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The Caruso-Colonna Group at Morgan Stanley
January 2026 Newsletter

Our Mission: To Gain and Maintain Financial Freedom

"The stock market is a device for transferring money from the impatient to the patient."
Warren Buffett

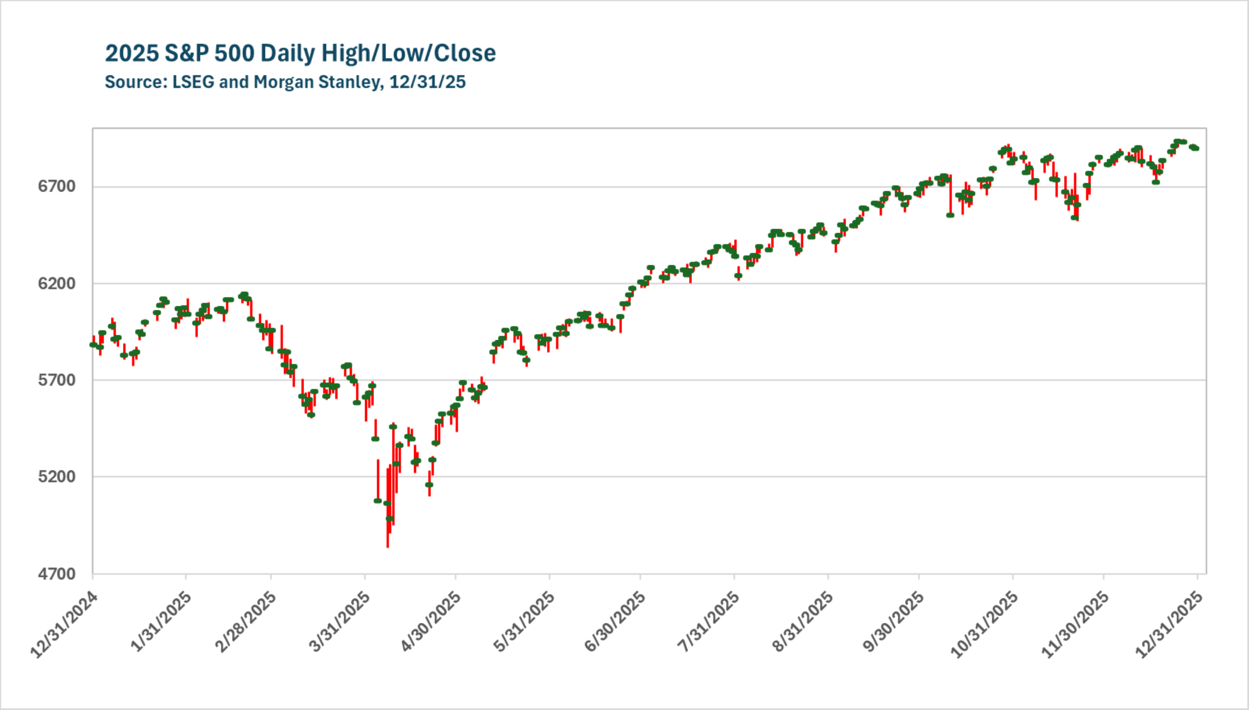
2025 - Markets and Economy and 2026 Outlook:

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

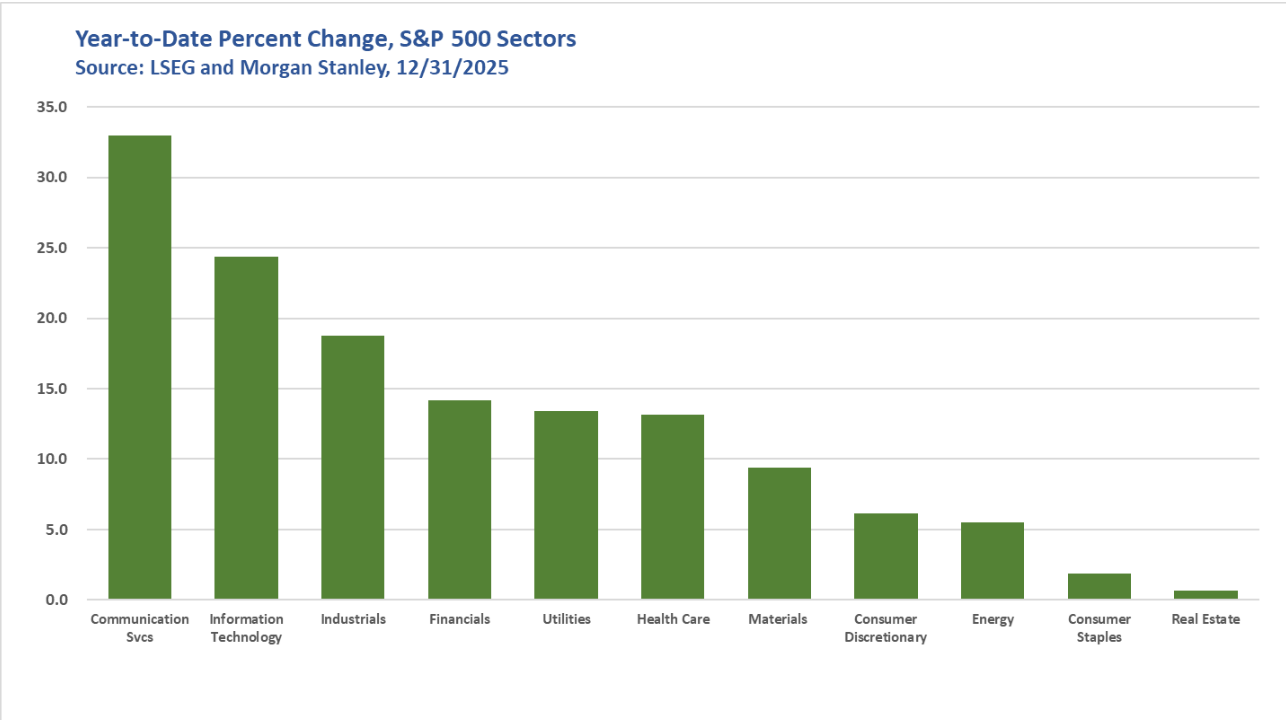
Happy New Year! Our January letter, recapping 2025, is a bit later than normal given all that we want to discuss combined with events over 2026's first weekend of the year.

Global equity markets finished 2025 with broad strength around the world. Our Capital Market Indices report appended at the end provides the details. Foreign markets were particularly strong. We believe foreign market strength was somewhat influenced by modest US Dollar weakening.

Below is a 2025 graph of the S&P 500 index. It shows the index's daily high, low, and close. In late March and early April, daily trading volatility increased as US tariffs discussions accelerated. We anticipate that, for some people, this also increased daily anxiety. However, we think this demonstrates why we entreat people to remain calm and patient during volatile periods. As emotions settled in later spring, volatility diminished, and markets increased through year-end.



The Communication Services sector led last year, but this sector now includes companies involved with social media, internet search, and video streaming that were once categorized as technology companies. The arithmetic average of last year's return for both sectors combined was approximately 30%. It seems fair to say that Technology led the way overall.



Industrials enjoyed a solid 2025. This sector includes companies involved in diverse businesses such aerospace, airlines, factory automation, electrical equipment, power generation, railroads, agricultural equipment, HVAC equipment, and more. Industrial companies enjoyed a solid 2025 as equipment demand for many businesses remained strong.

Consumer discretionary, energy, consumer staples, and real estate lagged. These sectors cover a range of businesses such as retailers, restaurants, consumer goods, health and beauty supplies, automobiles, and commercial real estate. We believe weakness here may reflect a cautious consumer combined with investor sentiment that favored technology and industrial companies.

The sectors in the middle – financials, utilities, health care, and materials – all enjoyed a good year. It was nice to see health care enjoy a rebound after a flatter return in 2024. Growing power demand combined with a decline in interest rates were probably utility sector growth catalysts.

We covered the health of the US economy in our December 2025 newsletter. We will not spend much time recapping the data again except to remind that inflation has declined, unemployment is back near historic lows, and 3Q2025 GDP growth was solid.

What might the outlook be for 2026?

Recent client conversations revealed some disbelief that markets climbed last year. Conventional wisdom seems to be that ‘things’ are bad and that ‘things’ should have been an impediment to market progress. Clearly, 2025 conventional wisdom was incorrect.

Our view is that the conditions which underpinned 2025’s markets may still be in place for 2026. This suggests the potential for another good market year. What are these conditions? Here are seven that we think should be supportive of markets and the broader economy:

1. Unemployment levels remain near post-COVID lows. We would like to see stronger job creation and additions.

2. The Federal Reserve began cutting the Fed Funds Rate late last year. This easing of monetary policy may continue into 2026. Lower interest rates should benefit the economy.

3. We believe consumers may be surprised by the benefits of The One Big Beautiful Bill Act passed last year. They may become more aware of them when they begin to meet with their tax professionals throughout 2026’s first quarter.

4. 2026 capital investment in the industrial sector looks poised to grow. Morgan Stanley’s Capex Tracker indicates a strong acceleration in capex (capital expenditures) in later 2026 and 2027. Our Multi-Industry North America report *2026 Outlook: Relative Stability Layers in Cyclical Torque* dated 1/6/26 is available upon request.

5. Artificial Intelligence (Ai) capital spending is expected to climb 13% to more than $527 billion in 2026, another record high. (1) We think Ai spending was a key driver to 2025 equity market growth.

6. Oil prices finished 2025 at their lowest price in about four years. This has translated lower gasoline prices which should help consumers and businesses. (2)

7. Regulatory reform may also help if we continue to see positive changes in areas such as legal and permitting. Additional reforms could unlock additional capital investment.

There is a new element of geopolitical uncertainty with the US’ actions against Nicolas Maduro in Venezuela. We could devote a whole letter on this alone. This action could have wide geopolitical consequences beyond Venezuela itself.

Two charts on page four from our Global Investment Office offer more insight. Personal consumption expenditures (consumer spending) and bank credit growth have been rising. Continued strength from these should lend itself to better economic growth. Recession risks seem low. Consumer resiliency though feels tenuous. Confidence is low, layoffs are increasing, and loan delinquencies are rising, particularly in the student loan segment.

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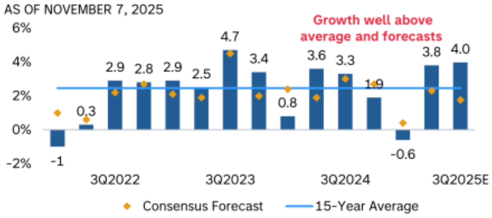
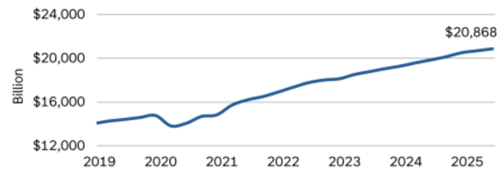
Recession Has Been Nowhere in Sight; GDP Growth Healthy

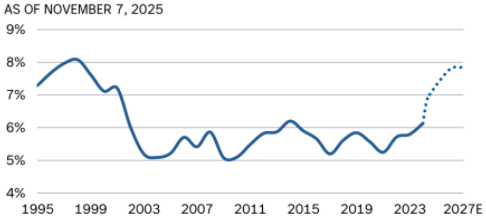
QUARTERLY REAL GDP (ANN.)
AS OF NOVEMBER 7, 2025



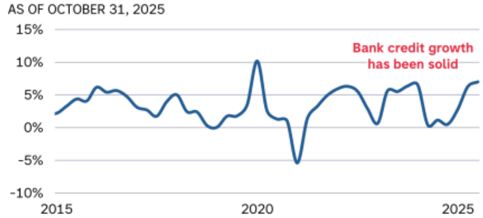
PERSONAL CONSUMPTION EXPENDITURE
AS OF SEPTEMBER 26, 2025



S&P 500 CAPEX AS A SHARE OF SALES
AS OF NOVEMBER 7, 2025



US BANK TOTAL LOANS, YEAR-OVER-YEAR CHANGE
AS OF OCTOBER 31, 2025



Source: Morgan Stanley Wealth Management GIO, Bloomberg. 3Q2025 GDP estimates are from Atlanta Fed GDPNow Forecast. Capex as a share of sales uses consensus estimates.
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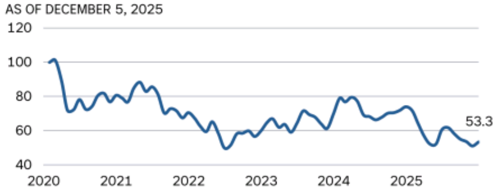
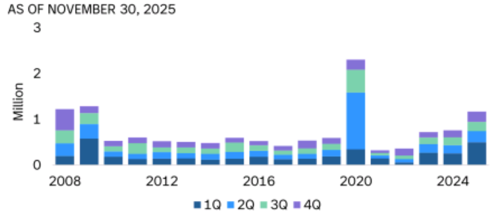
Controversy #4: Is the Consumer Really Resilient?

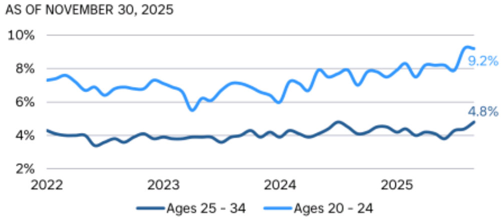
UNIVERSITY OF MICHIGAN CONSUMER CONFIDENCE
AS OF DECEMBER 5, 2025



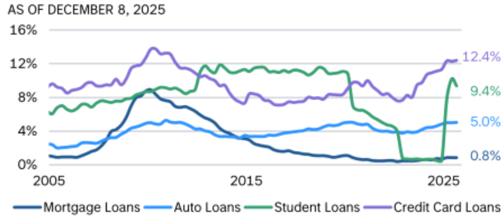
CHALLENGER LAYOFFS
AS OF NOVEMBER 30, 2025



YOUTH UNEMPLOYMENT RATE
AS OF NOVEMBER 30, 2025



OVER 90-DAY DELINQUENCY RATES
AS OF DECEMBER 8, 2025



Source: Morgan Stanley Wealth Management GIO, Bloomberg, Pantheon Macro
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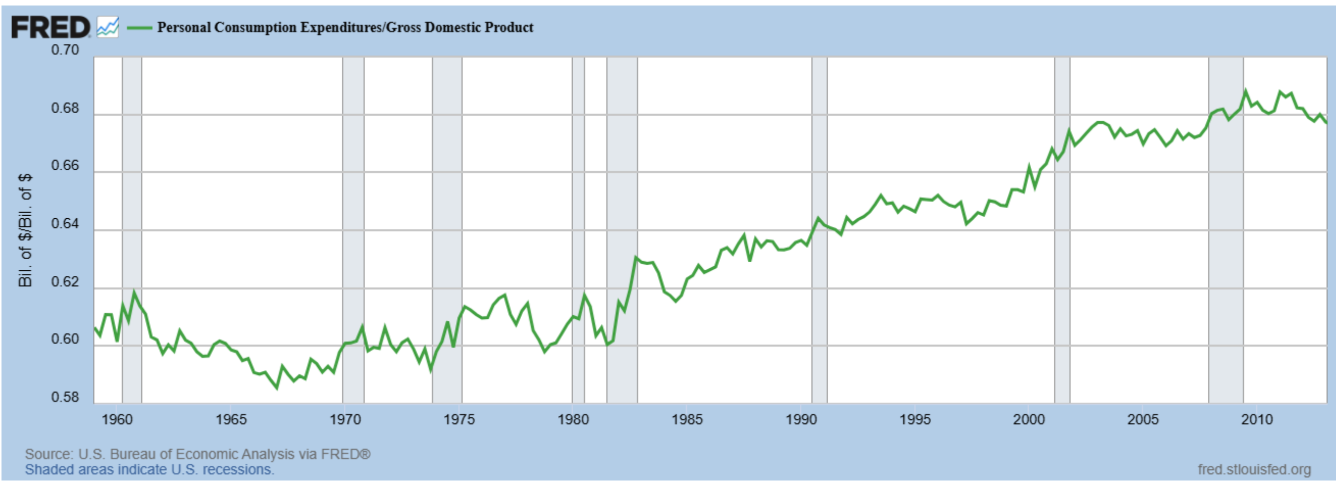
We seek to offer a balanced perspective. Geopolitical risks and low consumer confidence could be short term market headwinds. Business conditions may be tailwinds. However, consumer resilience is often measured by the percentage of US GDP that is comprised of consumer spending.

The chart below (3) shows that consumer spending as a percentage of GDP has grown by approximately eight percentage points since the mid-1980's. Despite recession, war, pandemics and more, people consumed. They will always need food, clothing, power, technology, health care, and more. The consumer has always been a key economic driver.



Morgan Stanley's Chief Investment Officer Mike Wilson projects the S&P 500 to finish 2026 at 7,800 based on an S&P earnings per share estimate of $356 and forward PE Ratio of 22. (4) If he is correct, this would be a nearly 14% yearly increase. It is possible that we might see the Dow Jones Industrial Average breech the 50,000 level. It closed 2025 at 48,063.29. (5) From this level, the Dow would only need to gain about 4% to reach this new milestone.

We do not know where markets will finish this year. Even with valuations looking fuller for many companies though, we believe near-term strengths may still outweigh weaknesses.

We understand the temptation to worry about 'things.' We have been hearing people worry about things for roughly thirty years. At some point, such worries become counterproductive. Focus on the positive conditions discussed above.

Remember to be patient. A great many things may happen, but not all of them will. Do not let worries be the reason you allow impatience to transfer your money to the patient.

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(1) *Why AI Companies May Invest More than $500 Billion in 2026*, Goldman Sachs, 12/18/2025
(2) US Energy Information Administration (retrieved 1/7/26)
(3) U.S. Bureau of Economic Analysis, Personal Consumption Expenditures [PCE], retrieved from FRED, Federal Reserve Bank of St. Louis; https://fred.stlouisfed.org/series/PCE, January 8, 2026.
(4) *2026 US Equities Outlook: The Rolling Recovery is Here*, Mike Wilson, 11/17/25. Available upon request.
(5) Source: LSEG and Morgan Stanley Thompson One, 1/8/26
(6) AUM Data as of 1/8/2026

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

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 more than $800 million in client assets. (6)

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

Capital Market Indices

Friday, January 2, 2026

US Equities	Dec-31	1D	WTD	MTD	QTD	YTD	1Y
S&P 500	6,845.50	-0.7%	-1.2%	0.1%	2.7%	17.9%	17.9%
Dow Jones Industrial Avg.	48,063.29	-0.6%	-1.3%	0.9%	4.0%	14.9%	14.9%
NASDAQ Composite	23,241.99	-0.8%	-1.5%	-0.5%	2.7%	21.2%	21.2%
NYSE Composite	22,003.93	-0.6%	-1.1%	1.0%	2.6%	17.8%	17.8%
AMEX Composite	6,866.79	-0.9%	-0.9%	-7.7%	-1.2%	50.0%	50.0%
Americas Equities (USD)	**Dec-31**	**1D**	**WTD**	**MTD**	**QTD**	**YTD**	**1Y**
Canada S&P	23,112.57	-0.7%	-1.2%	3.2%	7.8%	38.1%	38.1%
Mexico IPC	3,569.27	-0.4%	-2.7%	3.3%	5.2%	56.4%	56.4%
Brazil Bovespa	29,375.10	0.0%	1.2%	-1.4%	6.8%	50.9%	50.9%
Europe Equities (USD)	**Dec-31**	**1D**	**WTD**	**MTD**	**QTD**	**YTD**	**1Y**
UK FTSE 100	13,359.69	-0.2%	0.3%	3.9%	6.8%	35.1%	35.1%
Eurozone STOXX 50	6,796.80	-0.2%	0.5%	3.4%	5.0%	38.5%	38.5%
France CAC 40	9,564.25	-0.3%	0.3%	1.7%	3.4%	29.6%	29.6%
Germany DAX	28,790.93	0.0%	0.5%	4.1%	2.5%	39.1%	39.1%
Spain IBEX 35	20,312.43	-0.4%	0.4%	7.1%	12.7%	76.1%	76.1%
Asia Equities (USD)	**Dec-31**	**1D**	**WTD**	**MTD**	**QTD**	**YTD**	**1Y**
Japan Nikkei 225	321.99	0.0%	-0.6%	0.2%	6.0%	29.3%	29.3%
Hang Seng Hong Kong	3,292.76	-0.9%	-0.8%	-0.6%	-4.2%	32.2%	32.2%
China Shenzhen Comp.	362.13	-0.2%	-0.2%	4.5%	2.5%	37.2%	37.2%
Alternatives	**Dec-31**	**1D**	**WTD**	**MTD**	**QTD**	**YTD**	**1Y**
FTSE EPRA/NAREIT Global	1,714.72	-0.8%	-0.6%	-1.8%	-1.7%	3.9%	3.9%
Alerian Midstream Energy Select	743.03	-0.4%	0.5%	-0.2%	-1.7%	6.2%	6.2%
HFRX Global Hedge Fund	1,591.17	0.0%	0.1%	0.6%	1.4%	7.2%	7.2%
HFRI Fund of Funds[1]	9,002.91	-	-	0.0%	2.0%	9.3%	9.3%
HFRX Macro/CTA Index	1,368.30	0.0%	0.2%	1.4%	3.0%	5.7%	5.7%
Commodities	**Dec-31**	**1D**	**WTD**	**MTD**	**QTD**	**YTD**	**1Y**
Bloomberg Commodity	109.69	-2.0%	-2.5%	-0.7%	4.8%	11.1%	11.1%
…Ex-Energy	136.47	-1.8%	-2.9%	2.3%	9.0%	21.7%	21.7%
…Ex-Precious Metals	122.37	-1.3%	-0.9%	-3.4%	0.4%	0.9%	0.9%
CRB Index	539.89	-0.2%	-0.4%	1.1%	-1.1%	0.6%	0.6%
Bloomberg Agriculture	53.44	-0.7%	-1.9%	-5.7%	-0.4%	-6.3%	-6.3%
Bloomberg Energy	25.34	-2.7%	-1.1%	-9.4%	-7.1%	-14.1%	-14.1%
WTI Crude Oil Futures	57.42	-0.9%	1.2%	-1.9%	-7.9%	-19.9%	-19.9%
Brent Crude Oil Futures	60.85	-1.7%	0.3%	-3.7%	-9.2%	-18.5%	-18.5%
Gasoline Futures	1.71	-0.9%	0.5%	-10.0%	-13.6%	-14.8%	-14.8%
Natural Gas Futures	3.69	-7.2%	-15.6%	-24.0%	11.6%	1.5%	1.5%
Bloomberg Ind. Metals	163.38	-0.7%	0.1%	6.1%	11.0%	16.4%	16.4%
Copper Futures	5.68	-1.7%	-1.5%	9.6%	17.0%	41.1%	41.1%
Bloomberg Prec. Metals	460.24	-3.8%	-5.9%	7.8%	20.7%	72.8%	72.8%
Gold Futures	4,341.10	-1.0%	-4.2%	2.9%	13.0%	64.4%	64.4%
Silver Futures	70.60	-9.4%	-7.7%	25.1%	51.4%	141.4%	141.4%
Palladium Futures	1,651.40	-4.4%	-16.8%	12.4%	28.3%	81.5%	81.5%
Platinum Futures	2,034.50	-8.9%	-17.7%	20.7%	28.4%	127.6%	127.6%
Bloomberg Softs	63.44	0.2%	-0.6%	-4.6%	-4.5%	-1.4%	-1.4%

US Size-Style	Dec-31	1D	WTD	MTD	QTD	YTD	1Y
Russell 3000	3,882.77	-0.7%	-1.3%	-0.0%	2.4%	17.1%	17.1%
Russell 3000 Growth	3,713.31	-0.8%	-1.5%	-0.6%	1.1%	18.1%	18.1%
Russell 3000 Value	2,707.19	-0.7%	-1.0%	0.7%	3.8%	15.7%	15.7%
S&P 500	6,845.50	-0.7%	-1.2%	0.1%	2.7%	17.9%	17.9%
S&P 500 Equal Weight	7,763.92	-0.9%	-1.2%	0.4%	1.4%	11.4%	11.4%
S&P 500 Growth	4,971.45	-0.7%	-1.4%	-0.2%	2.2%	22.1%	22.1%
S&P 500 Value	2,092.98	-0.7%	-1.0%	0.4%	3.2%	13.2%	13.2%
Russell 1000	3,732.87	-0.8%	-1.3%	0.0%	2.4%	17.3%	17.3%
Russell 1000 Growth	4,764.53	-0.8%	-1.5%	-0.6%	1.1%	18.5%	18.5%
Russell 1000 Value	2,071.57	-0.7%	-1.0%	0.7%	3.8%	15.9%	15.9%
Russell Midcap	3,845.08	-1.0%	-1.6%	-0.3%	0.2%	10.6%	10.6%
Russell Midcap Growth	2,209.78	-1.1%	-2.0%	-1.3%	-3.7%	8.7%	8.7%
Russell Midcap Value	3,243.75	-1.0%	-1.4%	0.1%	1.4%	11.0%	11.0%
Russell 2000	2,481.91	-0.7%	-2.0%	-0.6%	2.2%	12.8%	12.8%
Russell 2000 Growth	1,651.86	-0.7%	-2.3%	-1.3%	1.2%	13.0%	13.0%
Russell 2000 Value	2,717.15	-0.7%	-1.7%	0.2%	3.2%	12.6%	12.6%
S&P 500 Sectors	**Dec-31**	**1D**	**WTD**	**MTD**	**QTD**	**YTD**	**1Y**
Communication Services	452.39	-0.4%	-0.2%	-1.0%	7.3%	33.6%	33.6%
Consumer Discretionary	1,928.43	-0.8%	-2.1%	0.8%	0.7%	6.0%	6.0%
Consumer Staples	864.89	-0.5%	-0.6%	-1.6%	0.0%	3.9%	3.9%
Energy	687.34	-0.5%	1.2%	0.2%	1.5%	8.7%	8.7%
Financials	911.60	-0.8%	-1.5%	3.1%	2.0%	15.0%	15.0%
Health Care	1,805.89	-0.6%	-0.8%	-1.4%	11.7%	14.6%	14.6%
Industrials	1,313.14	-0.9%	-1.3%	1.2%	0.9%	19.3%	19.3%
Information Technology	5,684.00	-0.9%	-1.5%	-0.3%	1.4%	24.0%	24.0%
Materials	574.41	-0.9%	-1.8%	2.2%	1.1%	10.5%	10.5%
Real Estate	255.03	-0.9%	-0.4%	-2.2%	-2.9%	3.1%	3.1%
Utilities	433.81	-0.6%	-0.2%	-5.1%	-1.4%	16.0%	16.0%
MSCI Indices (USD)	**Dec-31**	**1D**	**WTD**	**MTD**	**QTD**	**YTD**	**1Y**
All Country World	1,014.62	-0.5%	-0.8%	1.1%	3.4%	22.9%	22.9%
... ex-US	421.04	-0.2%	0.0%	3.0%	5.1%	33.2%	33.2%
World	4,430.38	-0.6%	-0.9%	0.8%	3.2%	21.6%	21.6%
... ex-US	2,961.08	-0.3%	-0.2%	3.0%	5.3%	32.7%	32.7%
USA	6,532.32	-0.7%	-1.2%	0.0%	2.4%	17.7%	17.7%
EAFE	2,892.71	-0.3%	-0.0%	3.0%	4.9%	32.0%	32.0%
Pacific	3,687.24	-0.4%	-0.7%	1.1%	2.2%	23.9%	23.9%
Japan	13.33	-0.3%	-0.5%	0.6%	3.2%	25.1%	25.1%
Pacific ex-Japan	1,562.42	-0.6%	-1.1%	2.3%	0.1%	21.6%	21.6%
All Country Asia ex-Japan	913.42	0.1%	0.6%	2.7%	4.3%	33.0%	33.0%
Europe	231.95	-0.2%	0.3%	3.9%	6.1%	36.3%	36.3%
…ex-UK	274.56	-0.2%	0.3%	3.9%	5.9%	36.7%	36.7%
Emerging Markets	1,404.37	0.1%	0.5%	3.0%	4.8%	34.3%	34.3%
Brazil	1,646.10	0.1%	1.0%	-1.2%	7.2%	50.5%	50.5%
China	10.67	-0.7%	-0.7%	-1.2%	-7.3%	31.4%	31.4%
India	34.19	0.7%	0.3%	-0.6%	4.8%	4.2%	4.2%
Mexico	7,434.37	-0.4%	-2.5%	3.4%	5.6%	56.9%	56.9%
Frontier Markets	754.34	0.5%	1.6%	4.8%	6.6%	47.4%	47.4%

USD SOFR Rates	Dec-31	3M Ago	1Y Ago
One-Month	3.69%	4.13%	4.33%
Three-Month	3.65%	3.98%	4.31%
Six-Month	3.57%	3.85%	4.25%
One-Year	3.42%	3.66%	4.18%
US Bank Rates	**Dec-31**	**3M Ago**	**1Y Ago**
Federal Funds	3.64%	4.08%	4.32%
Discount Rate	3.75%	4.25%	4.50%
Prime Rate	6.75%	7.25%	7.50%
Volatility	**Dec-31**	**1D Chg.**	**4W Ago**
CBOE Volatility (VIX)	14.95	0.62	17.24
Treasury Bond Volatility	63.96	-0.03	71.35
FX Volatility	6.65	-1.04	6.86
FX Rates	**Dec-31**	**1D Chg.**	**1D %, FX**
US Dollar Spot Rate (DXY)	98.32	0.08	0.1%
Euro (EUR/USD)	1.1746	-0.00	-0.0%
British Pound (GBP/USD)	1.3475	0.00	0.1%
Swiss Franc (USD/CHF)	0.7926	0.00	-0.1%
Japanese Yen (USD/JPY)	156.71	0.30	-0.2%
Australian Dollar (AUD/USD)	0.6673	-0.00	-0.3%
Canadian Dollar (USD/CAD)	1.3724	0.00	-0.2%
New Zealand Doll. (NZD/USD)	0.5758	-0.00	-0.6%
Hong Kong Doll. (USD/HKD)	7.7828	0.00	-0.0%
Singapore Dollar (USD/SGD)	1.2854	0.00	-0.1%
Chinese Renminbi (USD/CNY)	6.9880	-0.01	0.1%
Indian Rupee (USD/INR)	89.88	0.09	-0.1%
Mexican Peso (USD/MXN)	18.01	0.01	-0.1%
Brazilian Real (USD/BRL)	5.4749	0.00	0.0%

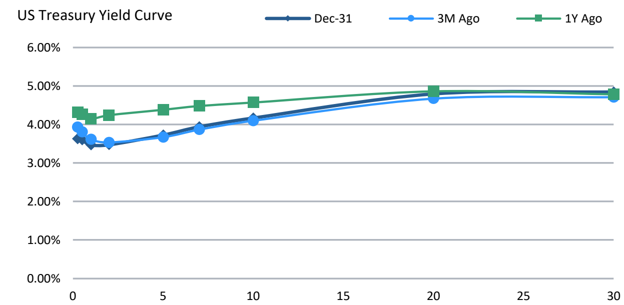
Source: Morgan Stanley Wealth Management GIO, Bloomberg, FactSet. [1]Data for HFRI Fund of Funds as of Nov. 30, 2025. YTD starts Dec. 31, 2024, and 1Y starts Dec. 31, 2024.

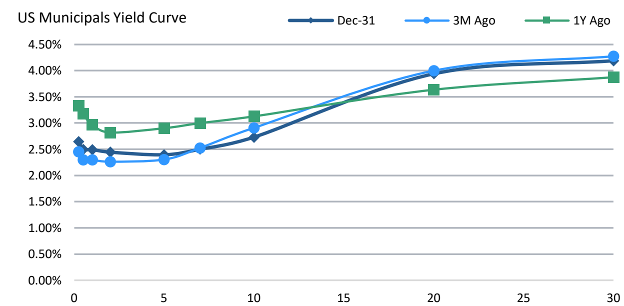
Capital Market Indices

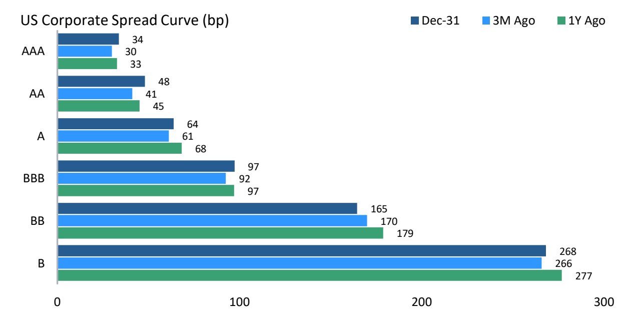
Friday, January 2, 2026

	Treasuries						AAA General Obligation (GO) Municipals						
Maturity	Dec-31	1D Chg.	Dec-31	3M Ago	6M Ago	1Y Ago	Dec-31	% UST	1D Chg.	Dec-31	3M Ago	6M Ago	1Y Ago
Three-Month	3.63	0.08	4.31	3.93	4.32	4.31	2.64	73%	0.00	3.32	2.45	2.73	3.32
Six-Month	3.60	0.01	4.27	3.81	4.24	4.27	2.50	69%	0.00	3.18	2.30	2.58	3.18
One-Year	3.47	0.01	4.14	3.61	3.99	4.14	2.49	72%	0.00	2.97	2.29	2.57	2.97
Two-Year	3.47	0.02	4.24	3.53	3.77	4.24	2.44	70%	0.00	2.82	2.26	2.59	2.82
Five-Year	3.73	0.05	4.38	3.67	3.83	4.38	2.39	64%	0.00	2.90	2.30	2.70	2.90
Seven-Year	3.94	0.05	4.48	3.87	4.02	4.48	2.50	63%	0.00	3.00	2.52	2.86	3.00
10-Year	4.17	0.05	4.57	4.10	4.24	4.57	2.73	65%	0.00	3.13	2.91	3.19	3.13
20-Year	4.79	0.04	4.86	4.67	4.77	4.86	3.94	82%	0.00	3.64	4.00	4.15	3.64
30-Year	4.84	0.04	4.78	4.71	4.76	4.78	4.19	86%	0.00	3.87	4.27	4.52	3.87

	Returns						Option-Adjusted Spreads (bp)					
Bloomberg Indices (USD)	1D	WTD	MTD	QTD	YTD	1Y	Dec-31	1D Chg.	Dec-31	3M Ago	6M Ago	1Y Ago
Multiverse	-0.1%	-0.1%	0.3%	0.3%	8.4%	8.4%	---	---	---	---	---	---
Global Aggregate	-0.1%	-0.1%	0.3%	0.2%	8.2%	8.2%	---	---	---	---	---	---
US Aggregate	-0.1%	-0.0%	-0.1%	1.1%	7.3%	7.3%	27	0	34	28	32	34
US Treasury	-0.1%	0.0%	-0.3%	0.9%	6.3%	6.3%	---	---	---	---	---	---
... Short	0.0%	0.0%	0.4%	1.0%	4.3%	4.3%	---	---	---	---	---	---
... One- to Five-Year	-0.0%	0.1%	0.2%	1.2%	5.8%	5.8%	---	---	---	---	---	---
... Five- to 10-Year	-0.2%	-0.1%	-0.4%	1.1%	8.2%	8.2%	---	---	---	---	---	---
... 10- to 20-Year	-0.2%	0.1%	-1.3%	0.5%	6.8%	6.8%	---	---	---	---	---	---
... 20+-Year	-0.3%	-0.1%	-2.1%	-0.5%	4.6%	4.6%	---	---	---	---	---	---
US Corporate	-0.1%	-0.0%	-0.2%	0.8%	7.8%	7.8%	78	1	80	74	82	80
... One- to Five-Year	-0.1%	0.0%	0.3%	1.3%	6.8%	6.8%	60	1	60	55	62	60
... Intermediate-Term	-0.1%	0.0%	0.2%	1.3%	8.0%	8.0%	70	1	71	66	74	71
... Long-Term	-0.2%	-0.1%	-1.0%	-0.1%	7.4%	7.4%	94	0	98	90	98	98
... AAA	-0.2%	-0.1%	-1.1%	0.1%	6.4%	6.4%	34	0	33	30	33	33
... AA	-0.1%	-0.1%	-0.6%	0.4%	6.7%	6.7%	48	1	45	41	46	45
... A	-0.1%	-0.0%	-0.2%	0.9%	7.8%	7.8%	64	1	68	61	69	68
... BBB	-0.1%	-0.0%	-0.1%	0.8%	7.9%	7.9%	97	0	97	92	101	97
US Securitized	-0.1%	-0.0%	0.2%	1.7%	8.5%	8.5%	25	-0	45	33	39	45
... Mtge.-Backed Securities (MBS)	-0.1%	-0.0%	0.2%	1.7%	8.6%	8.6%	22	-0	43	30	36	43
... Commercial MBS	-0.1%	0.1%	0.1%	1.4%	7.8%	7.8%	81	-0	87	82	90	87
... Asset-Backed Securities (ABS)	-0.0%	0.1%	0.3%	1.2%	5.9%	5.9%	52	-0	44	50	56	44
US Municipal	0.0%	0.1%	0.1%	1.6%	4.2%	4.2%	---	---	---	---	---	---
... One- to Five-Year	0.0%	0.1%	0.3%	0.5%	4.3%	4.3%	---	---	---	---	---	---
... One- to 10-Year	0.0%	0.1%	0.3%	1.0%	5.1%	5.1%	---	---	---	---	---	---
... 10+-Year	0.0%	0.1%	-0.1%	2.2%	3.6%	3.6%	---	---	---	---	---	---
US TIPS	---	---	-0.4%	0.1%	7.0%	7.0%	---	---	---	---	---	---
US High Yield Corporate	0.0%	0.2%	0.6%	1.3%	8.6%	8.6%	266	-1	287	270	281	287
... BB	-0.0%	0.2%	0.4%	1.5%	9.0%	9.0%	165	1	179	170	166	179
... B	0.0%	0.2%	0.9%	1.6%	8.4%	8.4%	268	-3	277	266	273	277
... CCC	0.0%	0.2%	0.7%	0.2%	8.3%	8.3%	615	-4	558	611	658	558
US High Yield Municipal	0.0%	0.1%	-0.2%	1.1%	2.5%	2.5%	---	---	---	---	---	---
Global ex-USD Aggregate	-0.1%	-0.1%	0.6%	-0.5%	8.8%	8.8%	---	---	---	---	---	---
EM Hard-Currency	-0.0%	0.0%	0.5%	2.2%	12.2%	12.2%	---	---	---	---	---	---
EM Local-Currency	0.0%	0.1%	1.2%	1.7%	9.3%	9.3%	---	---	---	---	---	---
Morningstar LSTA Leveraged Loan	0.0%	0.1%	0.6%	1.2%	5.9%	5.9%	---	---	---	---	---	---







Source: Morgan Stanley Wealth Management GIO, Bloomberg, FactSet. [1]Data for HFRI Fund of Funds as of Nov. 30, 2025. YTD starts Dec. 31, 2024, and 1Y starts Dec. 31, 2024.
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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.

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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.