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The Caruso-Colonna Group at Morgan Stanley

November 2026 Newsletter

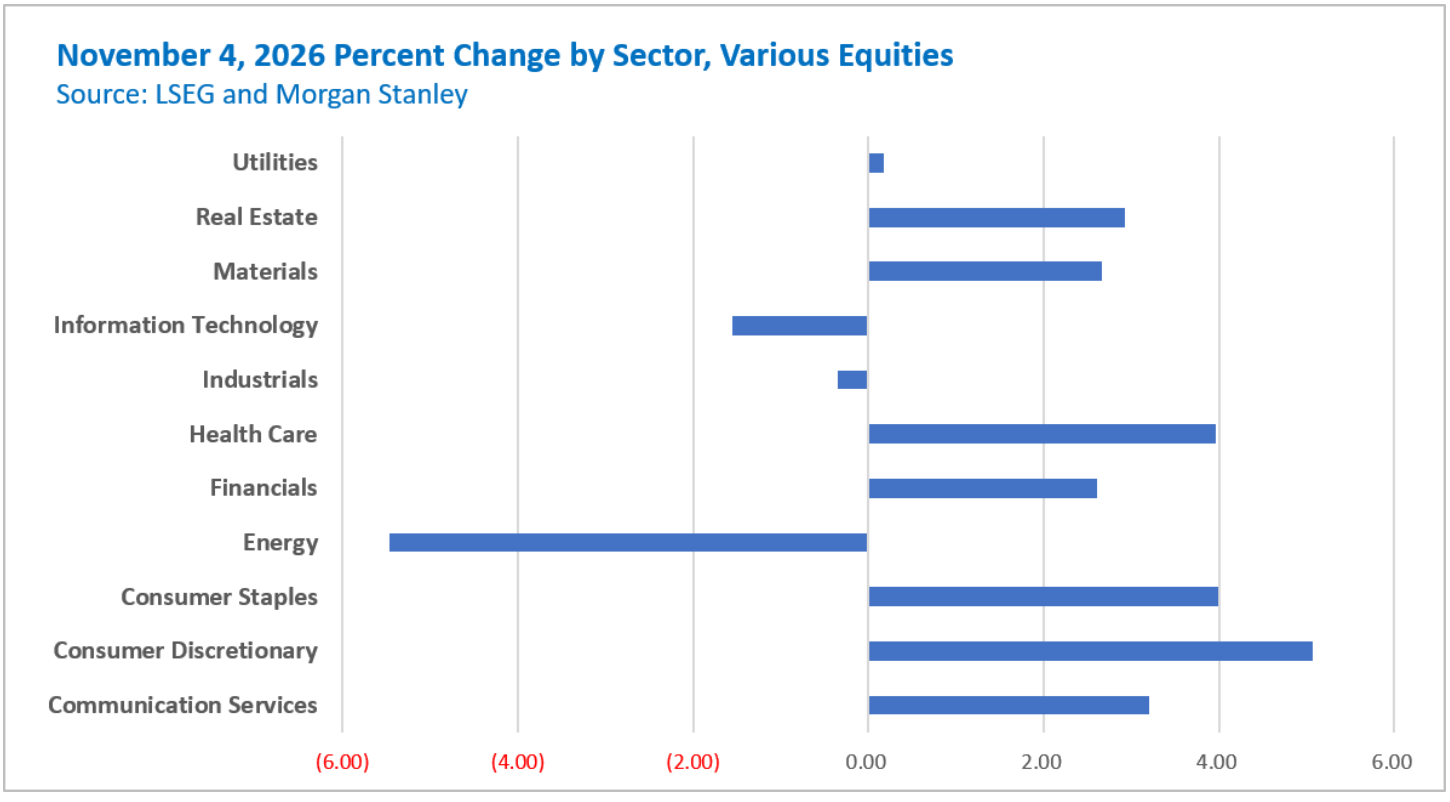
Our Mission: To Gain and Maintain Financial Freedom

" Wisdom is a shelter as money is a shelter, but the advantage of knowledge is this: that wisdom preserves the life of its possessor." Ecclesiastes 7:12

Markets and the Economy, Post Mid-Terms:

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

In our work managing portfolios with individual equities, we maintain a database of more than 600 companies that we personally follow on a regular basis. Virtually all of them are familiar companies to most investors that reside in one or more major equity indices. Below is a chart showing this list's average gain and loss by GICS sector on Wednesday November 4. This is the day after the 2026 US midterm elections, a day which made some people very happy and others quite disappointed.

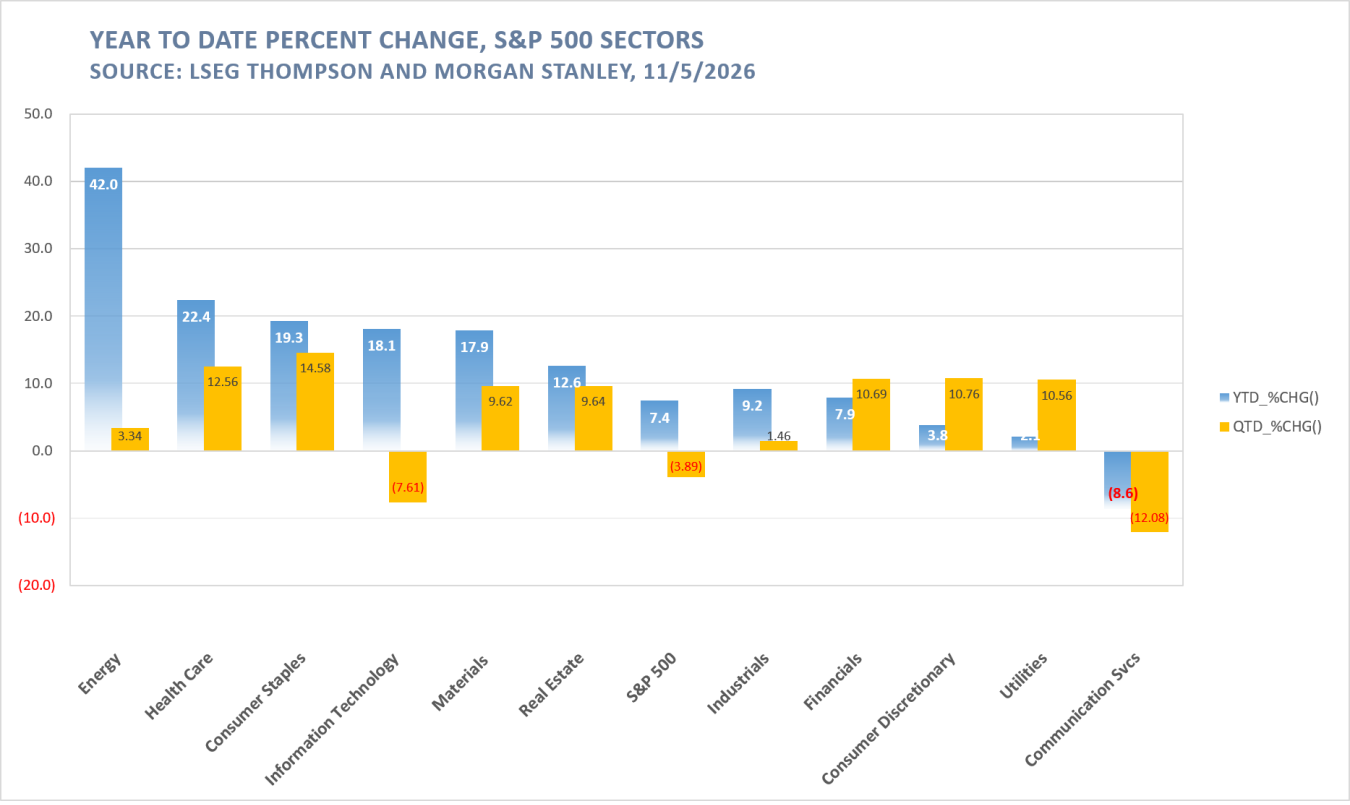


While one day's trading does not equate to a long-term trend, November 4th's market results across the S&P 500 sectors may speak to what investors perceive lies ahead.

- All energy companies in the S&P 500 closed lower. Perhaps we will find a way to end the Iran war. This should help reduce energy prices but could pressure energy companies.
- Within Communication Services, gaming, social media, and streamers enjoyed gains.
- Travel companies led the way for the Consumer Discretionary sector. The expectation may be that consumer price relief might help travel demand.
- The top two Consumer Staples companies were dollar stores followed by multiple food and beverage companies. This looks like a nod to hopes for consumer affordability relief.
- Within Health Care, orthopedic implant makers and certain health insurers experienced nice gains.

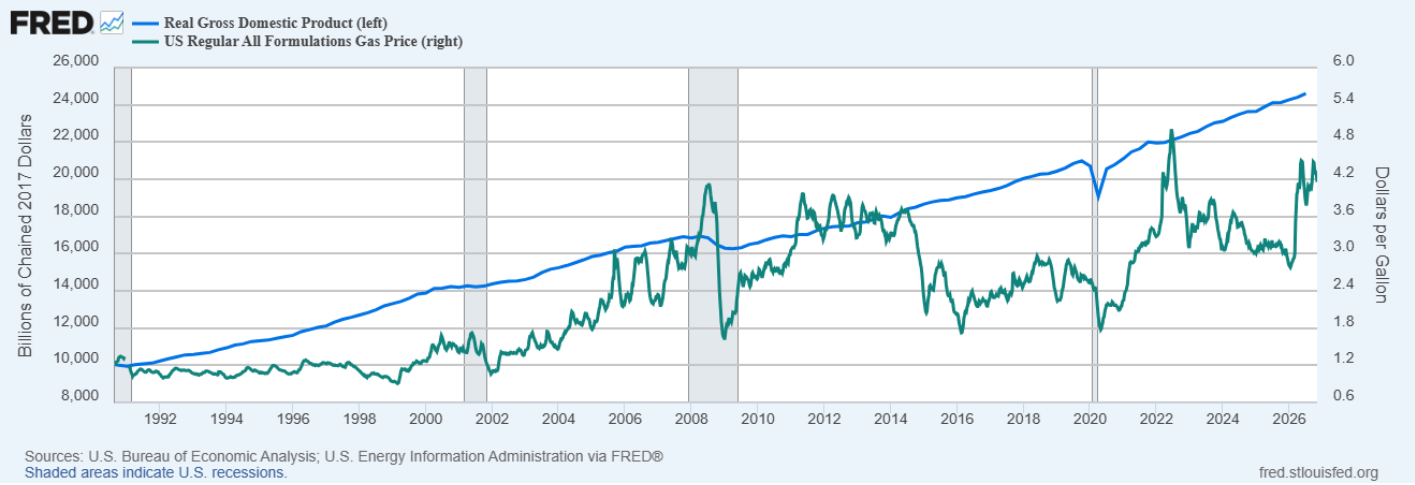
In the near term, investors seemed to cheer what they hope will be falling energy prices and cost relief for consumers. Ideally, this leads to improving consumer confidence that lends a boost to consumer spending and Gross Domestic Product.

The year-to-date returns of the S&P 500 sectors through 11/5/26 are still roughly ranked in the same order as they have been for weeks. Energy has led most of the year, but pressures continue mount in Information Technology and Communication Services. Both saw significant declines in the past four weeks, and AI stocks sold off on Wednesday 11/5.



A pushback on data centers may have a notable near-term impact on stocks associated with them. Several states elected new governors promising to slow or halt data center construction while many municipalities passed data center 'moratoriums.' (4) We believe, in the long term, that technology and artificial intelligence are likely to still have long runways ahead but perhaps not without challenges.

Earlier in the year, many technology companies enjoyed significant price gains on AI enthusiasm. As we finish this letter on Thursday 11/5, the shares of numerous technology stocks ranging from processing and memory chip makers to computer and power system builders are down sharply since September. Many are off 30% or more over the past five weeks. It is our view that these pressures might create investment opportunities too.



It is notable that gasoline prices seemed to be an often-cited voter concern coming out of the elections. However, they were considerably higher in 2022. Even with high fuel prices then, GDP growth was little impacted. US GDP has grown by nearly $5 trillion dollars since 2020. Inflation-adjusted (real) Gross Domestic Product is currently at an all-time high (2) (3). Four straight years of $3.60 / gallon gas prices between 2011 – 2014 also did little to slow economic growth.

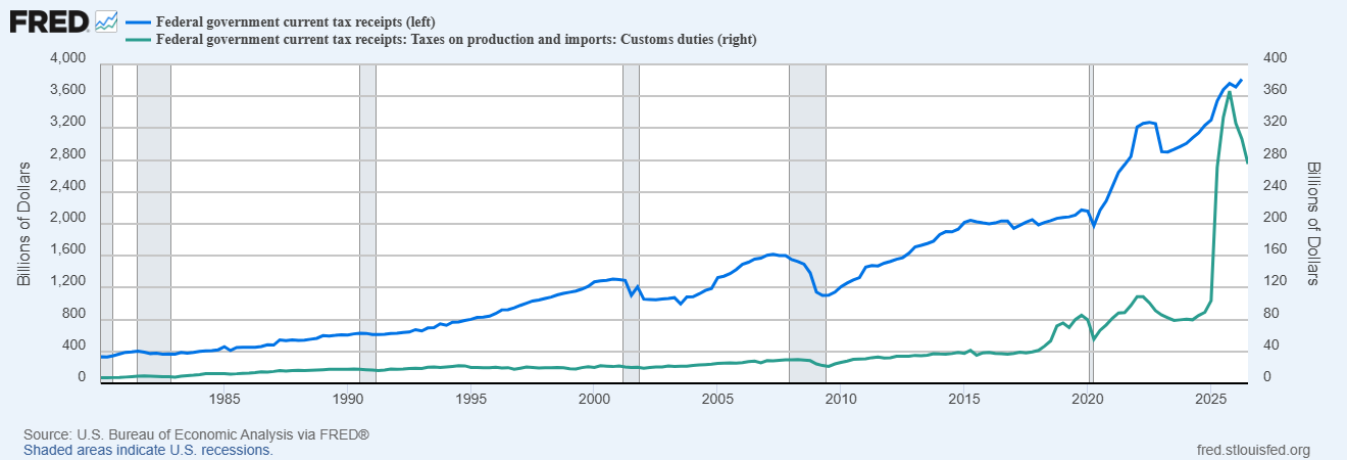
The Next Two Years:

Over the past couple months, we heard many candidate promises of higher minimum wages, lower energy prices, and Medicare for all. What we did not hear was how they will accomplish these. It remains to be seen how achievable these will be but US economic growth has been sound for some time now despite the 2008-2009 and 2020 recessions.

It is our sense that the next two years may be a period of gridlock. Divided government historically has been fine for American economic growth. The GDP graph above covers decades of one party and split-party governance. Yet the economy still grew because, we believe, the government is not the economy.

Our final graph below shows US Federal tax and tariff revenues since 1980. Tariff revenue increased even after the 2020 election and spiked substantially in 2025. We widely opposed the tariffs because we favor free market enterprise. The One Big Beautiful Bill Act (OBBBA) passed within the past two years. It also met with resistance because it allegedly increased the deficit.

Federal tax revenues today are at an all-time high despite tariffs and energy prices. It is our view that Washington DC has not suffered for tax revenue to spend over the past two years. We still do not like tariffs, but it is difficult to say that they harmed US GDP and tax revenue.



The Adaptive and Resilient US Economy:

We understand that some people are happy and elated with the election outcome. Others are disappointed and sad. We suggest being neither. We highly doubt that anyone's long term goals have changed since Monday 11/3. We also believe people should view all geopolitical promises with skepticism. Stay focused on goals, not the news.

Page three's GDP graph is a case study in adaptability and resilience. This century's first twenty-five years have been as turbulent as any. And yet, the US economy has more than doubled in size since 2000.

Free enterprise systems are adaptable. Federal and state rules and laws may change over the coming years. Our ability to adapt though will likely remain. New Congressional and gubernatorial leadership does not mean we suddenly are not investors anymore. It means that we simply must factor the new leadership into our decision making.

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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

(1) Source: LSEG ThompsonOne, Morgan Stanley, 11/4/2026
(2) U.S. Bureau of Economic Analysis, Real Gross Domestic Product [GDPC1], retrieved from FRED, Federal Reserve Bank of St. Louis; https://fred.stlouisfed.org/series/GDPC1, .
(3) U.S. Energy Information Administration, US Regular All Formulations Gas Price [GASREGW], retrieved from FRED, Federal Reserve Bank of St. Louis; https://fred.stlouisfed.org/series/GASREGW,
(4) *A Big Loser at the Ballot Box: New Data Centers*, The Wall Street Journal, 11/4/2026
(5) U.S. Bureau of Economic Analysis, Federal government current tax receipts [W006RC1Q027SBEA], retrieved from FRED, Federal Reserve Bank of St. Louis; https://fred.stlouisfed.org/series/W006RC1Q027SBEA, .
(6) U.S. Bureau of Economic Analysis, Federal government current tax receipts: Taxes on production and imports: Customs duties [B235RC1Q027SBEA], retrieved from FRED, Federal Reserve Bank of St. Louis; https://fred.stlouisfed.org/series/B235RC1Q027SBEA, .
(7) AUM Data as of 11/5/2026

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

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Morgan Stanley Smith Barney LLC. Member SIPC. 6094740 11/2026

Capital Market Indices

Monday, November 2, 2026

US Equities	Oct-30	1D	WTD	MTD	QTD	YTD	1Y
S&P 500	7,580.07	-1.8%	-0.6%	-0.9%	-0.9%	11.7%	12.4%
Dow Jones Industrial Avg.	51,770.31	-1.1%	-0.8%	1.8%	1.8%	9.1%	10.7%
NASDAQ Composite	25,437.00	-2.8%	-2.0%	-5.3%	-5.3%	10.0%	8.5%
NYSE Composite	24,293.09	-0.9%	0.8%	3.5%	3.5%	12.3%	15.6%
AMEX Composite	8,588.94	3.2%	1.4%	4.9%	4.9%	26.9%	23.6%
Americas Equities (USD)	**Oct-30**	**1D**	**WTD**	**MTD**	**QTD**	**YTD**	**1Y**
Canada S&P	25,517.61	-1.6%	-0.1%	3.1%	3.1%	12.5%	21.0%
Mexico IPC	3,711.28	0.2%	-0.8%	4.6%	4.6%	6.2%	12.7%
Brazil Bovespa	30,851.53	-1.2%	-24.3%	-14.2%	-14.2%	5.0%	11.5%
Europe Equities (USD)	**Oct-30**	**1D**	**WTD**	**MTD**	**QTD**	**YTD**	**1Y**
UK FTSE 100	14,362.88	0.2%	0.5%	2.2%	2.2%	10.4%	15.4%
Eurozone STOXX 50	6,837.64	-1.4%	0.8%	-3.7%	-3.7%	3.3%	6.8%
France CAC 40	8,887.50	-0.2%	2.0%	-1.5%	-1.5%	-4.3%	-2.7%
Germany DAX	28,792.47	-1.0%	2.2%	0.8%	0.8%	0.0%	3.2%
Spain IBEX 35	20,801.71	-1.2%	-1.9%	-5.1%	-5.1%	5.5%	16.2%
Asia Equities (USD)	**Oct-30**	**1D**	**WTD**	**MTD**	**QTD**	**YTD**	**1Y**
Japan Nikkei 225	40197	-1.8%	0.6%	-5.3%	-5.3%	26.8%	22.7%
Hang Seng Hong Kong	2,969.60	1.5%	0.9%	-5.2%	-5.2%	-7.3%	-9.4%
China Shenzhen Comp.	309.16	-2.5%	-6.8%	-13.7%	-13.7%	-13.7%	-11.6%
Alternatives	**Oct-30**	**1D**	**WTD**	**MTD**	**QTD**	**YTD**	**1Y**
FTSE EPRA/NAREIT Global	1,801.03	-0.1%	1.0%	2.5%	2.5%	5.0%	4.7%
Alerian Midstream Energy Select	95.83	0.2%	2.9%	9.8%	9.8%	32.7%	39.7%
HFRX Global Hedge Fund	1,638.85	0.0%	0.3%	-0.9%	-0.9%	3.0%	3.8%
HFRI Fund of Funds[1]	9,738.92	-	-	0.0%	0.0%	7.0%	10.4%
HFRX Macro/CTA Index	1,441.52	0.0%	-0.1%	-1.5%	-1.5%	5.4%	6.9%
Commodities	**Oct-30**	**1D**	**WTD**	**MTD**	**QTD**	**YTD**	**1Y**
Bloomberg Commodity	141.21	-0.1%	-1.7%	-0.4%	-0.4%	28.7%	32.2%
...Ex-Energy	137.49	-1.4%	-2.8%	-5.5%	-5.5%	0.7%	6.3%
...Ex-Precious Metals	173.92	0.5%	-1.4%	1.3%	1.3%	42.1%	40.2%
CRB Index	565.32	-	-	-	-	4.7%	4.9%
Bloomberg Agriculture	57.82	-0.3%	-3.2%	-5.6%	-5.6%	8.2%	4.0%
Bloomberg Energy	49.42	1.8%	-0.2%	7.6%	7.6%	95.0%	83.3%
WTI Crude Oil Futures	104.12	2.1%	0.8%	15.2%	15.2%	81.3%	71.9%
Brent Crude Oil Futures	117.64	2.4%	0.8%	13.6%	13.6%	93.3%	81.0%
Gasoline Futures	3.31	4.0%	3.1%	-3.7%	-3.7%	94.2%	65.3%
Natural Gas Futures	2.90	-1.8%	9.8%	-4.2%	-4.2%	-21.4%	-26.7%
Bloomberg Ind. Metals	173.19	-1.2%	0.0%	-2.0%	-2.0%	6.0%	12.8%
Copper Futures	6.48	-1.8%	-0.4%	-2.1%	-2.1%	14.1%	27.0%
Bloomberg Prec. Metals	386.74	-3.7%	-3.7%	-9.0%	-9.0%	-16.0%	-2.3%
Gold Futures	3,898.90	-3.3%	-2.3%	-6.2%	-6.2%	-10.2%	-2.9%
Silver Futures	49.28	-5.9%	-8.7%	-18.6%	-18.6%	-30.2%	1.4%
Palladium Futures	987.70	-1.7%	-6.1%	-18.5%	-18.5%	-40.2%	-33.0%
Platinum Futures	1,436.00	-3.8%	-7.6%	-15.6%	-15.6%	-29.4%	-11.0%
Bloomberg Softs	66.30	-0.3%	-4.3%	1.4%	1.4%	4.5%	2.7%

US Size-Style	Oct-30	1D	WTD	MTD	QTD	YTD	1Y
Russell 3000	4,297.04	-1.8%	-0.5%	-0.6%	-0.6%	11.7%	12.4%
Russell 3000 Growth	3,701.03	-2.9%	-1.5%	-5.9%	-5.9%	0.1%	-1.8%
Russell 3000 Value	3,319.00	-0.8%	0.5%	4.3%	4.3%	24.3%	29.0%
S&P 500	7,580.07	-1.8%	-0.6%	-0.9%	-0.9%	11.7%	12.4%
S&P 500 Equal Weight	8,842.30	-0.8%	0.8%	5.0%	5.0%	15.5%	18.5%
S&P 500 Growth	5,421.46	-2.7%	-1.5%	-5.4%	-5.4%	9.5%	8.6%
S&P 500 Value	2,359.15	-0.8%	0.5%	4.9%	4.9%	14.4%	17.0%
Russell 1000	4,124.50	-1.8%	-0.5%	-0.7%	-0.7%	11.5%	12.2%
Russell 1000 Growth	4,735.57	-2.9%	-1.7%	-6.1%	-6.1%	-0.2%	-2.3%
Russell 1000 Value	2,542.64	-0.8%	0.5%	4.4%	4.4%	24.5%	29.1%
Russell Midcap	4,384.44	-1.3%	0.5%	3.2%	3.2%	15.4%	17.3%
Russell Midcap Growth	2,123.46	-3.5%	-0.8%	-4.4%	-4.4%	-3.4%	-5.8%
Russell Midcap Value	3,901.14	-0.6%	1.0%	5.8%	5.8%	22.0%	25.7%
Russell 2000	2,811.84	-1.7%	1.3%	0.6%	0.6%	14.5%	15.6%
Russell 2000 Growth	1,798.06	-2.2%	1.9%	-1.3%	-1.3%	9.3%	8.2%
Russell 2000 Value	3,208.11	-1.1%	0.7%	2.5%	2.5%	20.2%	24.0%
S&P 500 Sectors	**Oct-30**	**1D**	**WTD**	**MTD**	**QTD**	**YTD**	**1Y**
Communication Services	398.79	-1.1%	-8.5%	-15.1%	-15.1%	-11.3%	-6.9%
Consumer Discretionary	1,877.86	-0.9%	1.0%	3.9%	3.9%	-2.1%	0.2%
Consumer Staples	1,002.77	1.4%	1.6%	11.6%	11.6%	18.3%	20.6%
Energy	1,076.50	1.9%	1.0%	14.0%	14.0%	59.9%	65.3%
Financials	939.87	-0.7%	1.1%	5.9%	5.9%	4.4%	9.8%
Health Care	2,155.33	0.4%	3.1%	9.9%	9.9%	21.0%	30.4%
Industrials	1,416.77	-1.6%	1.7%	0.3%	0.3%	8.9%	9.5%
Information Technology	6,771.47	-4.2%	-1.8%	-6.8%	-6.8%	19.6%	13.9%
Materials	657.95	0.0%	2.0%	6.6%	6.6%	16.0%	22.4%
Real Estate	275.07	0.2%	1.4%	5.1%	5.1%	10.7%	10.5%
Utilities	441.14	0.7%	2.0%	10.2%	10.2%	3.9%	-0.4%
MSCI Indices (USD)	**Oct-30**	**1D**	**WTD**	**MTD**	**QTD**	**YTD**	**1Y**
All Country World	1,115.55	-1.5%	-0.3%	-1.6%	-1.6%	11.6%	12.9%
... ex-US	458.41	-0.9%	0.3%	-2.8%	-2.8%	11.5%	14.5%
World	4,862.38	-1.5%	-0.2%	-0.8%	-0.8%	11.3%	12.8%
... ex-US	3,189.62	-0.5%	0.8%	-0.2%	-0.2%	10.6%	14.9%
USA	7,220.32	-1.8%	-0.6%	-1.0%	-1.0%	11.5%	12.0%
EAFE	3,100.62	-0.4%	0.9%	-0.7%	-0.7%	10.1%	13.9%
Pacific	4,189.35	-0.5%	0.1%	-2.7%	-2.7%	16.5%	17.6%
Japan	15.42	-0.9%	-0.2%	-4.1%	-4.1%	18.0%	19.1%
Pacific ex-Japan	1,707.09	0.5%	1.1%	0.9%	0.9%	13.4%	14.2%
All Country Asia ex-Japan	1,038.36	-1.4%	0.5%	-8.2%	-8.2%	15.7%	14.7%
Europe	241.47	-0.5%	1.3%	0.5%	0.5%	7.1%	12.0%
...ex-UK	283.04	-0.7%	1.6%	-0.1%	-0.1%	6.0%	10.9%
Emerging Markets	1,566.63	-1.6%	-0.7%	-8.0%	-8.0%	13.8%	13.6%
Brazil	1,672.08	-1.6%	-22.5%	-12.0%	-12.0%	4.5%	11.7%
China	8.57	0.6%	-0.4%	-7.0%	-7.0%	-17.9%	-22.5%
India	29.19	0.3%	2.1%	1.4%	1.4%	-13.7%	-14.0%
Mexico	8,001.50	-0.4%	-0.9%	4.6%	4.6%	10.4%	17.2%
Frontier Markets	796.09	-0.5%	-0.5%	-1.0%	-1.0%	9.0%	15.0%

USD SOFR Rates	Oct-30	3M Ago	1Y Ago
One-Month	3.90%	3.71%	3.98%
Three-Month	4.05%	3.81%	3.85%
Six-Month	4.19%	3.95%	3.73%
One-Year	4.43%	4.12%	3.54%
US Bank Rates	**Oct-30**	**3M Ago**	**1Y Ago**
Federal Funds	3.88%	3.62%	3.86%
Discount Rate	4.00%	3.75%	4.00%
Prime Rate	7.00%	6.75%	7.00%
Volatility	**Oct-30**	**1D Chg.**	**4W Ago**
CBOE Volatility (VIX)	19.42	2.22	16.34
Treasury Bond Volatility	100.20	7.12	110.45
FX Volatility	6.44	-0.62	6.76
FX Rates	**Oct-30**	**1D Chg.**	**1D %, FX**
US Dollar Spot Rate (DXY)	101.88	-0.16	-0.2%
Euro (EUR/USD)	1.1160	-0.00	-0.2%
British Pound (GBP/USD)	1.3391	0.00	0.1%
Swiss Franc (USD/CHF)	0.8250	0.00	-0.1%
Japanese Yen (USD/JPY)	157.56	-0.15	0.1%
Australian Dollar (AUD/USD)	0.7032	0.00	0.0%
Canadian Dollar (USD/CAD)	1.3974	-0.00	0.1%
New Zealand Doll. (NZD/USD)	0.5631	-0.00	-0.1%
Hong Kong Doll. (USD/HKD)	7.8448	-0.00	0.0%
Singapore Dollar (USD/SGD)	1.2780	-0.00	0.1%
Chinese Renminbi (USD/CNY)	6.6549	-0.01	0.1%
Indian Rupee (USD/INR)	94.96	-0.30	0.3%
Mexican Peso (USD/MXN)	18.79	-0.08	0.4%
Brazilian Real (USD/BRL)	5.4378	0.06	-1.1%

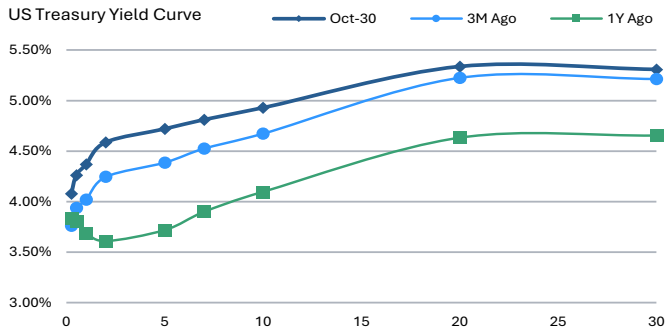
Source: Morgan Stanley Wealth Management GIO, Bloomberg, FactSet. [1]Data for HFRI Fund of Funds as of Sep. 30, 2026. YTD starts Dec. 31, 2025, and 1Y starts Oct. 30, 2025.
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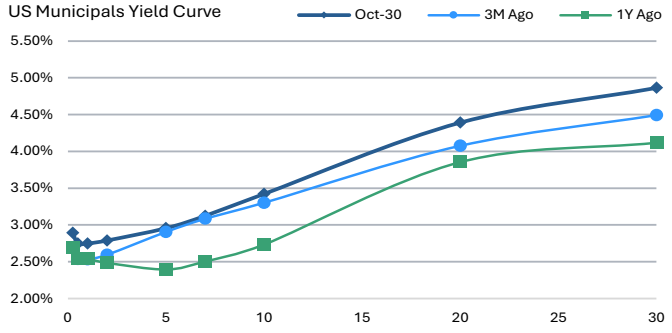
Capital Market Indices

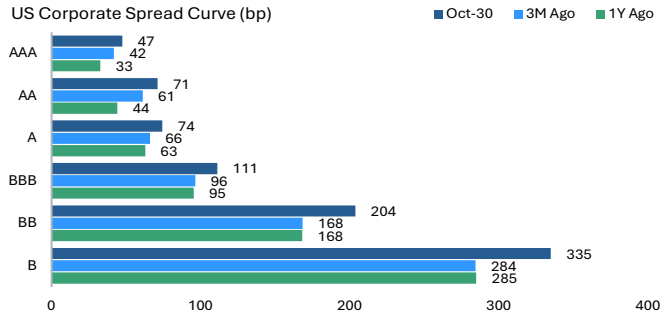
Monday, November 2, 2026

	Treasuries						AAA General Obligation (GO) Municipals						
Maturity	Oct-30	1D	Dec-31	3M Ago	6M Ago	1Y Ago	Oct-30	% UST	1D	Dec-31	3M Ago	6M Ago	1Y Ago
Three-Month	4.08	-0.00	3.63	3.76	3.66	3.84	2.89	71%	-0.03	2.64	2.68	2.59	2.69
Six-Month	4.26	-0.01	3.60	3.94	3.69	3.80	2.75	65%	-0.03	2.50	2.54	2.45	2.54
One-Year	4.37	0.00	3.47	4.02	3.71	3.69	2.75	63%	-0.03	2.49	2.53	2.44	2.54
Two-Year	4.59	-0.01	3.47	4.25	3.87	3.61	2.79	61%	-0.03	2.44	2.60	2.43	2.49
Five-Year	4.72	-0.02	3.73	4.39	4.01	3.72	2.96	63%	-0.04	2.39	2.91	2.53	2.40
Seven-Year	4.81	-0.02	3.94	4.53	4.19	3.90	3.12	65%	-0.04	2.50	3.08	2.70	2.50
10-Year	4.93	-0.01	4.17	4.67	4.37	4.10	3.42	69%	-0.04	2.73	3.30	2.96	2.73
20-Year	5.34	0.01	4.79	5.23	4.96	4.63	4.39	82%	-0.03	3.94	4.08	4.03	3.85
30-Year	5.31	0.01	4.84	5.21	4.97	4.65	4.86	92%	-0.02	4.19	4.49	4.35	4.12

	Returns						Option-Adjusted Spreads (bp)					
Bloomberg Indices (USD)	1D	WTD	MTD	QTD	YTD	1Y	Oct-30	1D	Dec-31	3M Ago	6M Ago	1Y Ago
Multiverse	0.2%	0.2%	1.3%	1.3%	-1.2%	-0.7%	—	—	—	—	—	—
Global Aggregate	0.2%	0.3%	1.4%	1.4%	-1.3%	-0.9%	—	—	—	—	—	—
US Aggregate	0.3%	0.6%	2.4%	2.4%	-0.5%	-0.1%	32	0	27	28	26	28
US Treasury	0.3%	0.5%	2.4%	2.4%	-0.5%	-0.2%	—	—	—	—	—	—
..Short	0.0%	0.1%	0.4%	0.4%	3.0%	3.8%	—	—	—	—	—	—
..One- to Five-Year	0.2%	0.4%	1.2%	1.2%	0.7%	1.6%	—	—	—	—	—	—
..Five- to 10-Year	0.5%	0.7%	2.7%	2.7%	-1.4%	-0.8%	—	—	—	—	—	—
...10- to 20-Year	0.5%	0.8%	4.7%	4.7%	-2.4%	-3.2%	—	—	—	—	—	—
..20+-Year	0.5%	0.7%	5.6%	5.6%	-3.2%	-5.3%	—	—	—	—	—	—
US Corporate	0.1%	0.5%	2.2%	2.2%	-1.0%	-0.8%	90	3	78	79	78	76
..One- to Five-Year	0.2%	0.4%	1.2%	1.2%	1.1%	2.0%	69	2	60	57	61	57
..Intermediate-Term	0.2%	0.5%	1.6%	1.6%	-0.0%	0.8%	82	3	70	70	71	68
..Long-Term	0.0%	0.5%	3.5%	3.5%	-3.2%	-4.2%	108	3	94	100	95	93
..AAA	0.1%	0.2%	3.1%	3.1%	-3.1%	-3.7%	47	3	34	42	35	33
..AA	0.1%	0.4%	2.1%	2.1%	-2.5%	-2.7%	71	4	48	61	50	44
..A	0.2%	0.5%	2.4%	2.4%	-0.9%	-0.7%	74	2	64	66	66	63
..BBB	0.1%	0.5%	1.9%	1.9%	-0.8%	-0.5%	111	3	97	96	98	95
US Securitized	0.3%	0.7%	2.9%	2.9%	-0.3%	0.5%	36	-0	25	29	23	30
... Mtge.-Backed Securities (MBS)	0.4%	0.8%	3.1%	3.1%	-0.3%	0.5%	34	-0	22	26	20	27
..Commercial MBS	0.2%	0.4%	1.5%	1.5%	0.5%	1.4%	81	1	81	71	74	83
... Asset-Backed Securities (ABS)	0.2%	0.3%	1.1%	1.1%	1.4%	2.3%	51	1	52	42	49	54
US Municipal	0.2%	0.7%	3.9%	3.9%	-0.5%	-0.2%	—	—	—	—	—	—
..One- to Five-Year	0.1%	0.4%	2.4%	2.4%	1.1%	1.7%	—	—	—	—	—	—
..One- to 10-Year	0.2%	0.6%	3.4%	3.4%	0.2%	0.7%	—	—	—	—	—	—
...10+-Year	0.3%	0.7%	4.4%	4.4%	-1.2%	-1.0%	—	—	—	—	—	—
US TIPS	—	—	2.6%	2.6%	0.4%	0.4%	—	—	—	—	—	—
US High Yield Corporate	-0.2%	0.5%	0.3%	0.3%	0.4%	1.5%	340	16	266	283	268	278
..BB	-0.1%	0.6%	0.9%	0.9%	0.9%	2.0%	204	12	165	168	162	168
..B	-0.4%	0.2%	0.0%	0.0%	1.0%	2.6%	335	22	268	284	291	285
..CCC	-0.4%	1.0%	-2.4%	-2.4%	-4.1%	-3.7%	1116	19	615	831	668	607
US High Yield Municipal	0.1%	0.3%	3.5%	3.5%	1.8%	2.0%	—	—	—	—	—	—
Global ex-USD Aggregate	0.2%	0.1%	0.6%	0.6%	-1.9%	-1.5%	—	—	—	—	—	—
EM Hard-Currency	0.0%	0.3%	1.0%	1.0%	-0.9%	-0.2%	—	—	—	—	—	—
EM Local-Currency	0.0%	-0.3%	0.7%	0.7%	4.0%	5.4%	—	—	—	—	—	—
Morningstar LSTA Leveraged Loan	-0.0%	0.4%	-0.2%	-0.2%	3.0%	4.1%	—	—	—	—	—	—







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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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