

## The Caruso-Colonna Group at Morgan Stanley May, 2026 Newsletter

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

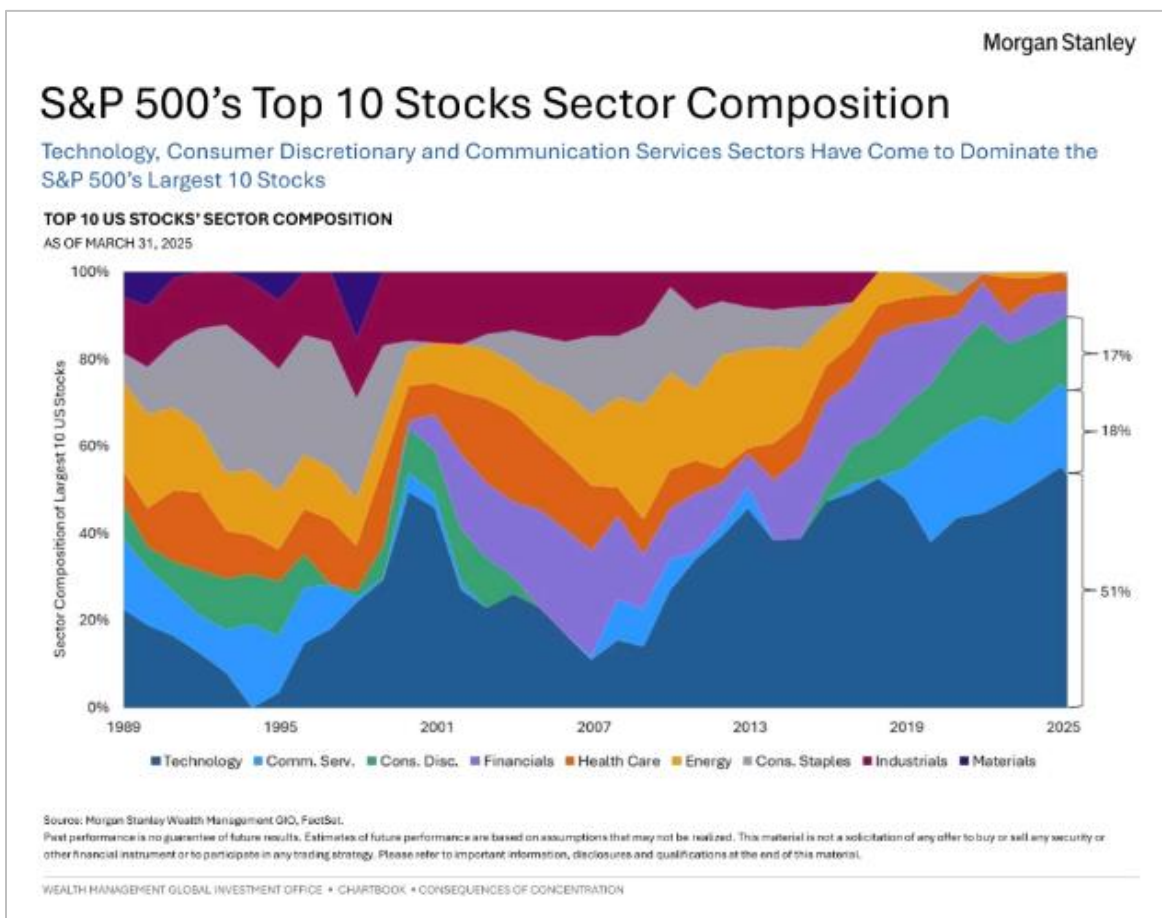
**“Change is the law of life. And those who look only to the past or present are certain to miss the future.” John F. Kennedy**

### Markets and the Economy

**Keith A. Colonna Sr., CFP®**

Senior Vice President, Senior Portfolio Management Director, Financial Advisor

Below is a snapshot of the S&P 500's ten largest companies by market sector. It is a study in change over time. Today, the index's largest companies remain heavily concentrated in technology issues, but this was not always the case. As recently as 2007, there was much more sector diversification among the top ten. As recently as the mid-1990's, hardly any technology companies cracked the top ten. We show this as a means of demonstrating the resiliency and adaptability of markets – and to remind that change is constant.



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Our capital market indices appended at the end show that Energy is leading YTD among the S&P sectors. Most are up for the year except for Financials and Health Care. The lag in these two sectors remains something of a surprise in our view, especially Health Care.

Health Care is often viewed as a flight to safety sector because of the consistent need for medical procedures, devices, medicines, and more. Technology has experienced perhaps the largest reversal this year.

Equity markets are often viewed as ‘forward looking.’ This means that past investment results theoretically have less bearing on stock prices than do investor beliefs about a company’s future sales and earnings prospects. It is the future we are buying when we invest, not the past.

The Capital Asset Pricing Model (CAPM), long a cornerstone of equity valuation, posits that current stock prices are the summation of all discounted future cash flows. That markets are higher on the year suggests one key point to us. While the war with Iran is unsettling, investors and markets seem to have mentally moved past it. They appear to be looking ahead to future revenue and profit expectations, and their belief is they should move higher.

Consistent with this view, nearly all major foreign equity indices shown in our attached Capital Market Indices report are positive for the year. The yield curve shown in this report is close to having a positive slope, suggesting that investor views of near-term risks are improving.

If investors were seriously worried about the war, we would expect more red ink in equity markets and a still-inverted yield curve.

Below on page three are two snapshots of the US economy. When the GDP graph in the upper chart was produced, Q1 GDP was not published. We now know that the first quarter checked in at +2% growth, above expectations. (1) GDP growth has slowed a bit from the middle quarters of 2025, but it remains positive.

Retail sales and durable goods orders continue to rise and bank loans continue to grow from their 2024 nadir. All these points are indicators of economic strength.

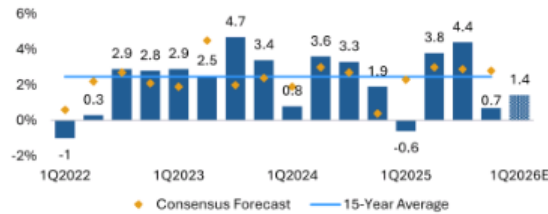
The labor market chart shows us several things. Short and long-term unemployment rates are still low. Wage growth has softened some from its post-COVID peak, but it remains higher than the decade prior to COVID. The labor force participation rate is lower than its late 1990’s peak, but total employment is still at record highs.

In short, our economy does not appear to be roaring. However, the data also suggests that the US economy does not appear to be on the edge of recession, either. Moderate but steady growth seems to remain the order of the day.

## GDP Growth Is Poised to Rebound for Now

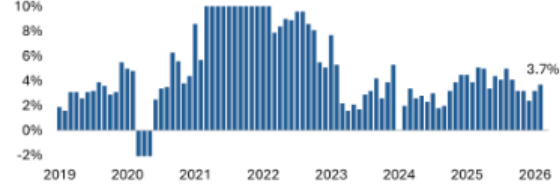
### QUARTERLY REAL GDP (ANNUALIZED)

AS OF APRIL 6, 2026



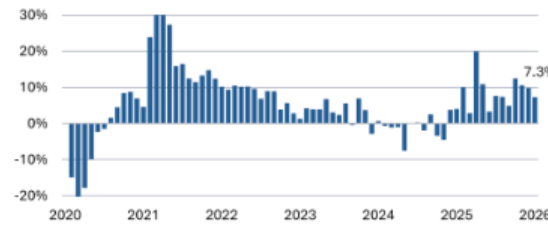
### US RETAIL SALES, YEAR-OVER-YEAR

AS OF APRIL 1, 2026



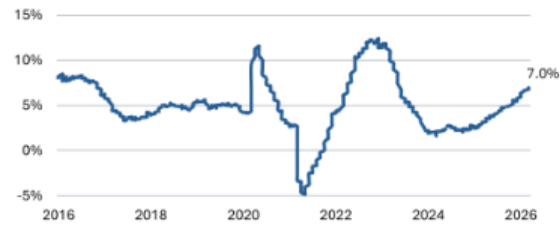
### DURABLE GOODS ORDERS, YEAR-OVER-YEAR

AS OF APRIL 7, 2026



### US BANK TOTAL LOANS, YEAR-OVER-YEAR

AS OF MARCH 31, 2026



Source: Morgan Stanley Wealth Management GIO, Bloomberg. Note: 1Q2026 GDP estimates use the Atlanta Fed GDPNow Forecast. Retail sales and durable goods data truncated for COVID-era. 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.

GLOBAL INVESTMENT COMMITTEE

## US Labor Market Signals

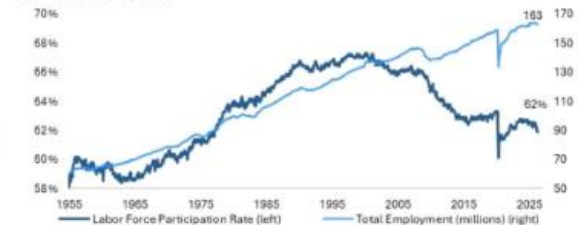
### US UNEMPLOYMENT RATE

AS OF MARCH 31, 2026



### LABOR FORCE PARTICIPATION RATE AND TOTAL EMPLOYMENT

AS OF MARCH 31, 2026



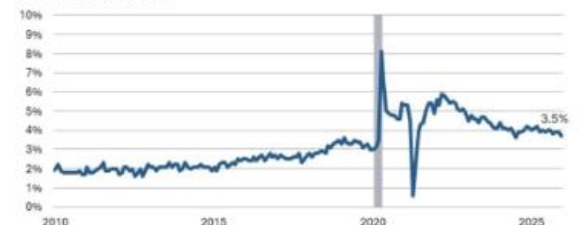
### MONTHLY CHANGE IN TOTAL NONFARM PAYROLLS

AS OF MARCH 31, 2026



### US AVERAGE HOURLY EARNINGS (YOY CHANGE)

AS OF MARCH 31, 2026

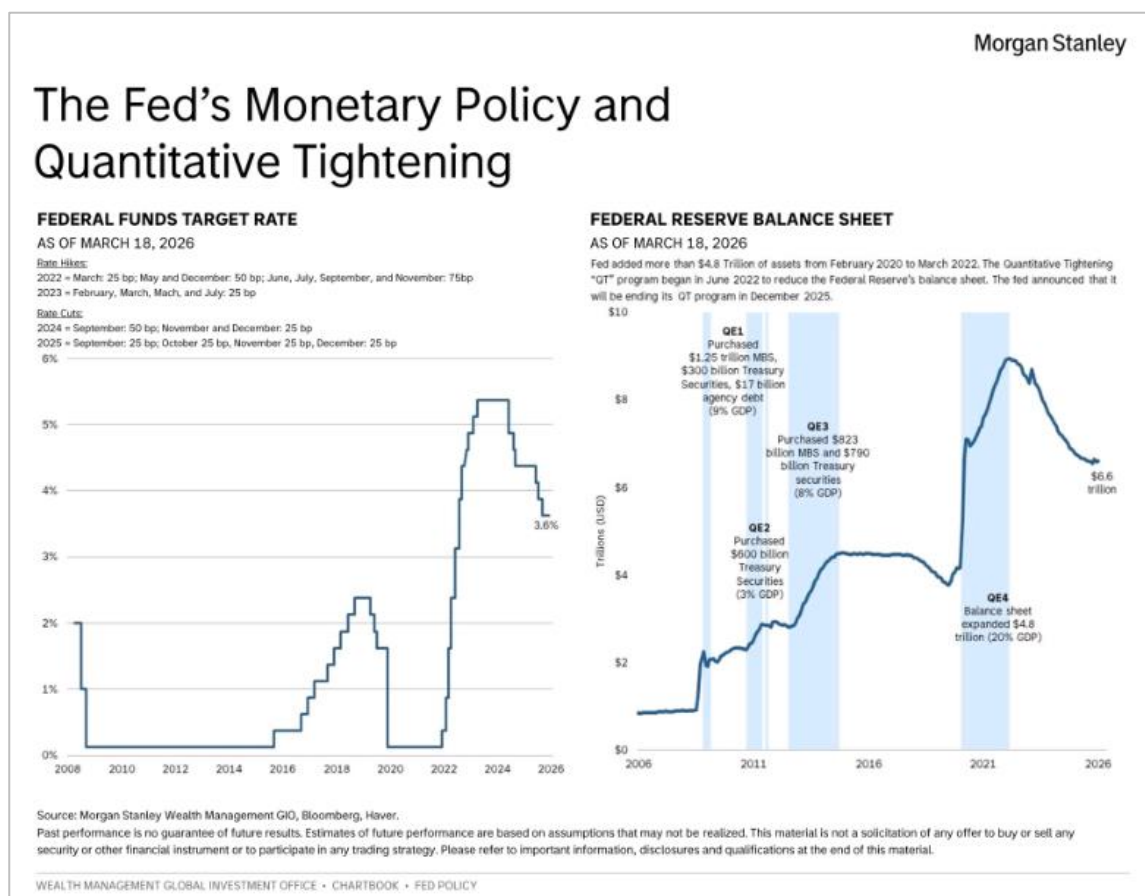


Source: Morgan Stanley Wealth Management GIO, FactSet, Haver Analytics. Past performance is no guarantee of future results. Estimates of future performance are based on assumptions that may not be realized. This material is not a solicitation of any offer to buy or sell any security or other financial 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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A new Federal Reserve Chairman is expected to take the helm later this spring. Kevn Warsh has been through his Senate confirmation hearing and is expected to take over in late May. He has, in our view, a daunting task before him. He has been clear about his desire to reverse nearly two decades of Fed intervention in the US economy. (2) We hope he succeeds.

The chart below shows the challenge we think the Fed is facing, namely, the need to shrink its balance sheet which still holds more than \$6 trillion of assets on its books. Remember that quantitative easing (QE) – which is when the Fed buys long term bonds to put more money into the system – was supposed to be temporary. It has hardly been temporary though given that it began eighteen years ago. (3)



Before the 2008 crisis, the Fed's balance sheet held well under \$1 trillion of assets. At the peak of QE4, that balance ballooned to roughly \$9 trillion. What was supposed to be temporary nearly two decades ago became Fed operating policy.

The Fed has managed to pull this total down to about \$6.6 trillion but it remains a bloated balance sheet. Warsh wants reverse this to return the Fed to its more traditional role. We support this but we understand that such a path could have near-term economic consequences.

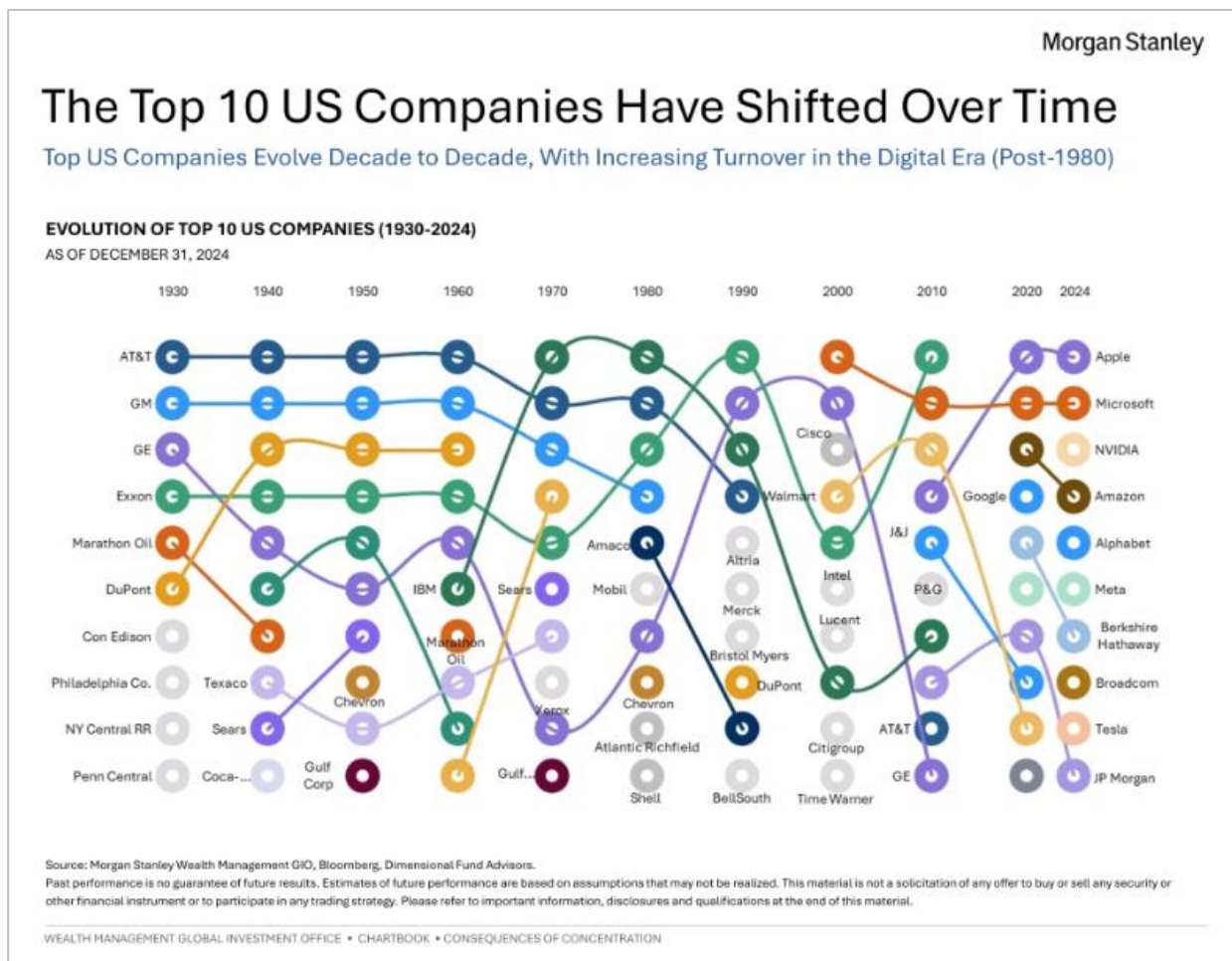
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It seems likely that if quantitative tightening occurs, interest rates could increase at the middle and long end of the yield curve. This might mean higher long-term interest rates for borrowers of all kinds. As the Fed lets bonds mature without repurchasing them, they would also tighten the money supply. We believe this could be a positive step to help control inflation.

This is where adaptability and change come into play. Over the long term, equity markets have thrived through all kinds of interest rate and policy environments. Higher long-term rates may challenge some equity valuations, especially among non-dividend paying or heavily indebted companies. But this does not concern us deeply over the long term.

Growing companies should, we believe, become more valuable over time. While interest rates, monetary, and fiscal policy all impact the economy, we believe the health and prosperity of businesses is more related to the businesses themselves. How well they are run; how effectively their goods and services meet customer needs – these things in our view that matter more.

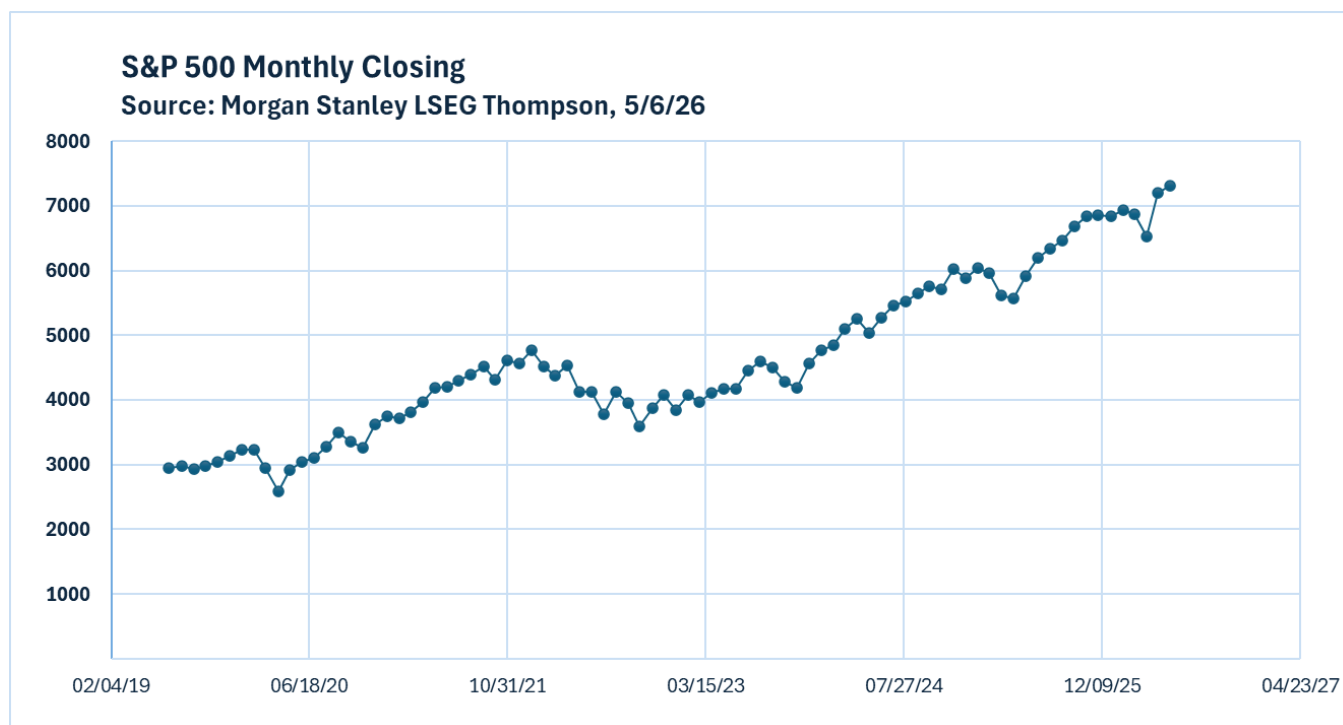
The best companies adapt and grow while others are acquired, shrink, or vanish. The chart below shows the top ten largest US companies in each decade since 1930. IN 1980, half of the top ten largest companies were oil companies. Over the past two decades, only one oil company made it to the top ten. Many of the older companies no longer exist or have been acquired.



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In our view, markets over the past five or so years have been a case study in resilience and adaptability. Beginning with the COVID pandemic, US businesses and the US economy have, perhaps better than most others, adapted to conditions around them and thrived. Markets have more than doubled in value since the COVID outbreak – a period that includes an epidemic, war, contentious politics, natural disasters – you name it.

This makes the case that we believe remains true. Governments and politicians rely on markets and the economy to do what they do, and not the other way around. This is why we believe people should remain confident long-term investors, not nervous short-term traders.



- (1) Source: LSEG T1 and Morgan Stanley, 4/1/2026
- (2) *How Kevin Warsh Could Shrink the Fed's Footprint in Financial Markets*, The NY Times, 4/24/2026
- (3) *From lifeline to lifestyle: How quantitative easing became the Fed's default setting*, Competitive Enterprise Institute, 4/16/26
- (4) AUM Data as of 5/6/26

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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 nearly \$860 million in client assets. (4)

For more information about individual 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

Friday, May 1, 2026

US Equities	Apr-30	1D	WTD	MTD	QTD	YTD	1Y
S&P 500	7,209.01	1.0%	0.6%	10.5%	10.5%	5.7%	31.0%
Dow Jones Industrial Avg.	49,652.14	1.6%	0.9%	7.2%	7.2%	3.8%	24.2%
NASDAQ Composite	24,892.31	0.9%	0.2%	15.3%	15.3%	7.3%	43.6%
NYSE Composite	23,144.64	1.7%	0.9%	4.9%	4.9%	5.9%	23.7%
AMEX Composite	9,172.26	2.7%	4.6%	4.0%	4.0%	34.2%	90.3%
Americas Equities (USD)	Apr-30	1D	WTD	MTD	QTD	YTD	1Y
Canada S&P	24,951.76	2.4%	0.7%	6.3%	6.3%	8.8%	42.2%
Mexico IPC	3,873.78	1.1%	-2.6%	1.9%	1.9%	9.1%	40.6%
Brazil Bovespa	37,633.63	1.9%	-1.2%	4.3%	4.3%	28.1%	58.3%
Europe Equities (USD)	Apr-30	1D	WTD	MTD	QTD	YTD	1Y
UK FTSE 100	14,092.36	2.4%	0.4%	5.1%	5.1%	6.8%	28.4%
Eurozone STOXX 50	6,896.66	1.6%	0.3%	8.1%	8.1%	2.6%	21.5%
France CAC 40	9,515.46	1.0%	-0.1%	6.1%	6.1%	0.2%	14.1%
Germany DAX	28,485.24	1.8%	0.7%	8.8%	8.8%	-1.1%	11.5%
Spain IBEX 35	20,850.00	1.3%	1.0%	7.2%	7.2%	4.3%	43.2%
Asia Equities (USD)	Apr-30	1D	WTD	MTD	QTD	YTD	1Y
Japan Nikkei 225	378.62	0.8%	1.0%	17.9%	17.9%	18.5%	52.5%
Hang Seng Hong Kong	3,290.42	-1.2%	-0.8%	4.1%	4.1%	0.3%	18.9%
China Shenzhen Comp.	406.54	0.3%	1.3%	10.7%	10.7%	12.5%	56.7%
Alternatives	Apr-30	1D	WTD	MTD	QTD	YTD	1Y
FTSE EPRA/NAREIT Global	1,864.35	1.5%	0.8%	8.3%	8.3%	8.7%	12.5%
Alerian Midstream Energy Select	924.45	2.7%	5.8%	2.3%	2.3%	26.1%	33.1%
HFRX Global Hedge Fund	1,627.78	0.0%	-0.1%	2.9%	2.9%	2.3%	9.5%
HFRIFund of Funds <sup>1</sup>	9,164.58	-	-	0.0%	0.0%	0.7%	11.5%
HFRX Macro/CTA Index	1,430.53	0.0%	0.4%	3.0%	3.0%	4.6%	14.9%
Commodities	Apr-30	1D	WTD	MTD	QTD	YTD	1Y
Bloomberg Commodity	140.51	0.2%	3.2%	3.9%	3.9%	28.1%	39.2%
...Ex-Energy	148.81	0.3%	0.1%	1.8%	1.8%	9.0%	24.4%
...Ex-Precious Metals	163.17	-0.0%	4.4%	5.2%	5.2%	33.3%	35.3%
CRB Index	565.32	-	-	0.0%	0.0%	4.7%	3.2%
Bloomberg Agriculture	58.48	-0.4%	2.3%	2.2%	2.2%	9.4%	0.8%
Bloomberg Energy	43.17	0.1%	8.5%	7.4%	7.4%	70.3%	59.7%
WTI Crude Oil Futures	105.07	-1.7%	11.3%	3.6%	3.6%	83.0%	80.5%
Brent Crude Oil Futures	114.01	-3.4%	8.2%	-3.7%	-3.7%	87.4%	80.6%
Gasoline Futures	3.77	0.8%	8.9%	13.9%	13.9%	121.2%	85.1%
Natural Gas Futures	2.77	4.5%	9.7%	-4.1%	-4.1%	-24.9%	-16.8%
Bloomberg Ind. Metals	177.23	0.6%	-1.8%	4.7%	4.7%	8.5%	26.8%
Copper Futures	5.93	0.8%	-1.7%	5.6%	5.6%	4.3%	30.0%
Bloomberg Prec. Metals	489.13	1.7%	-2.6%	-1.2%	-1.2%	6.3%	52.8%
Gold Futures	4,629.60	1.5%	-2.0%	-0.4%	-0.4%	6.6%	39.5%
Silver Futures	73.53	2.7%	-3.8%	-1.8%	-1.8%	4.2%	126.0%
Palladium Futures	1,533.30	4.4%	1.5%	3.1%	3.1%	-7.2%	64.1%
Platinum Futures	1,994.60	4.9%	-1.0%	2.3%	2.3%	-2.0%	105.8%
Bloomberg Softs	58.45	0.6%	1.7%	0.2%	0.2%	-7.9%	-17.2%
US Size-Style	Apr-30	1D	WTD	MTD	QTD	YTD	1Y
Russell 3000	4,094.31	1.1%	0.5%	10.2%	10.2%	5.8%	31.0%
Russell 3000 Growth	3,763.19	0.4%	-0.4%	12.2%	12.2%	1.5%	31.0%
Russell 3000 Value	2,977.56	1.9%	1.5%	8.2%	8.2%	10.6%	29.9%
S&P 500	7,209.01	1.0%	0.6%	10.5%	10.5%	5.7%	31.0%
S&P 500 Equal Weight	8,235.49	1.5%	0.6%	6.0%	6.0%	6.7%	22.3%
S&P 500 Growth	5,234.53	0.8%	0.0%	14.8%	14.8%	5.5%	37.7%
S&P 500 Value	2,203.64	1.3%	1.3%	5.9%	5.9%	5.9%	23.9%
Russell 1000	3,923.58	1.1%	0.5%	10.1%	10.1%	5.5%	30.4%
Russell 1000 Growth	4,801.99	0.4%	-0.4%	11.9%	11.9%	1.0%	30.6%
Russell 1000 Value	2,274.18	1.9%	1.6%	8.2%	8.2%	10.4%	29.2%
Russell Midcap	4,161.47	1.9%	0.6%	7.3%	7.3%	8.7%	25.8%
Russell Midcap Growth	2,198.85	2.2%	0.2%	6.5%	6.5%	-0.3%	12.9%
Russell Midcap Value	3,599.08	1.8%	0.7%	7.6%	7.6%	11.5%	29.7%
Russell 2000	2,799.91	2.2%	0.5%	12.3%	12.3%	13.3%	44.5%
Russell 2000 Growth	1,838.51	2.5%	0.6%	14.8%	14.8%	11.5%	42.7%
Russell 2000 Value	3,110.09	1.9%	0.5%	9.7%	9.7%	15.2%	46.5%
S&P 500 Sectors	Apr-30	1D	WTD	MTD	QTD	YTD	1Y
Communication Services	497.72	4.0%	4.6%	18.5%	18.5%	10.3%	55.9%
Consumer Discretionary	1,953.03	1.2%	-0.1%	11.7%	11.7%	1.5%	25.2%
Consumer Staples	952.85	1.7%	1.2%	3.1%	3.1%	11.0%	8.3%
Energy	910.23	0.8%	4.6%	-3.5%	-3.5%	33.5%	52.4%
Financials	866.90	0.4%	1.3%	5.6%	5.6%	-4.4%	8.4%
Health Care	1,700.55	2.2%	1.2%	-0.4%	-0.4%	-5.3%	5.8%
Industrials	1,477.85	2.8%	1.2%	7.9%	7.9%	12.9%	34.7%
Information Technology	6,057.71	-0.6%	-1.3%	17.5%	17.5%	6.7%	49.2%
Materials	644.42	1.1%	-1.6%	2.7%	2.7%	12.7%	23.8%
Real Estate	282.37	1.8%	1.3%	8.8%	8.8%	11.8%	12.6%
Utilities	475.96	2.6%	1.4%	2.1%	2.1%	10.5%	22.1%
MSCI Indices (USD)	Apr-30	1D	WTD	MTD	QTD	YTD	1Y
All Country World	1,077.10	0.9%	0.5%	10.2%	10.2%	6.8%	31.6%
...ex-US	454.69	0.7%	0.3%	9.7%	9.7%	9.1%	33.0%
World	4,660.70	1.2%	0.6%	9.6%	9.6%	5.8%	29.7%
...ex-UK	3,120.05	1.5%	0.7%	7.5%	7.5%	6.7%	27.1%
USA	6,867.38	1.1%	0.6%	10.5%	10.5%	5.5%	30.8%
EAFE	3,038.64	1.4%	0.7%	7.6%	7.6%	6.4%	25.4%
Pacific	4,022.87	0.8%	1.2%	8.0%	8.0%	10.3%	29.4%
Japan	14.65	1.1%	1.9%	9.1%	9.1%	11.0%	31.1%
Pacific ex-Japan	1,682.78	0.6%	-0.2%	5.7%	5.7%	9.2%	26.3%
All Country Asia ex-Japan	1,045.83	-1.3%	-0.3%	16.3%	16.3%	15.0%	49.0%
Europe	238.87	1.8%	0.2%	7.0%	7.0%	4.4%	23.1%
...ex-UK	280.40	1.6%	0.1%	7.7%	7.7%	3.6%	21.5%
Emerging Markets	1,600.21	-1.1%	-0.6%	14.7%	14.7%	14.6%	47.5%
Brazil	2,025.54	1.8%	-1.0%	4.1%	4.1%	24.0%	55.6%
China	10.05	-1.4%	-1.6%	3.6%	3.6%	-5.6%	12.6%
India	30.51	-0.9%	-0.4%	8.6%	8.6%	-10.5%	-8.2%
Mexico	8,164.35	0.7%	-2.7%	2.8%	2.8%	10.7%	41.5%
Frontier Markets	815.77	-0.2%	-0.4%	10.2%	10.2%	9.2%	50.7%
USD SOFR Rates	Apr-30	3M Ago	1Y Ago				
One-Month	3.65%	3.67%	4.32%				
Three-Month	3.66%	3.66%	4.27%				
Six-Month	3.68%	3.62%	4.10%				
One-Year	3.74%	3.49%	3.78%				
US Bank Rates	Apr-30	3M Ago	1Y Ago				
Federal Funds	3.64%	3.64%	4.31%				
Discount Rate	3.75%	3.75%	4.50%				
Prime Rate	6.75%	6.75%	7.50%				
Volatility	Apr-30	1D Chg.	4W Ago				
CBOE Volatility (VIX)	16.89	-1.92	30.61				
Treasury Bond Volatility	72.07	-3.04	108.33				
FX Volatility	6.78	2.11	8.17				
FX Rates	Apr-30	1D Chg.	1D %	FX			
US Dollar Spot Rate (DXY)	98.06	-0.91	-0.9%				
Euro (EUR/USD)	1.1731	0.01	0.5%				
British Pound (GBP/USD)	1.3604	0.01	1.0%				
Swiss Franc (USD/CHF)	0.7814	-0.01	1.2%				
Japanese Yen (USD/JPY)	156.59	-3.82	2.4%				
Australian Dollar (AUD/USD)	0.7201	0.01	1.2%				
Canadian Dollar (USD/CAD)	1.3582	-0.01	0.8%				
New Zealand Doll. (NZD/USD)	0.5908	0.01	1.4%				
Hong Kong Doll. (USD/HKD)	7.8323	-0.00	0.1%				
Singapore Dollar (USD/SGD)	1.2732	-0.01	0.6%				
Chinese Renminbi (USD/CNY)	6.8281	-0.01	0.2%				
Indian Rupee (USD/INR)	94.92	0.07	-0.1%				
Mexican Peso (USD/MXN)	17.47	-0.07	0.4%				
Brazilian Real (USD/BRL)	4.9554	-0.04	0.8%				

Source: Morgan Stanley Wealth Management GIO, Bloomberg, FactSet. <sup>1</sup>Data for HFRIFund of Funds as of Mar. 31, 2026. YTD starts Dec. 31, 2025, and 1Y starts Apr. 30, 2025.

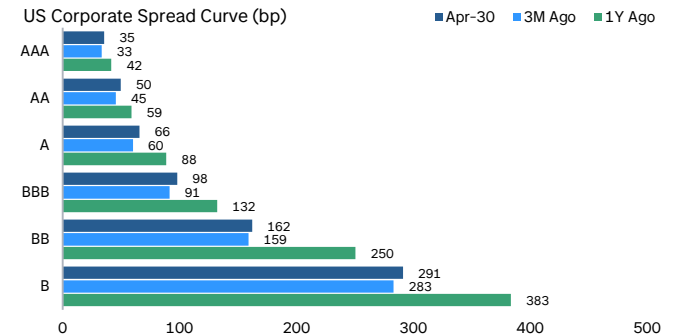
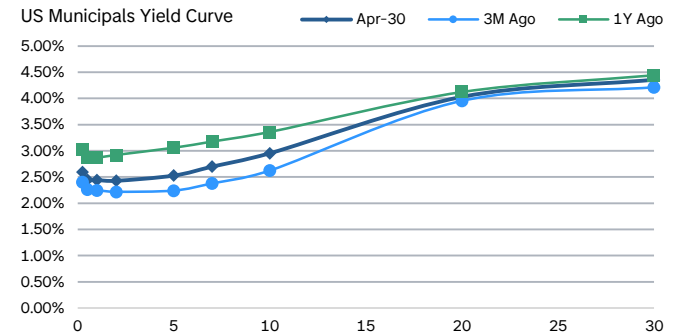
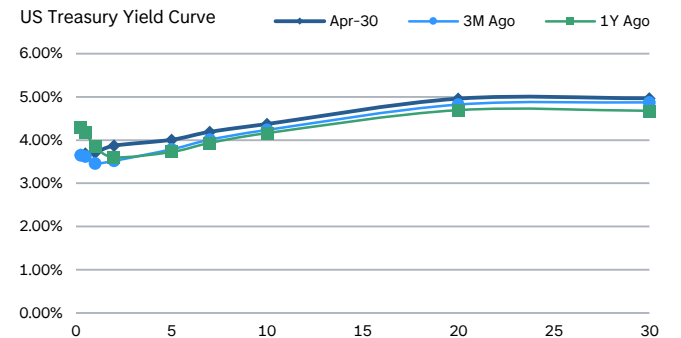
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# Capital Market Indices

Friday, May 1, 2026

Maturity	Treasury						AAA General Obligation (GO) Municipals						
	Apr-30	1D	Dec-31	3M Ago	6M Ago	1Y Ago	Apr-30	% UST	1D	Dec-31	3M Ago	6M Ago	1Y Ago
Three-Month	3.66	-0.01	3.63	3.65	3.84	4.29	2.59	71%	0.01	2.64	2.40	2.69	3.02
Six-Month	3.69	-0.02	3.60	3.62	3.80	4.17	2.45	66%	0.01	2.50	2.26	2.54	2.87
One-Year	3.71	-0.03	3.47	3.46	3.69	3.85	2.44	66%	0.01	2.49	2.25	2.54	2.87
Two-Year	3.87	-0.08	3.47	3.52	3.61	3.60	2.43	63%	0.01	2.44	2.22	2.49	2.92
Five-Year	4.01	-0.07	3.73	3.79	3.72	3.73	2.53	63%	0.01	2.39	2.24	2.40	3.06
Seven-Year	4.19	-0.06	3.94	4.01	3.90	3.94	2.70	64%	0.01	2.50	2.38	2.50	3.18
10-Year	4.37	-0.06	4.17	4.24	4.10	4.16	2.96	68%	0.00	2.73	2.62	2.73	3.36
20-Year	4.96	-0.05	4.79	4.82	4.63	4.69	4.03	81%	0.00	3.94	3.96	3.85	4.12
30-Year	4.97	-0.04	4.84	4.87	4.65	4.68	4.35	88%	0.00	4.19	4.21	4.12	4.44

Bloomberg Indices (USD)	Returns						Option-Adjusted Spreads (bp)					
	1D	WTD	MTD	QTD	YTD	1Y	Apr-30	1D	Dec-31	3M Ago	6M Ago	1Y Ago
Multiverse	0.4%	-0.1%	1.3%	1.3%	0.2%	2.9%	—	—	—	—	—	—
Global Aggregate	0.4%	-0.1%	1.2%	1.2%	0.2%	2.5%	—	—	—	—	—	—
US Aggregate	0.1%	-0.5%	0.1%	0.1%	0.1%	4.1%	26	-1	27	24	28	40
US Treasury	0.1%	-0.5%	-0.1%	-0.1%	-0.1%	2.5%	—	—	—	—	—	—
...Short	0.0%	0.0%	0.3%	0.3%	1.1%	4.0%	—	—	—	—	—	—
...One- to Five-Year	0.1%	-0.2%	0.1%	0.1%	0.3%	3.0%	—	—	—	—	—	—
...Five- to 10-Year	0.2%	-0.5%	-0.1%	-0.1%	-0.3%	2.9%	—	—	—	—	—	—
...10- to 20-Year	0.1%	-1.1%	-0.5%	-0.5%	-1.0%	1.7%	—	—	—	—	—	—
...20+ Year	-0.1%	-1.2%	-0.8%	-0.8%	-1.1%	0.2%	—	—	—	—	—	—
US Corporate	0.1%	-0.6%	0.5%	0.5%	-0.1%	5.3%	78	-1	78	73	76	106
...One- to Five-Year	0.1%	-0.2%	0.4%	0.4%	0.5%	4.6%	61	-1	60	54	57	84
...Intermediate- Term	0.1%	-0.4%	0.5%	0.5%	0.2%	5.2%	71	-1	70	64	68	98
...Long- Term	-0.0%	-1.1%	0.4%	0.4%	-0.8%	5.5%	95	-1	94	91	93	123
...AAA	-0.1%	-1.0%	-0.1%	-0.1%	-0.8%	2.8%	35	-0	34	33	33	42
...AA	0.0%	-0.7%	0.1%	0.1%	-0.4%	3.7%	50	-1	48	45	44	59
...A	0.1%	-0.6%	0.4%	0.4%	-0.1%	5.0%	66	-1	64	60	63	88
...BBB	0.1%	-0.6%	0.6%	0.6%	0.0%	5.9%	98	-1	97	91	95	132
US Securitized	0.2%	-0.5%	0.1%	0.1%	0.5%	5.5%	23	-2	25	19	30	47
... Mtge.-Backed Securities (MBS)	0.2%	-0.5%	0.1%	0.1%	0.5%	5.6%	20	-2	22	16	27	43
...Commercial MBS	0.1%	-0.3%	0.2%	0.2%	0.5%	4.7%	74	-0	81	74	83	104
... Asset-Backed Securities (ABS)	0.1%	-0.1%	0.3%	0.3%	0.6%	4.5%	49	-0	52	48	54	74
US Municipal	-0.0%	-0.3%	1.1%	1.1%	1.0%	6.3%	—	—	—	—	—	—
...One- to Five-Year	-0.0%	-0.2%	0.2%	0.2%	0.5%	4.3%	—	—	—	—	—	—
...One- to 10-Year	0.0%	-0.3%	0.6%	0.6%	0.3%	5.4%	—	—	—	—	—	—
...10+ Year	0.0%	-0.4%	1.7%	1.7%	1.4%	7.3%	—	—	—	—	—	—
US TIPS	—	—	1.2%	1.2%	1.4%	4.1%	—	—	—	—	—	—
US High Yield Corporate	0.1%	-0.1%	1.7%	1.7%	1.2%	8.8%	268	-3	266	265	278	384
...BB	0.1%	-0.1%	1.4%	1.4%	1.2%	8.5%	162	-2	165	159	168	250
...B	0.2%	-0.1%	1.8%	1.8%	1.1%	8.9%	291	-4	268	283	285	383
...CCC	0.2%	0.2%	2.9%	2.9%	1.6%	11.3%	668	-2	615	595	607	770
US High Yield Municipal	0.0%	-0.3%	1.4%	1.4%	2.1%	5.6%	—	—	—	—	—	—
Global ex- USD Aggregate	0.6%	0.2%	2.1%	2.1%	0.2%	1.2%	—	—	—	—	—	—
EM Hard-Currency	0.1%	-0.2%	2.3%	2.3%	0.6%	9.2%	—	—	—	—	—	—
EM Local-Currency	-0.1%	-0.4%	2.3%	2.3%	1.1%	6.2%	—	—	—	—	—	—
Morningstar LSTA Leveraged Loan	0.0%	0.1%	1.3%	1.3%	0.7%	6.2%	—	—	—	—	—	—



Source: Morgan Stanley Wealth Management GIO, Bloomberg, FactSet. <sup>1</sup>Data for HFRI Fund of Funds as of Mar. 31, 2026. YTD starts Dec. 31, 2025, and 1Y starts Apr. 30, 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.

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