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# The Caruso-Colonna Group at Morgan Stanley
# August 2026 Newsletter

**Our Mission: To Gain and Maintain Financial Freedom**

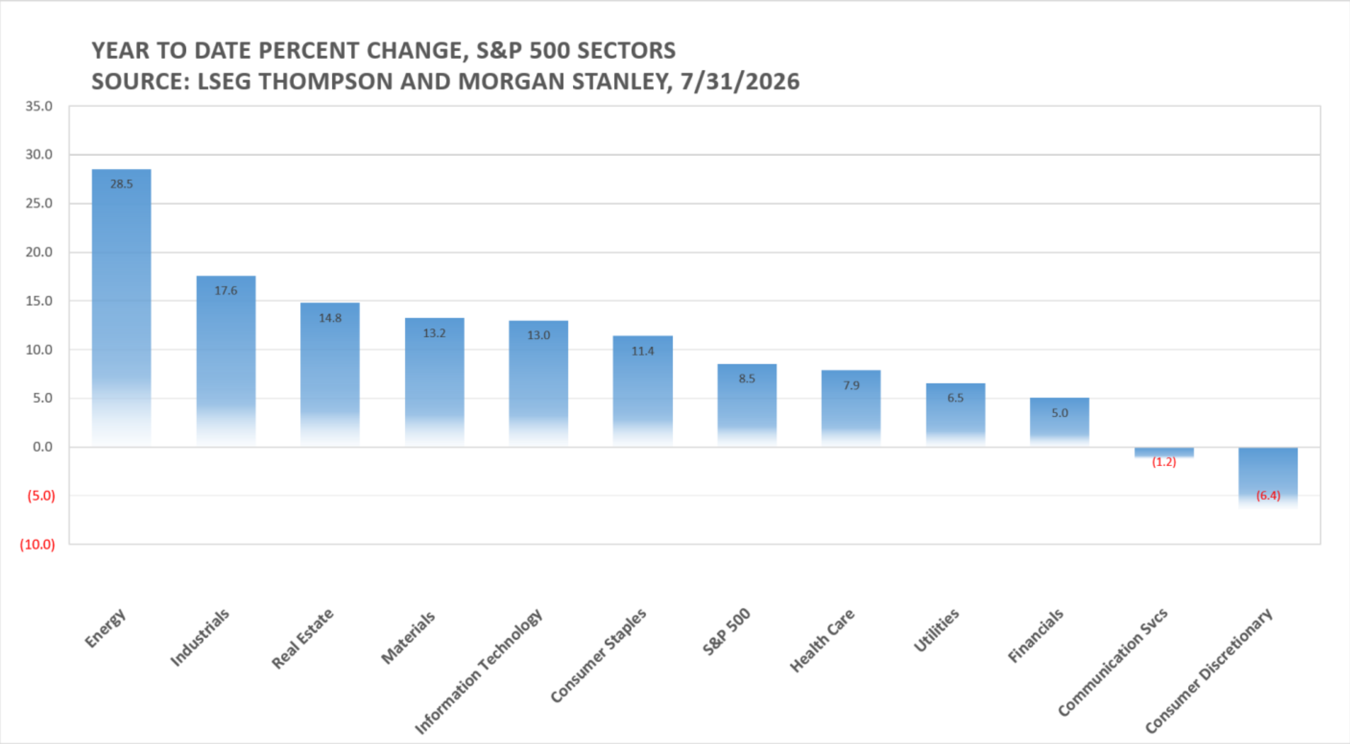
**"The mind once enlightened cannot become dark again." Thomas Paine**

## Markets and Discontent:

**Keith A. Colonna Sr., CFP®**
Senior Vice President, Senior Portfolio Management Director, Financial Advisor

The Ukraine and Iran military conflicts continue to create energy market uncertainty. This has been a benefit for the S&P 500's Energy sector companies. This sector has gained nearly 30% through the end of July with nearly all components achieving double-digit price increases. The oil refiners experienced the best results year-to-date. (1) Energy's returns reinforce this sector's vital economic role. Without reliable energy supplies, there is no modern economy.

Despite Energy's outperformance, most S&P 500 sectors are positive. Only the Communication Services and Communication Discretionary sectors are slightly down this year.



Late July witnessed increased selling pressure among memory chip and chip equipment manufacturers. The table below shows the average quarterly return of the S&P 500's subsectors through July 28th. Semiconductor manufacturers declined nearly 20% while the best returns occurred in professional, financial, and telecommunication services.

| Row Labels | Average of QTD_%CHG() |
|---|---|
| Automobiles & Components | -1.34 |
| Banks | 3.58 |
| Capital Goods | -1.41 |
| Commercial & Professional Services | 12.76 |
| Consumer Discretionary Distribn & Retail | 4.26 |
| Consumer Durables & Apparel | 1.65 |
| Consumer Services | 3.26 |
| Consumer Staples Distribution & Retail | 5.53 |
| Energy | 5.23 |
| Equity Real Estate Invmt Trusts (REITs) | 3.07 |
| Financial Services | 11.04 |
| Food, Beverage & Tobacco | 6.47 |
| Health Care Equipment & Services | 7.04 |
| Household & Personal Products | 3.52 |
| Insurance | 9.89 |
| Materials | 4.13 |
| Media & Entertainment | 2.52 |
| Pharmaceuticals, Biotech & Life Sciences | 5.15 |
| Real Estate Management & Development | 8.17 |
| Semiconductors & Semiconductor Equipmt | -19.17 |
| Software & Services | 7.78 |
| Technology Hardware & Equipment | -10.49 |
| Telecommunication Services | 10.07 |
| Transportation | -0.64 |
| Utilities | 0.00 |

July's technology pressure seemed to stem from concerns about capital spending and whether it will translate into profit growth. Corporate profit reports that we saw in July's last week, including from many tech stalwarts, appeared solid to us. We see this rotation as being healthy market broadening. Investors perhaps are widening their horizons to find value in other sectors.

Despite US market strength though, we sense discontent out there. If the economy and markets are doing well, why do many people seem sullen?

We think the next couple of charts help answer this. We have long believed that corporate profits underpin markets. The first graph shows that US corporate profits as a percentage of GDP are at a record high. However, US worker wage growth has trailed productivity growth. Labor's share of profits is at a 75-year low. We note from the lower chart that the divergence in productivity and compensation seemed to begin in the early to mid-1970's. This is about the time the US abandoned the gold standard. Coincidence? Maybe. We cannot say with certainty that this began the divergence, but the timing aligns.

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## Corporate America's Profits Soared Relative to GDP

**NIPA US CORPORATE PROFITS AS A SHARE OF GDP**

AS OF JUNE 30, 2025


Source: Morgan Stanley Wealth Management GIO, Bloomberg.

Past performance is no guarantee of future results. Estimates of future performance are based on assumptions that may not be realized. This material is not a solicitation of any offer to buy or sell any security or other financial instrument or to participate in any trading strategy. Please refer to important information, disclosures and qualifications at the end of this material.

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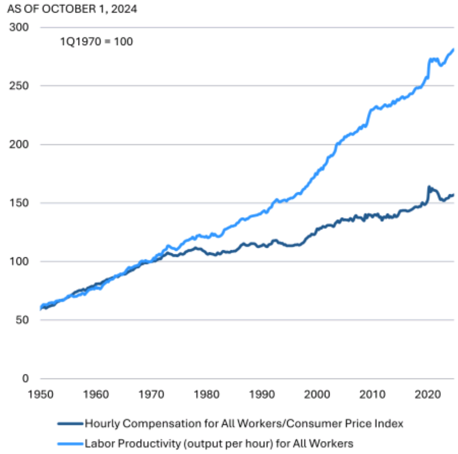
## Wages Have Trailed American Worker Productivity, With Labor's Share of Profits At 75-Year Lows

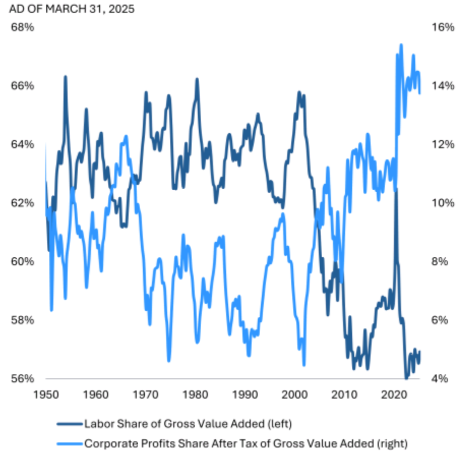
**WORKER COMPENSATION VS. LABOR PRODUCTIVITY**

AS OF OCTOBER 1, 2024




**LABOR VS. CORPORATE PROFIT SHARE OF GROSS VALUE ADDED**

AD OF MARCH 31, 2025




Source: Morgan Stanley Wealth Management GIO, Federal Reserve Bank of St. Louis, Haver Analytics.

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We think the onus for retirement preparedness remains with workers. To us, this means they should be active equity investors even beyond their employer retirement plans. There is a case to be made that people should be even more aggressive with budgeting and retirement investment decisions. If they are sharing less in wage growth, then to the extent that they can, perhaps they should be striving to do more to participate in equity market growth.

US equity markets have generated good returns over decades of time. We wrote last month about the Dow Jones Industrial Average's 45-year price return exceeding 9% annually. (2) This is growth that has almost assuredly exceeded wage growth over that time. People who fear or ignore equity markets might impair their financial futures. Recent market fears articulated to us include worries about artificial intelligence and whether markets 'can continue' to grow. We think the past forty-five years support our belief that they can.

## When is it Okay to Buy a Home?

Young adults, even in their early 20's, often tell us they want to buy a home. But this desire brings planning challenges. This section is meant to be a short guide for them and their parents to answer this question. We view this as any other planning problem. We work backwards to ascertain whether somebody may be in position to purchase a home based on retirement investment, income, home cost and downpayment, and home maintenance constraints.

1. First, we do not advise that people sacrifice retirement investment to buy a home. We recommend that total annual for retirement investment (including employer additions) be at least 15% of gross earnings. The higher the better of course.

2. Second, house payments should fit one's budget. A good rule of thumb is that your home payment consisting of Principal, Interest, Taxes, and Insurance (PITA) should not exceed 28% of gross income. Total debt payments generally should be less than 36% of gross income. For somebody earning $7,000 per month, PITA should be about $2,000 per month or less. With this number, we can calculate the approximate value of what someone may be able to purchase.

3. Third, ideally one would like to have a 20% downpayment to avoid the cost of private mortgage insurance. We understand this is not always practical, but it is preferrable.

4. Fourth, remember that homes require maintenance. Estimates vary but our personal experience has shown that one should plan for 2% to 3% or more of the home's value for annual maintenance costs. Systems such as plumbing, HVAC, and electrical require regular care. Yards, landscaping, and driveways need maintenance. Appliances and major systems occasionally need replacement.

The house below with its four windows is a way to visualize these constraints. This guide is not absolute. Every situation is unique though and should be considered on its own merits. If you wish to consult with any of us to study your situation, please contact us.


## Scam and Fraud Reminder:

Scam and fraud attempts against our clients and the public continue to escalate. We cannot overstate the need to be vigilant. Be wary of any phone call, text, or email from unknown entities insisting that you must transfer funds. These attempts may now include fraudsters alleging to be Morgan Stanley employees who insist you must transfer money somewhere.

If you receive any kind of unsolicited call for something like this and you do not know the person, politely end the call. Find the true phone number for the institution in question, dial this number, and verify the prior call's legitimacy. Never reply to texts or emails demanding payment. Go to the website of the entity in question and log in if you have an account to ascertain if you have an outstanding balance due. If someone you do not know alleging to be a Morgan Stanley employee calls telling you that you must transfer money, end the call and contact us.

And remember, the IRS repeatedly makes clear that they only communicate in writing via US Mail. If you receive a text, email, or phone call from someone alleging to represent the IRS demanding payment, you should know it is fraudulent.

(1) Source: LSEG ThompsonOne, Morgan Stanley, 7/31/2026
(2) Caruso-Colonna Group July 2026 Newsletter
(3) AUM Data as of 8/1/2026

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The Caruso-Colonna Group provides financial planning and investment management advice to meet the needs of successful individuals, families, businesses, and institutions. We are a family team with more than fifty combined years of professional experience. All Group Financial Advisors are CERTIFIED FINANCIAL PLANNER® Professionals. Our Group manages nearly $930 million in client assets. (2)

Left to Right: Keith Colonna Jr, Sandra Caruso, Keith Colonna Sr, Sarah DePaoli

For more information about induvial years of experience please visit our website at https://advisor.morganstanley.com/the-caruso-colonna-group

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**Indices are unmanaged. An investor cannot invest directly in an index.** For index, indicator and survey definitions referenced in this report please visit the following:
https://www.morganstanley.com/wealth-investmentsolutions/wmir-definitions

Because of their narrow focus, sector investments tend to be more volatile than investments that diversify across many sectors and companies.

# Capital Market Indices

Monday, August 3, 2026

| US Equities | Jul-31 | 1D | WTD | MTD | QTD | YTD | 1Y |
|---|---|---|---|---|---|---|---|
| S&P 500 | 7,489.72 | 0.7% | 1.1% | -0.1% | -0.1% | 10.1% | 19.5% |
| Dow Jones Industrial Avg. | 52,485.03 | 0.5% | 1.0% | 0.4% | 0.4% | 10.2% | 20.9% |
| NASDAQ Composite | 25,373.85 | 1.0% | 1.6% | -3.2% | -3.2% | 9.5% | 20.9% |
| NYSE Composite | 24,107.54 | -0.1% | 0.5% | 1.3% | 1.3% | 10.9% | 20.4% |
| AMEX Composite | 8,448.14 | 0.1% | 0.5% | 8.9% | 8.9% | 24.2% | 44.2% |
| **Americas Equities (USD)** | **Jul-31** | **1D** | **WTD** | **MTD** | **QTD** | **YTD** | **1Y** |
| Canada S&P | 25,107.73 | -1.0% | 0.1% | 2.5% | 2.5% | 10.1% | 30.6% |
| Mexico IPC | 3,861.31 | -0.4% | 1.6% | 0.9% | 0.9% | 10.1% | 30.7% |
| Brazil Bovespa | 35,043.31 | 0.3% | 2.1% | 5.3% | 5.3% | 19.3% | 47.2% |
| **Europe Equities (USD)** | **Jul-31** | **1D** | **WTD** | **MTD** | **QTD** | **YTD** | **1Y** |
| UK FTSE 100 | 14,633.83 | -0.3% | 2.2% | 5.3% | 5.3% | 11.6% | 25.0% |
| Eurozone STOXX 50 | 7,322.52 | 0.1% | 2.5% | 1.5% | 1.5% | 10.3% | 24.0% |
| France CAC 40 | 9,800.55 | 0.2% | 2.9% | 2.2% | 2.2% | 5.1% | 13.9% |
| Germany DAX | 29,517.20 | -0.0% | 3.4% | 3.5% | 3.5% | 2.5% | 7.4% |
| Spain IBEX 35 | 22,783.97 | 0.0% | 2.3% | 3.1% | 3.1% | 14.9% | 43.4% |
| **Asia Equities (USD)** | **Jul-31** | **1D** | **WTD** | **MTD** | **QTD** | **YTD** | **1Y** |
| Japan Nikkei 225 | 403.85 | 4.2% | 2.4% | -6.2% | -6.2% | 26.5% | 50.7% |
| Hang Seng Hong Kong | 3,300.74 | 0.1% | 3.7% | 13.5% | 13.5% | 2.2% | 7.8% |
| China Shenzhen Comp. | 359.56 | 2.3% | 0.7% | -13.9% | -13.9% | 0.1% | 20.4% |
| **Alternatives** | **Jul-31** | **1D** | **WTD** | **MTD** | **QTD** | **YTD** | **1Y** |
| FTSE EPRA/NAREIT Global | 1,931.92 | -0.6% | -1.8% | 2.6% | 2.6% | 12.7% | 15.4% |
| Alerian Midstream Energy Select | 932.16 | 0.3% | -2.3% | 3.6% | 3.6% | 28.6% | 29.1% |
| HFRX Global Hedge Fund | 1,644.63 | 0.0% | -0.4% | -1.3% | -1.3% | 3.4% | 7.6% |
| HFRI Fund of Funds[1] | 9,856.96 | - | - | 0.0% | 0.0% | 8.3% | 15.4% |
| HFRX Macro/CTA Index | 1,417.33 | 0.0% | -1.6% | -1.9% | -1.9% | 3.7% | 12.6% |
| **Commodities** | **Jul-31** | **1D** | **WTD** | **MTD** | **QTD** | **YTD** | **1Y** |
| Bloomberg Commodity | 132.05 | -0.1% | -2.1% | 7.2% | 7.2% | 20.4% | 30.5% |
| ..Ex-Energy | 141.71 | -0.4% | -1.6% | 2.9% | 2.9% | 3.8% | 21.4% |
| ..Ex-Precious Metals | 157.59 | 0.2% | -2.3% | 8.9% | 8.9% | 28.8% | 29.2% |
| CRB Index | 565.32 | - | - | - | - | 4.7% | 0.6% |
| Bloomberg Agriculture | 58.07 | -0.3% | -3.5% | 5.7% | 5.7% | 8.7% | 8.1% |
| Bloomberg Energy | 39.76 | 0.6% | -3.0% | 15.2% | 15.2% | 56.9% | 36.4% |
| WTI Crude Oil Futures | 84.67 | 1.3% | -5.2% | 21.8% | 21.8% | 47.5% | 22.2% |
| Brent Crude Oil Futures | 90.12 | 1.2% | -6.9% | 23.6% | 23.6% | 48.1% | 24.3% |
| Gasoline Futures | 3.22 | -1.9% | -5.1% | 6.9% | 6.9% | 88.9% | 45.4% |
| Natural Gas Futures | 2.75 | -0.4% | -4.3% | -16.1% | -16.1% | -25.5% | -11.6% |
| Bloomberg Ind. Metals | 176.73 | -0.1% | 1.0% | 3.3% | 3.3% | 8.2% | 27.5% |
| Copper Futures | 6.47 | -0.1% | 2.3% | 4.4% | 4.4% | 13.8% | 48.5% |
| Bloomberg Prec. Metals | 415.69 | -1.4% | -0.8% | -0.5% | -0.5% | -9.7% | 28.5% |
| Gold Futures | 4,049.10 | -1.2% | -0.5% | 0.3% | 0.3% | -6.7% | 23.0% |
| Silver Futures | 57.79 | -2.1% | -1.5% | -2.8% | -2.8% | -18.2% | 57.4% |
| Palladium Futures | 1,281.40 | -2.0% | 2.2% | 5.8% | 5.8% | -22.4% | 6.2% |
| Platinum Futures | 1,658.70 | -0.1% | 4.1% | 7.0% | 7.0% | -18.5% | 27.7% |
| Bloomberg Softs | 63.27 | 2.6% | 1.9% | 5.4% | 5.4% | -0.3% | 5.2% |

| US Size-Style | Jul-31 | 1D | WTD | MTD | QTD | YTD | 1Y |
|---|---|---|---|---|---|---|---|
| Russell 3000 | 4,256.18 | 0.6% | 1.0% | -0.5% | -0.5% | 10.3% | 19.6% |
| Russell 3000 Growth | 3,731.47 | 0.7% | 0.6% | -4.8% | -4.8% | 0.8% | 8.6% |
| Russell 3000 Value | 3,237.00 | 0.4% | 1.3% | 3.6% | 3.6% | 20.8% | 31.6% |
| S&P 500 | 7,489.72 | 0.7% | 1.1% | -0.1% | -0.1% | 10.1% | 19.5% |
| S&P 500 Equal Weight | 8,705.93 | -0.2% | 0.6% | 1.0% | 1.0% | 13.2% | 19.2% |
| S&P 500 Growth | 5,453.28 | 1.5% | 1.8% | -1.8% | -1.8% | 10.0% | 19.4% |
| S&P 500 Value | 2,282.36 | -0.2% | 0.2% | 2.0% | 2.0% | 10.2% | 19.7% |
| Russell 1000 | 4,076.38 | 0.6% | 1.0% | -0.4% | -0.4% | 9.9% | 18.9% |
| Russell 1000 Growth | 4,764.82 | 0.8% | 0.6% | -4.8% | -4.8% | 0.3% | 8.0% |
| Russell 1000 Value | 2,474.34 | 0.5% | 1.4% | 3.8% | 3.8% | 20.6% | 31.1% |
| Russell Midcap | 4,369.25 | -0.3% | 0.3% | -0.6% | -0.6% | 14.6% | 18.7% |
| Russell Midcap Growth | 2,209.34 | -0.3% | 0.2% | -6.5% | -6.5% | 0.3% | -2.7% |
| Russell Midcap Value | 3,832.85 | -0.3% | 0.4% | 1.5% | 1.5% | 19.3% | 26.2% |
| Russell 2000 | 2,931.34 | -0.5% | 0.1% | -3.0% | -3.0% | 19.0% | 34.3% |
| Russell 2000 Growth | 1,895.03 | -0.7% | 0.2% | -5.9% | -5.9% | 15.1% | 28.5% |
| Russell 2000 Value | 3,308.14 | -0.3% | -0.1% | 0.0% | 0.0% | 23.2% | 40.7% |
| **S&P 500 Sectors** | **Jul-31** | **1D** | **WTD** | **MTD** | **QTD** | **YTD** | **1Y** |
| Communication Services | 456.61 | 4.6% | 5.4% | 0.6% | 0.6% | 1.4% | 19.0% |
| Consumer Discretionary | 1,922.36 | 6.1% | 8.3% | 0.8% | 0.8% | 0.0% | 7.5% |
| Consumer Staples | 940.96 | -0.4% | 1.2% | 2.1% | 2.1% | 10.3% | 10.3% |
| Energy | 912.61 | 0.8% | -0.2% | 12.6% | 12.6% | 34.7% | 41.2% |
| Financials | 946.79 | -0.1% | 1.1% | 6.2% | 6.2% | 4.8% | 10.4% |
| Health Care | 1,893.67 | -0.6% | -0.0% | 2.4% | 2.4% | 6.0% | 26.9% |
| Industrials | 1,520.75 | 0.8% | -1.6% | -3.0% | -3.0% | 16.5% | 19.7% |
| Information Technology | 6,553.95 | -0.5% | -0.1% | -3.4% | -3.4% | 15.7% | 26.2% |
| Materials | 627.22 | -2.7% | -1.7% | -1.7% | -1.7% | 10.1% | 15.3% |
| Real Estate | 286.59 | -0.7% | -2.2% | 2.5% | 2.5% | 14.3% | 14.0% |
| Utilities | 450.17 | -0.7% | -4.2% | -2.2% | -2.2% | 5.3% | 6.4% |
| **MSCI Indices (USD)** | **Jul-31** | **1D** | **WTD** | **MTD** | **QTD** | **YTD** | **1Y** |
| All Country World | 1,120.51 | 1.2% | 1.4% | 0.1% | 0.1% | 11.6% | 22.6% |
| ... ex-US | 473.49 | 2.2% | 2.0% | 0.4% | 0.4% | 14.5% | 29.2% |
| World | 4,847.88 | 0.5% | 1.2% | 0.5% | 0.5% | 10.5% | 20.9% |
| ... ex-US | 3,249.45 | 0.2% | 1.8% | 2.1% | 2.1% | 11.9% | 25.7% |
| USA | 7,140.07 | 0.7% | 1.0% | -0.1% | -0.1% | 10.0% | 19.1% |
| EAFE | 3,176.14 | 0.4% | 2.0% | 2.0% | 2.0% | 12.1% | 25.1% |
| Pacific | 4,225.15 | 1.3% | 2.5% | 2.7% | 2.7% | 16.3% | 28.2% |
| Japan | 15.44 | 2.0% | 2.5% | 1.0% | 1.0% | 17.1% | 32.8% |
| Pacific ex-Japan | 1,746.68 | 0.0% | 2.5% | 6.6% | 6.6% | 14.3% | 19.4% |
| All Country Asia ex-Japan | 1,103.67 | 7.4% | 2.5% | -3.2% | -3.2% | 22.3% | 38.1% |
| Europe | 249.89 | -0.2% | 1.9% | 1.9% | 1.9% | 10.3% | 23.9% |
| ..ex-UK | 294.14 | -0.3% | 1.8% | 0.9% | 0.9% | 9.8% | 23.3% |
| Emerging Markets | 1,665.89 | 6.6% | 2.4% | -3.0% | -3.0% | 20.3% | 37.0% |
| Brazil | 1,888.37 | 0.1% | 1.9% | 6.4% | 6.4% | 16.6% | 45.5% |
| China | 9.74 | 0.5% | 3.9% | 9.0% | 9.0% | -7.2% | -1.0% |
| India | 31.13 | 0.6% | 3.7% | 1.6% | 1.6% | -8.1% | -5.4% |
| Mexico | 8,245.55 | -0.4% | 1.5% | 2.0% | 2.0% | 13.3% | 35.6% |
| Frontier Markets | 814.83 | -0.1% | 1.8% | 0.5% | 0.5% | 10.9% | 27.1% |

| USD SOFR Rates | Jul-31 | 3M Ago | 1Y Ago |
|---|---|---|---|
| One-Month | 3.66% | 3.65% | 4.35% |
| Three-Month | 3.75% | 3.66% | 4.30% |
| Six-Month | 3.88% | 3.68% | 4.19% |
| One-Year | 4.05% | 3.74% | 4.00% |
| **US Bank Rates** | **Jul-31** | **3M Ago** | **1Y Ago** |
| Federal Funds | 3.62% | 3.64% | 4.31% |
| Discount Rate | 3.75% | 3.75% | 4.50% |
| Prime Rate | 6.75% | 6.75% | 7.50% |
| **Volatility** | **Jul-31** | **1D Chg.** | **4W Ago** |
| CBOE Volatility (VIX) | 15.99 | -1.10 | 16.45 |
| Treasury Bond Volatility | 83.02 | 7.69 | 71.96 |
| FX Volatility | 6.24 | 3.31 | 6.37 |
| **FX Rates** | **Jul-31** | **1D Chg.** | **1D %, FX** |
| US Dollar Spot Rate (DXY) | 99.91 | 0.05 | 0.1% |
| Euro (EUR/USD) | 1.1527 | -0.00 | -0.0% |
| British Pound (GBP/USD) | 1.3483 | 0.00 | 0.1% |
| Swiss Franc (USD/CHF) | 0.8075 | 0.00 | -0.3% |
| Japanese Yen (USD/JPY) | 157.40 | -2.13 | 1.3% |
| Australian Dollar (AUD/USD) | 0.7019 | -0.00 | -0.1% |
| Canadian Dollar (USD/CAD) | 1.4021 | 0.00 | -0.1% |
| New Zealand Doll. (NZD/USD) | 0.5879 | 0.00 | 0.0% |
| Hong Kong Doll. (USD/HKD) | 7.8422 | -0.00 | 0.0% |
| Singapore Dollar (USD/SGD) | 1.2828 | 0.00 | -0.1% |
| Chinese Renminbi (USD/CNY) | 6.7531 | 0.00 | -0.0% |
| Indian Rupee (USD/INR) | 95.39 | -0.29 | 0.3% |
| Mexican Peso (USD/MXN) | 17.34 | -0.00 | 0.0% |
| Brazilian Real (USD/BRL) | 5.0729 | 0.01 | -0.3% |

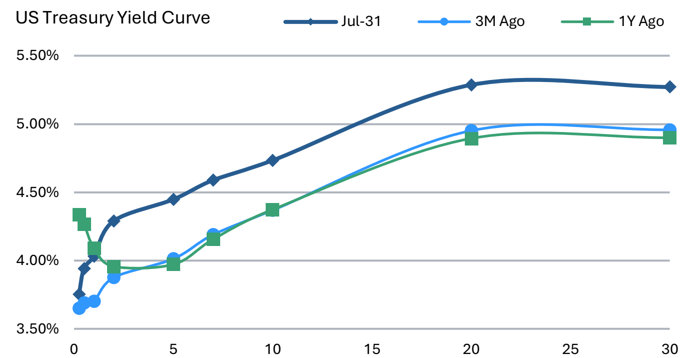
Source: Morgan Stanley Wealth Management GIO, Bloomberg, FactSet. [1]Data for HFRI Fund of Funds as of Jun. 30, 2026. YTD starts Dec. 31, 2025, and 1Y starts Jul. 31, 2025.

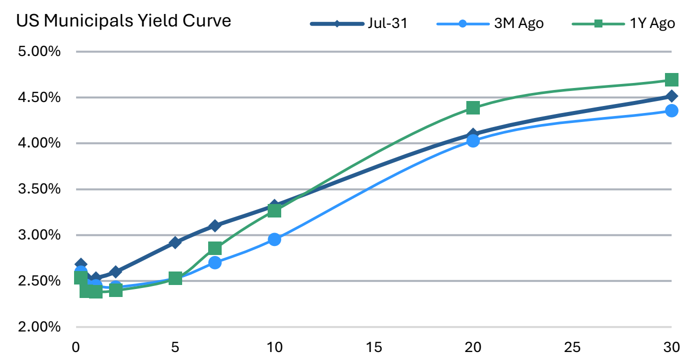
# Capital Market Indices

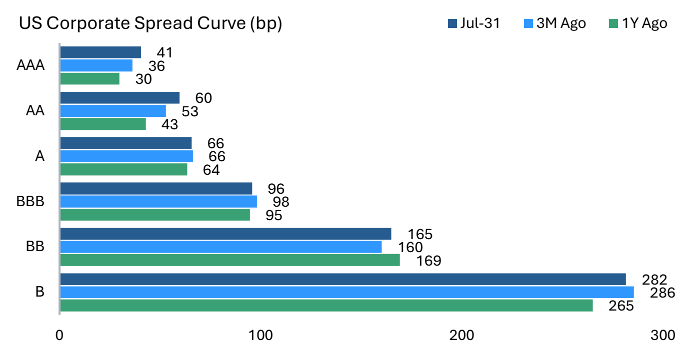
Monday, August 3, 2026

| | Treasuries | | | | | | AAA General Obligation (GO) Municipals | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Maturity | Jul-31 | 1D | Dec-31 | 3M Ago | 6M Ago | 1Y Ago | Jul-31 | % UST | 1D | Dec-31 | 3M Ago | 6M Ago | 1Y Ago |
| Three-Month | 3.75 | -0.01 | 3.63 | 3.65 | 3.65 | 4.34 | 2.68 | 71% | 0.00 | 2.64 | 2.60 | 2.40 | 2.54 |
| Six-Month | 3.94 | 0.00 | 3.60 | 3.69 | 3.62 | 4.27 | 2.54 | 64% | 0.00 | 2.50 | 2.45 | 2.26 | 2.39 |
| One-Year | 4.03 | 0.01 | 3.47 | 3.70 | 3.46 | 4.09 | 2.53 | 63% | 0.00 | 2.49 | 2.45 | 2.25 | 2.38 |
| Two-Year | 4.29 | 0.05 | 3.47 | 3.88 | 3.52 | 3.96 | 2.60 | 61% | 0.01 | 2.44 | 2.43 | 2.22 | 2.40 |
| Five-Year | 4.45 | 0.06 | 3.73 | 4.01 | 3.79 | 3.97 | 2.92 | 66% | 0.01 | 2.39 | 2.53 | 2.24 | 2.53 |
| Seven-Year | 4.59 | 0.06 | 3.94 | 4.19 | 4.01 | 4.16 | 3.10 | 68% | 0.02 | 2.50 | 2.70 | 2.38 | 2.85 |
| 10-Year | 4.73 | 0.06 | 4.17 | 4.37 | 4.24 | 4.37 | 3.32 | 70% | 0.02 | 2.73 | 2.95 | 2.62 | 3.27 |
| 20-Year | 5.29 | 0.06 | 4.79 | 4.95 | 4.82 | 4.90 | 4.10 | 77% | 0.02 | 3.94 | 4.03 | 3.96 | 4.38 |
| 30-Year | 5.27 | 0.06 | 4.84 | 4.96 | 4.87 | 4.90 | 4.51 | 86% | 0.02 | 4.19 | 4.35 | 4.21 | 4.69 |

| | Returns | | | | | | Option-Adjusted Spreads (bp) | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Bloomberg Indices (USD) | 1D | WTD | MTD | QTD | YTD | 1Y | Jul-31 | 1D | Dec-31 | 3M Ago | 6M Ago | 1Y Ago |
| Multiverse | -0.1% | 0.6% | -0.5% | -0.5% | -0.6% | 1.9% | — | — | — | — | — | — |
| Global Aggregate | -0.1% | 0.6% | -0.5% | -0.5% | -0.7% | 1.6% | — | — | — | — | — | — |
| US Aggregate | -0.3% | -0.1% | -1.3% | -1.3% | -0.7% | 2.7% | 29 | 1 | 27 | 26 | 24 | 31 |
| US Treasury | -0.2% | -0.1% | -1.1% | -1.1% | -0.8% | 2.0% | — | — | — | — | — | — |
| ..Short | 0.0% | 0.1% | 0.3% | 0.3% | 2.1% | 3.9% | — | — | — | — | — | — |
| ..One- to Five-Year | -0.1% | 0.2% | -0.0% | -0.0% | 0.3% | 2.8% | — | — | — | — | — | — |
| ..Five- to 10-Year | -0.3% | 0.0% | -1.1% | -1.1% | -1.2% | 2.0% | — | — | — | — | — | — |
| ...10- to 20-Year | -0.6% | -0.8% | -3.4% | -3.4% | -3.2% | 0.5% | — | — | — | — | — | — |
| ..20+-Year | -0.7% | -1.2% | -4.5% | -4.5% | -3.9% | -1.0% | — | — | — | — | — | — |
| US Corporate | -0.2% | -0.1% | -1.7% | -1.7% | -0.8% | 2.5% | 78 | -1 | 78 | 79 | 73 | 76 |
| ..One- to Five-Year | -0.1% | 0.2% | -0.1% | -0.1% | 0.8% | 3.6% | 57 | -0 | 60 | 62 | 54 | 56 |
| ..Intermediate-Term | -0.1% | 0.1% | -0.6% | -0.6% | 0.1% | 3.4% | 69 | -0 | 70 | 71 | 64 | 68 |
| ..Long-Term | -0.3% | -0.5% | -3.9% | -3.9% | -2.9% | 0.7% | 98 | -1 | 94 | 95 | 91 | 94 |
| ..AAA | -0.2% | -0.1% | -3.0% | -3.0% | -3.0% | -0.1% | 41 | -1 | 34 | 36 | 33 | 30 |
| ..AA | -0.2% | -0.1% | -2.4% | -2.4% | -2.1% | 0.7% | 60 | -1 | 48 | 53 | 45 | 43 |
| ..A | -0.2% | -0.1% | -1.6% | -1.6% | -0.9% | 2.5% | 66 | -0 | 64 | 66 | 60 | 64 |
| ..BBB | -0.2% | -0.0% | -1.6% | -1.6% | -0.5% | 3.0% | 96 | -1 | 97 | 98 | 91 | 95 |
| US Securitized | -0.5% | -0.2% | -1.3% | -1.3% | -0.4% | 4.1% | 33 | 5 | 25 | 22 | 19 | 42 |
| ... Mtge.-Backed Securities (MBS) | -0.5% | -0.2% | -1.4% | -1.4% | -0.4% | 4.1% | 31 | 5 | 22 | 19 | 16 | 40 |
| ..Commercial MBS | -0.2% | 0.1% | -0.4% | -0.4% | 0.4% | 3.7% | 72 | 1 | 81 | 73 | 74 | 86 |
| ... Asset-Backed Securities (ABS) | -0.1% | 0.1% | -0.1% | -0.1% | 1.0% | 3.8% | 42 | 0 | 52 | 49 | 48 | 51 |
| US Municipal | -0.1% | 0.1% | -1.9% | -1.9% | 0.4% | 5.3% | — | — | — | — | — | — |
| ..One- to Five-Year | -0.0% | 0.1% | -0.5% | -0.5% | 0.7% | 2.1% | — | — | — | — | — | — |
| ..One- to 10-Year | -0.1% | 0.1% | -1.2% | -1.2% | -0.1% | 2.8% | — | — | — | — | — | — |
| ...10+-Year | -0.2% | 0.2% | -2.5% | -2.5% | 0.7% | 7.4% | — | — | — | — | — | — |
| US TIPS | — | — | -0.7% | -0.7% | 0.5% | 2.6% | — | — | — | — | — | — |
| US High Yield Corporate | -0.0% | 0.2% | -0.2% | -0.2% | 1.7% | 5.2% | 279 | -3 | 266 | 264 | 265 | 278 |
| ..BB | -0.0% | 0.1% | -0.4% | -0.4% | 1.6% | 5.3% | 165 | -3 | 165 | 160 | 159 | 169 |
| ..B | 0.0% | 0.3% | 0.0% | 0.0% | 2.2% | 5.8% | 282 | -3 | 268 | 286 | 283 | 265 |
| ..CCC | 0.1% | 0.1% | -0.5% | -0.5% | 1.2% | 4.2% | 826 | -5 | 615 | 672 | 595 | 647 |
| US High Yield Municipal | -0.2% | 0.1% | -1.5% | -1.5% | 2.5% | 7.0% | — | — | — | — | — | — |
| Global ex-USD Aggregate | 0.0% | 1.3% | 0.1% | 0.1% | -0.8% | 0.7% | — | — | — | — | — | — |
| EM Hard-Currency | 0.0% | 0.2% | -1.2% | -1.2% | 0.5% | 5.3% | — | — | — | — | — | — |
| EM Local-Currency | 0.3% | 1.0% | 1.1% | 1.1% | 2.7% | 5.7% | — | — | — | — | — | — |
| Morningstar LSTA Leveraged Loan | 0.0% | 0.1% | 0.8% | 0.8% | 2.1% | 4.3% | — | — | — | — | — | — |




Source: Morgan Stanley Wealth Management GIO, Bloomberg, FactSet. [1]Data for HFRI Fund of Funds as of Jun. 30, 2026. YTD starts Dec. 31, 2025, and 1Y starts Jul. 31, 2025.
Past performance is no guarantee of future results. Estimates of future performance are based on assumptions that may not be realized. This material is not a solicitation of any offer to buy or sell any security or other financial instrument or to participate in any trading strategy. Please refer to important information, disclosures and qualifications at the end of this material.

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

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

**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, since these countries may have relatively unstable governments and less established markets and economies.

**Alternative investments** which may be referenced in this report, including private equity funds, real estate funds, hedge funds, managed futures funds, and funds of hedge funds, private equity, and managed futures funds, are speculative and entail significant risks that can include losses due to leveraging or other speculative investment practices, lack of liquidity, volatility of returns, restrictions on transferring interests in a fund, potential lack of diversification, absence and/or delay of information regarding valuations and pricing, complex tax structures and delays in tax reporting, less regulation and higher fees than mutual funds and risks associated with the operations, personnel and processes of the advisor.

**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.

**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.

Interest on **municipal bonds** is generally exempt from federal income tax; however, some bonds may be subject to the alternative minimum tax (AMT). Typically, state tax-exemption applies if securities are issued within one's state of residence and, if applicable, local tax-exemption applies if securities are issued within one's city of residence.

**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.

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

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

**Investing in smaller companies** involves greater risks not associated with investing in more established companies, such as business risk, significant stock price fluctuations and illiquidity.

**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.

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

**REITs investing** risks are similar to those associated with direct investments in real estate: property value fluctuations, lack of liquidity, limited diversification and sensitivity to economic factors such as interest rate changes and market recessions.

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.

**Investing in foreign emerging markets** entails greater risks than those normally associated with domestic markets, such as political, currency, economic and market risks.

**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, since these countries may have relatively unstable governments and less established markets and economies.

**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.

**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.

**Asset-backed securities** generally decrease in value as a result of interest rate increases, but may benefit less than other fixed-income securities from declining interest rates, principally because of prepayments.

Certain securities referred to in this material may not have been registered under the U.S. Securities Act of 1933, as amended, and, if not, may not be offered or sold absent an exemption therefrom. Recipients are required to comply with any legal or contractual restrictions on their purchase, holding, sale, exercise of rights or performance of obligations under any securities/instruments transaction.

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