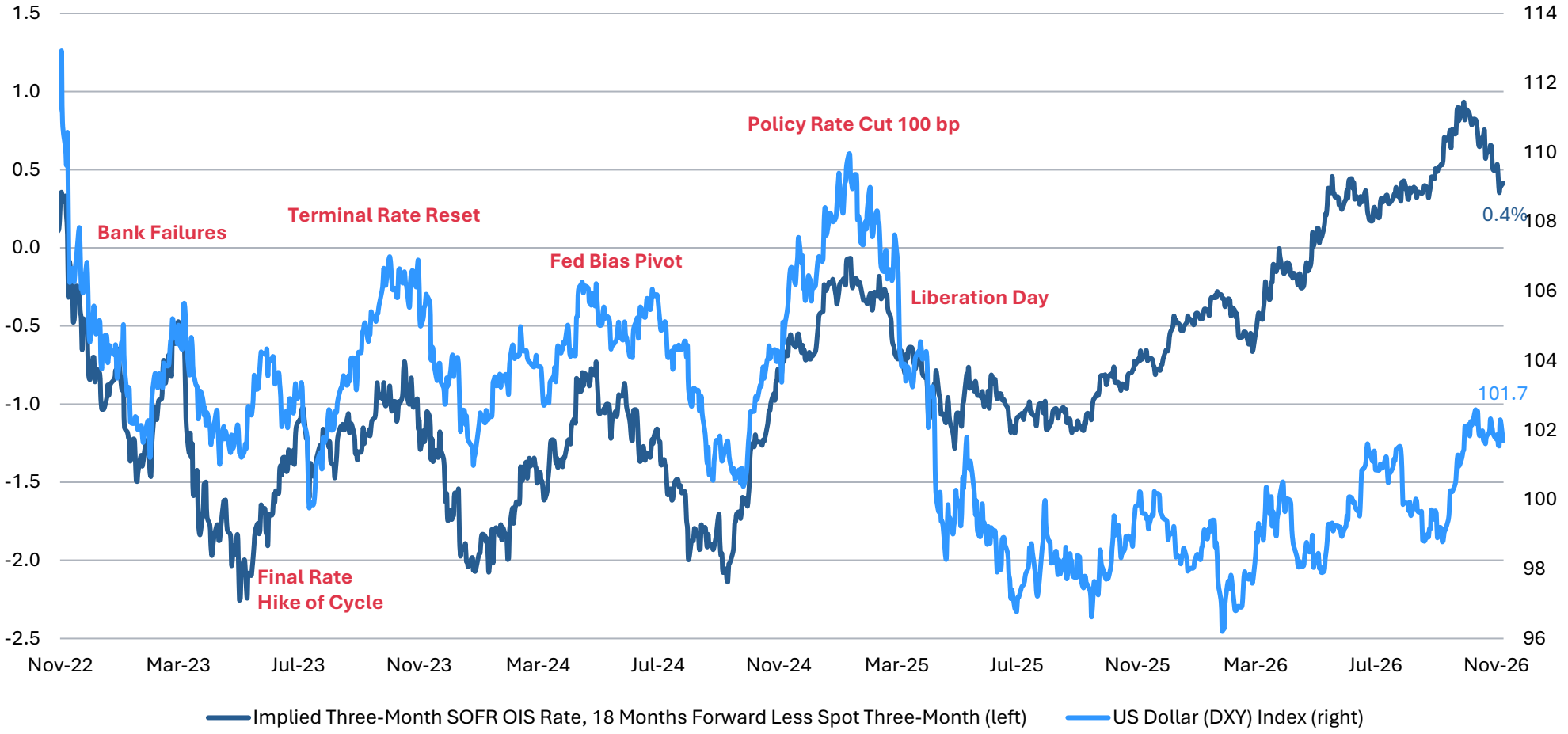
Source: Morgan Stanley Wealth Management GIO, MS & Co. Research, Bloomberg. Estimates are from MS & Co. Research

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US Dollar Has Decoupled From Policy Rate Forecasts; Debasement Trade?

IMPLIED THREE-MONTH SOFR OIS RATE, 18 MONTHS FORWARD *LESS* SPOT THREE-MONTH VS. US DOLLAR INDEX

AS OF NOVEMBER 9, 2026



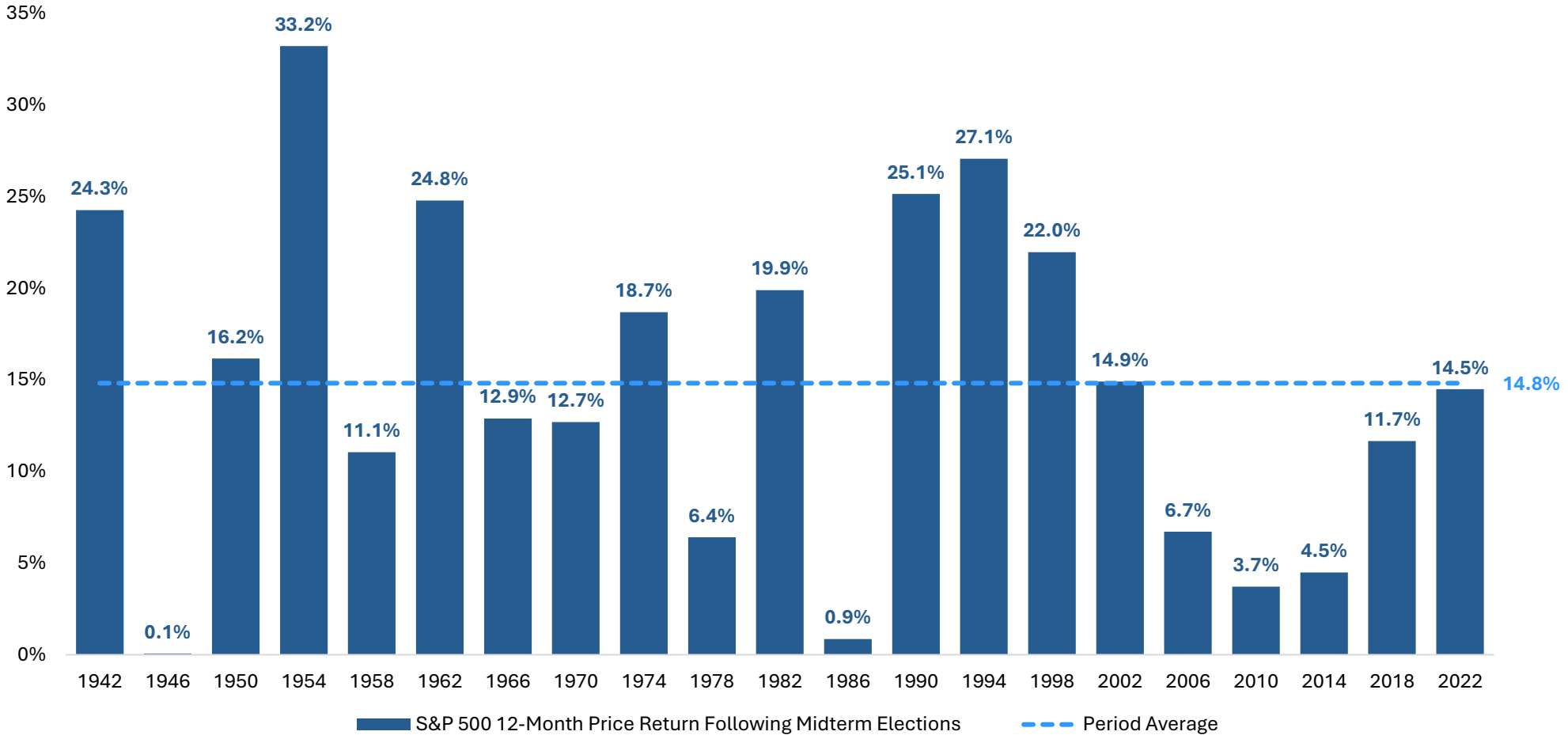
Source: Morgan Stanley Wealth Management GIO, Bloomberg. OIS=Overnight index swap

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Tactical Investment Idea: US Stocks

S&P 500 PRICE RETURN OVER 12-MONTH PERIOD FOLLOWING MIDTERM ELECTION

AS OF NOVEMBER 6, 2026



Source: Morgan Stanley Wealth Management GIO, Strategas

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Investing in the markets entails the risk of market volatility. The value of all types of investments, **including stocks, mutual funds, exchange-traded funds (ETFs), closed-end funds, and unit investment trusts,** may increase or decrease over varying time periods. **Please carefully consider the investment objectives, risks, charges and expenses of investment fund(s) before investing. The fund 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.** There is no assurance that investment funds will achieve their investment objectives. Besides the general investment risk of holding securities that may decline in value and the possible loss of principal invested, **closed-end funds** may have additional risks related to declining market prices relative to net asset values (NAVs), active manager underperformance and potential leverage. To the extent the investments depicted herein represent **international securities**, you should be aware that there may be additional risks associated with international investing, including foreign economic, political, monetary and/or legal factors, changing currency exchange rates, foreign taxes, and differences in financial and accounting standards. These risks may be magnified in emerging markets and frontier markets. Some funds also invest in foreign securities, which may involve currency risk. **Equity securities** may fluctuate in response to news on companies, industries, market conditions and general economic environment Companies paying dividends can reduce or cut payouts at any time. Small- and mid-capitalization companies may lack the financial resources, product diversification and competitive strengths of larger companies. In addition, the securities of **small- and mid-capitalization** companies may not trade as readily as, and be subject to higher volatility than, those of larger, more established companies. **Growth investing** does not guarantee a profit or eliminate risk. Growth stocks can trade at relatively high valuations which may increase risk compared with an investment in a company with more modest growth expectations. **Value investing** does not guarantee a profit or eliminate risk. Not all companies deemed value stocks are able to turn around their business or successfully execute corrective strategies, and their stock prices may not rise as initially expected.

The value of **fixed income securities** will fluctuate and, upon a sale, may be worth more or less than their original cost or value at maturity. Bonds are subject to interest rate risk, call risk, reinvestment risk, liquidity risk, and credit risk of the issuer. Yields may change with economic conditions and should be considered alongside other factors when making investment decisions. Credit ratings are subject to change. **High yield bonds** carry additional risks, including increased risk of default and greater volatility due to lower credit quality of the issues. In the case of **municipal bonds**, income is generally exempt from federal income taxes, though some income may be subject to state and local taxes and to the federal alternative minimum tax. Capital gains, if any, are subject to tax. **Treasury Inflation Protection Securities (TIPS)** adjust coupon payments and underlying principal to compensate for inflation in line with the consumer price index (CPI). While the real rate of return is guaranteed, TIPS typically offer lower returns and may significantly underperform conventional U.S. Treasuries during periods of low inflation. There is no guarantee that investors will receive par if TIPS are sold prior to maturity. The **ultrashort-term fixed income** asset class consists of high-quality securities with very short maturities and is therefore still subject to the risks associated with debt securities such as credit and interest rate risk.

Money Market Funds: You could lose money in money market funds. Although government money market funds (defined as investing 99.5% of total assets in cash and/or securities backed by the U.S. government) and retail funds (defined as money market funds open to natural person investors only) seek to preserve value at $1.00 per share, they cannot guarantee doing so. The price of other money market funds will fluctuate, and when you sell shares they may be worth more or less than originally paid. Money market funds may impose a fee upon sale or temporarily suspend sales if liquidity falls below required minimums. During suspensions, shares would not be available for purchases, withdrawals, check writing or ATM debits. A money market fund investment is not insured or guaranteed by the Federal Deposit Insurance Corporation or other government agency. The Fund's sponsor has no legal obligation to provide financial support to the Fund and investors should not expect that the sponsor will provide financial support to the Fund at any time.

Investing in **Commodities:** Commodity prices may be affected by factors such as supply and demand, government policies, domestic or international political and economic events (including war or terrorism), changes in interest and exchange rates, trading activity in commodities and related contracts, pestilence, technological developments, weather, price volatility, and liquidity constraints. Physical precious metals are speculative, non-regulated products that may experience short- and long-term price volatility. Precious metals do not make interest or dividend payments and therefore may not be appropriate for investors who require current income. Precious metals must be stored, which may impose additional costs on investors.

Master Limited Partnerships (MLPs): Investments in MLPs are subject to the risks generally applicable to companies in the energy and natural resources sectors, including commodity price fluctuations, supply

and demand imbalances, resource depletion and exploration risk. MLPs also carry interest rate risk and may underperform in rising interest rate environments. In addition, MLP funds accrue deferred income taxes on net operating gains and capital appreciation; as a result their after-tax performance could differ significantly from that of its underlying assets.

Exchange Funds are private placement vehicles that enable holders of concentrated single-stock positions to exchange those stocks for a diversified portfolio. Investors may benefit from greater diversification.

Alternative investments are often speculative and include a high degree of risk. Investors can lose all or a substantial amount of their investment. They are appropriate only for eligible, long-term investors willing to forgo liquidity and put capital at risk for an indefinite period. They are often illiquid, may employ leverage, short-selling, or other speculative practices that increase volatility and risk of loss, and may require large minimum investments and initial lock-ups. Alternative investments may also involve complex tax structures, tax-inefficient investing, and delays in distributing important tax documents. Clients should consult their own tax and legal advisors, as Morgan Stanley Wealth Management does not provide tax or legal advice. They also typically carry higher fees and expenses than traditional investments, which can reduce overall returns.

Sector investments, due to their narrow focus, tend to be more volatile than broadly diversified investments. **Non-diversified portfolios:** Portfolios that hold a concentrated number of securities may experience greater overall declines when those securities lose value compared with more diversified portfolios. Portfolios that invest heavily in one or a few industry sectors are more vulnerable to price fluctuations than those diversified across a wider range of sectors.

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

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. 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.

For more information, please refer to additional Risks Associated With Investing here: www.morganstanley.com/wealthbooks#risks-associated-with-investing.

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If your account is invested in mutual funds or exchange traded funds (collectively "funds"), you will pay the fees and expenses of any funds in which your account is invested. **Fees and expenses are charged directly to the pool of assets** the fund invests in and are reflected in each fund's share price. These fees and expenses are an additional cost to you and would not be included in the Fee amount in your account statements. The advisory program you choose is described in the Morgan Stanley ADV.

Morgan Stanley or Executing Sub-Managers, as applicable, in some of Morgan Stanley's SMA programs may effect transactions through broker-dealers other than Morgan Stanley or our affiliates. In such

instances, you may be assessed additional costs by the other firm in addition to the Morgan Stanley and Sub-Manager fees. Those costs will be included in the net price of the security, not separately reported on trade confirmations or account statements. Certain Sub-Managers have historically directed most, if not all, of their trades to outside firms. Information provided by Sub-Managers concerning trade execution away from Morgan Stanley is summarized at: www.morganstanley.com/wealth/investmentsolutions/pdfs/adv/sotresponse.pdf. For more information on trading and costs, please refer to the **Morgan Stanley ADV** or contact your Financial Advisor / Private Wealth Advisor.

GIMA Conflicts of Interest: Our business is subject to various conflicts of interest. For example, ideas and suggestions for which investment products should be evaluated by Global Investment Manager Analysis (GIMA) come from a variety of sources, including our MSWM Financial Advisors and their direct or indirect managers, and other business persons within MSWM or its affiliates. Such persons may have an ongoing business relationship with certain investment managers or mutual fund companies whereby they, MSWM or its affiliates receive compensation from, or otherwise related to, those investment managers or mutual funds or for which a portion of their clients' assets are already invested. Separately, certain strategies managed or sub-advised by us or our affiliates, including but not limited to MSIM and Eaton Vance Management ("EVM") and its investment affiliates, may be included in your account. See the conflicts of interest section in the applicable Morgan Stanley ADV brochure for a discussion of other types of conflicts that may be relevant to GIMA's evaluation of managers and funds. In addition, MSWM, Morgan Stanley & Co. LLC ("MS & Co."), managers and their affiliates provide a variety of services (including research, brokerage, asset management, trading, lending and investment banking services) for each other and for various clients, including issuers of securities that may be recommended for purchase or sale by clients or are otherwise held in client accounts, and managers in various advisory programs.

MSWM, managers, MS & Co., and their affiliates receive compensation and fees in connection with these services. MSWM believes that the nature and range of clients to which such services are rendered is such that it would be inadvisable to exclude categorically all these companies from an account.

Morgan Stanley charges each fund family we offer a **mutual fund support fee**, also called a "revenue-sharing payment," on client account holdings in fund families according to a tiered rate that increases along with the management fee of the fund so that lower management fee funds pay lower rates than those with higher management fees.

For more information, please refer to additional Investment Advisory Programs disclosures here: www.morganstanley.com/wealthbooks#investment-advisory-programs.

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Annuities and insurance products are offered in conjunction with Morgan Stanley Smith Barney LLC's licensed insurance agency affiliates. Not all products and services discussed herein are available through Morgan Stanley Smith Barney LLC's licensed insurance agency affiliates. Since life and long-term care insurance are medically underwritten, you should not cancel your current policy until your new policy is in force. A change to your current policy may incur charges, fees and costs. A new policy will require a medical exam. Surrender charges may be imposed and the period of time for which the surrender charges apply may increase with a new policy. You should consult with your own tax advisors regarding your potential tax liability on surrenders. Investment, insurance and annuity products offered through Morgan Stanley Smith Barney LLC are: NOT FDIC INSURED | MAY LOSE VALUE | NOT BANK GUARANTEED | NOT A BANK DEPOSIT | NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY.

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Residential mortgage loans and home equity lines of credit are offered by MSPBNA, Member FDIC an Equal Housing Lender. Nationwide Mortgage Licensing System Unique Identifier #663185. **The proceeds from a residential mortgage loan (including draws and advances from a home equity line of credit) are not permitted to be used to purchase, trade, or carry eligible margin stock; repay margin debt that was used to purchase, trade, or carry margin stock; or to make payments on any amounts owed under the note, loan agreement, or loan security agreement; and cannot be deposited into a MSSB or other brokerage account.** The pledged-asset feature allows eligible securities to be used as a substitute for a cash down payment. The pledged-asset feature allows eligible securities to be used as an alternative to a cash down payment. Clients must maintain collateral levels and may be subject to liquidation if requirements are not met. Interest-only and adjustable-rate mortgages (ARMs) carry specific risks, including payment increases and higher total interest costs. ARMs are based on the SOFR 30-Day Average. Relationship-based pricing is available based on eligible household assets held at the Firm.

Cards and Cash Management: Debit Cards offered through the Firm are issued by MSPBNA under license from Mastercard. American Express Cards offered through the Firm include the Platinum Card®, Blue Cash Preferred®, and the Morgan Stanley Credit Card. Eligibility requires an "Eligible Account" at the Firm. Cards are issued by American Express National Bank. Terms, conditions, and restrictions apply. The Greenlight App and Debit Card is provided by Greenlight Financial Technologies, not the Firm or any of its affiliates. The Morgan Stanley CashPlus is a brokerage account offered through MSSB. Conditions and restrictions apply. For more information, see the CashPlus Disclosure Statement.

Deposit Products and FDIC: Under the Bank Deposit Program, free credit balances held in an account(s) at Morgan Stanley Smith Barney LLC are automatically deposited into an interest-bearing deposit account(s) at FDIC-insured banks. Certain conditions must be met. For more information, view the Bank Deposit Program Disclosure Statement. The Savings and Preferred Savings Programs offer FDIC-insured deposit accounts at Morgan Stanley Private Bank, National Association, Member FDIC or Morgan Stanley Bank, N.A., Member FDIC. The Savings programs are not intended for clients who need to have frequent access to funds and those funds will not be automatically accessed to reduce a debit or margin loan in your brokerage account. Withdrawals are limited to 10 per calendar month, and excess withdrawals may incur fees. Promotional rates may be offered from time to time and are subject to change at any time.

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