

The Caruso-Colonna Group at Morgan Stanley October 2025 Newsletter

Our Mission: To Gain and Maintain Financial Freedom

“What is important is seldom urgent and what is urgent is seldom important.”
Dwight D. Eisenhower

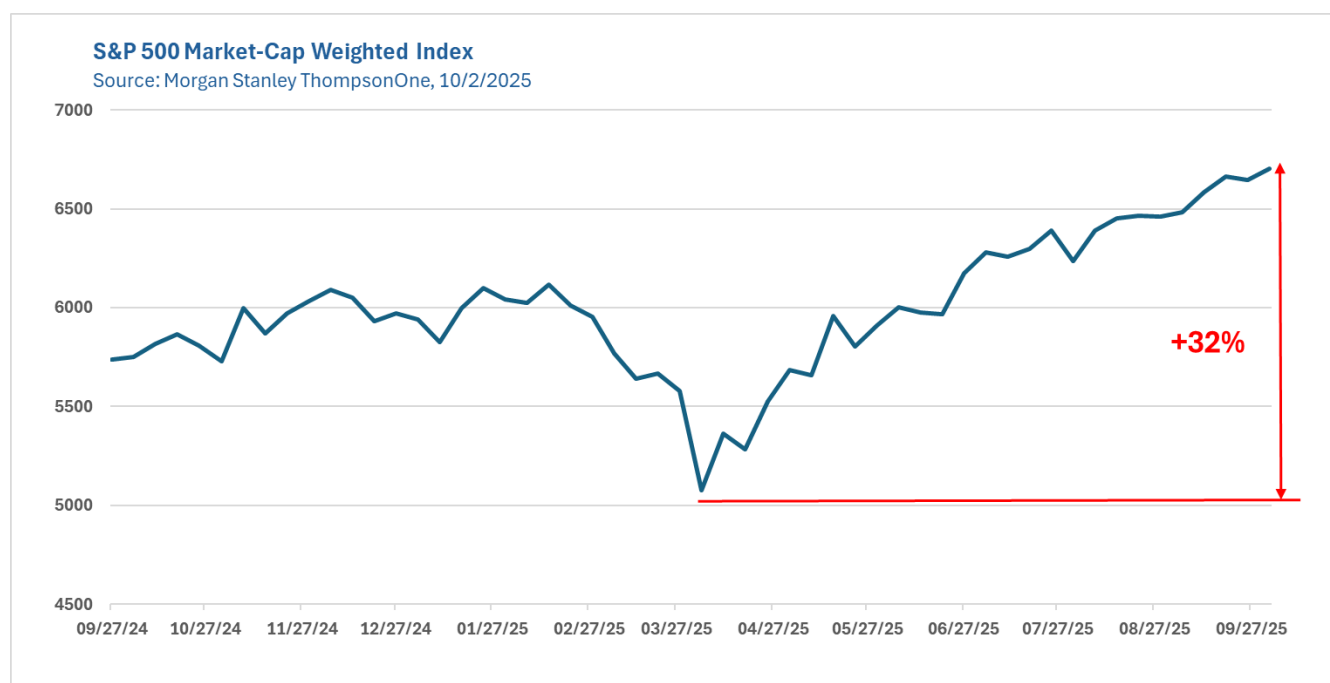
Markets and The Economy:

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

The first three quarters of the year delivered strong returns across most global equity markets. Gains occurred in virtually every major global equity market last month and year-to-date gains are robust. Our Capital Markets Indices attached at the end provide the details.

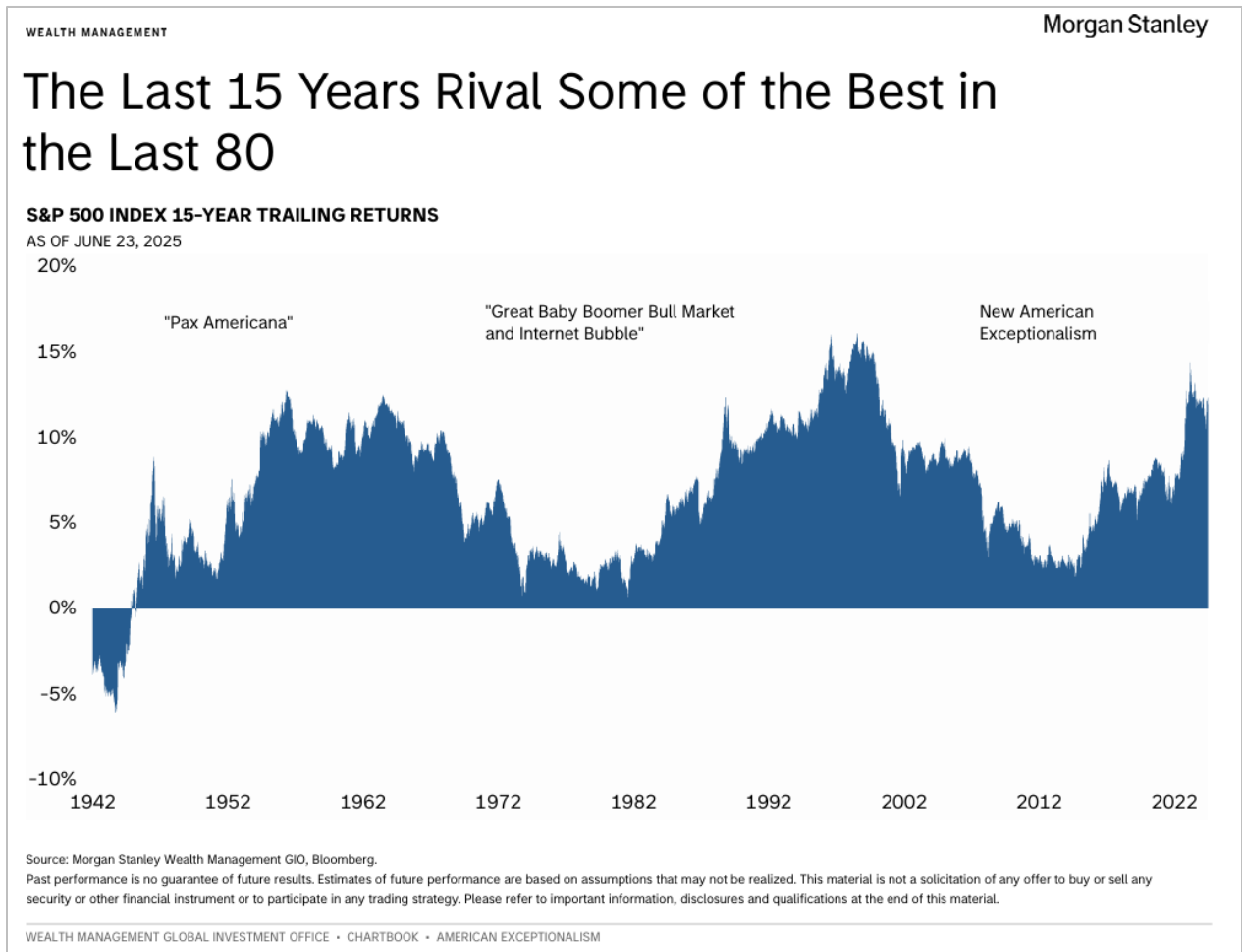
Early in this year's second quarter markets sold off, largely we believe, due to investor worries about tariffs. We had more than one conversation with people who were convinced in April that another 'shoe' was about to drop. Since early April's bottom, the S&P 500 has risen about 32% in value. Proving once again that the fears of individuals are often supplanted by markets.

As always, we have no short-term prediction about the direction of markets. We are pleased though that so many ignored conventional wisdom once again and stayed true to their investment and financial plans. Market prediction will almost certainly remain a folly.



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The past eighty years provide further evidence of market prediction futility. The chart below (1) shows the S&P 500 index plotted as rolling 15-year returns. Since World War II, the S&P has never had a negative 15-year return. In the 20th century we experienced two long-term secular bull markets, the first beginning in the late 1940's and the second in the early 1980's. The latter long bull market slowed after 9/11 and the 2007-2009 recession and financial debacle.

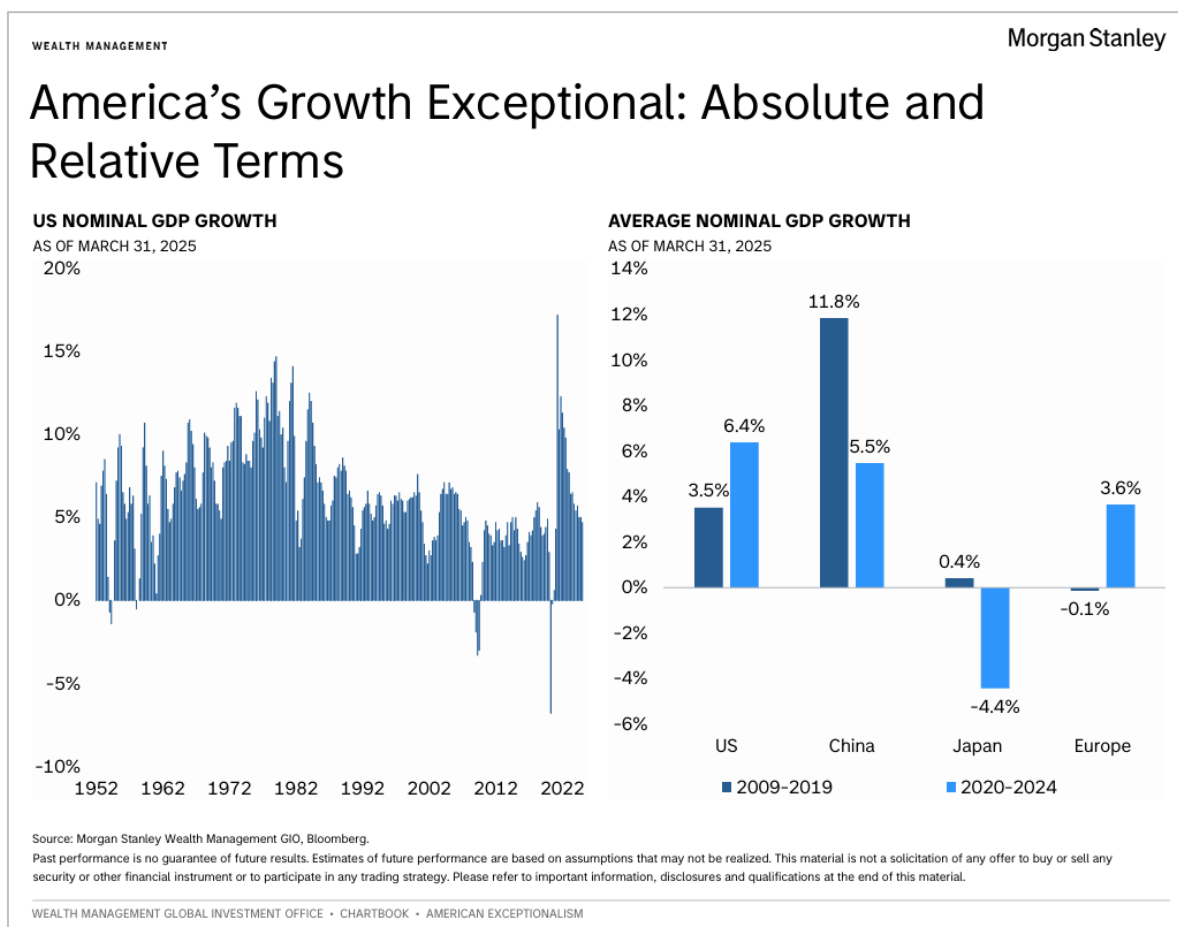


However, since 2012 or so, rolling 15-year returns have rebounded once again. The last fifteen years look as robust as the early stages of the 1950's and 1980's secular bull markets.

The end of WW2 brought US troops home, and the Baby Boom began. Technology enjoyed an explosion of development. People moved to the suburbs, built new homes, purchased new cars and televisions, and started families. With many parts of the world destroyed by the war, America was well-positioned to lead as the world's manufacturing leader.

The 1980's were, in our view, the beginning of the end of the Cold War. They marked the infancy of personal computing. Technology advances that we continue to enjoy today can trace their roots back to the 1980's. Several of today's largest public corporations were founded in the 1980's and 1990's.

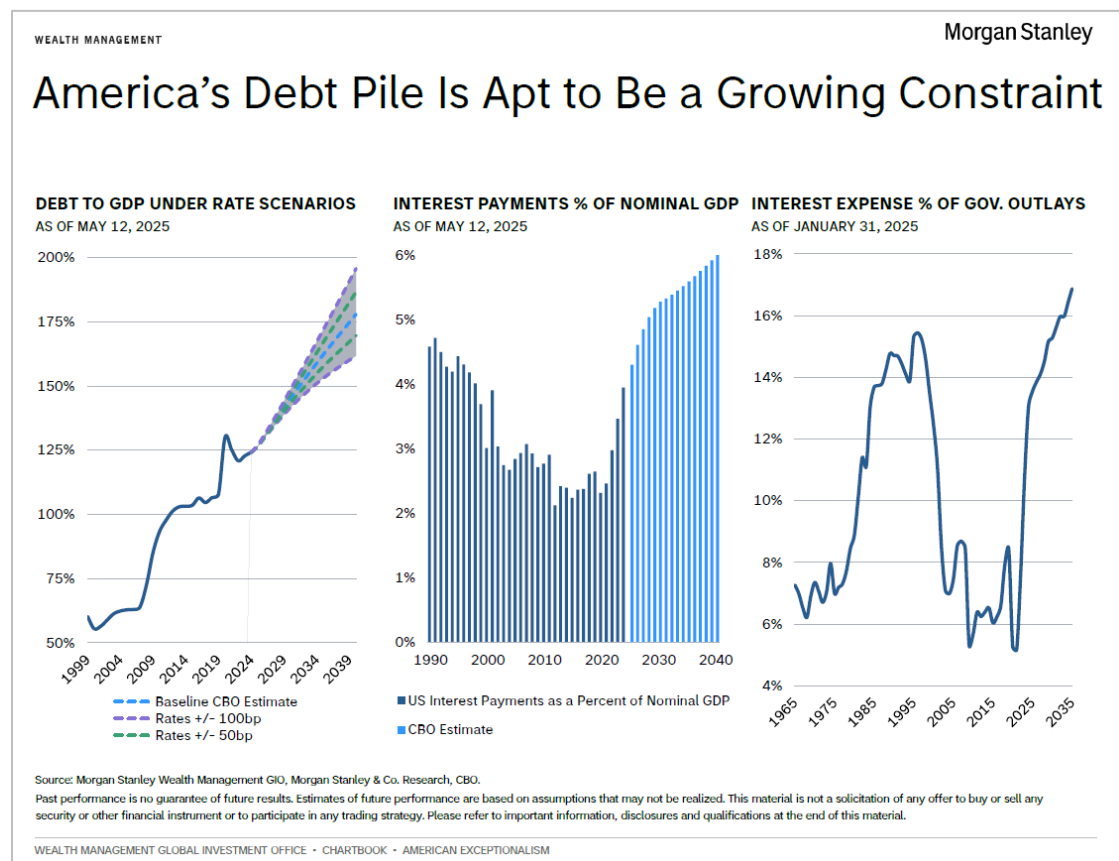
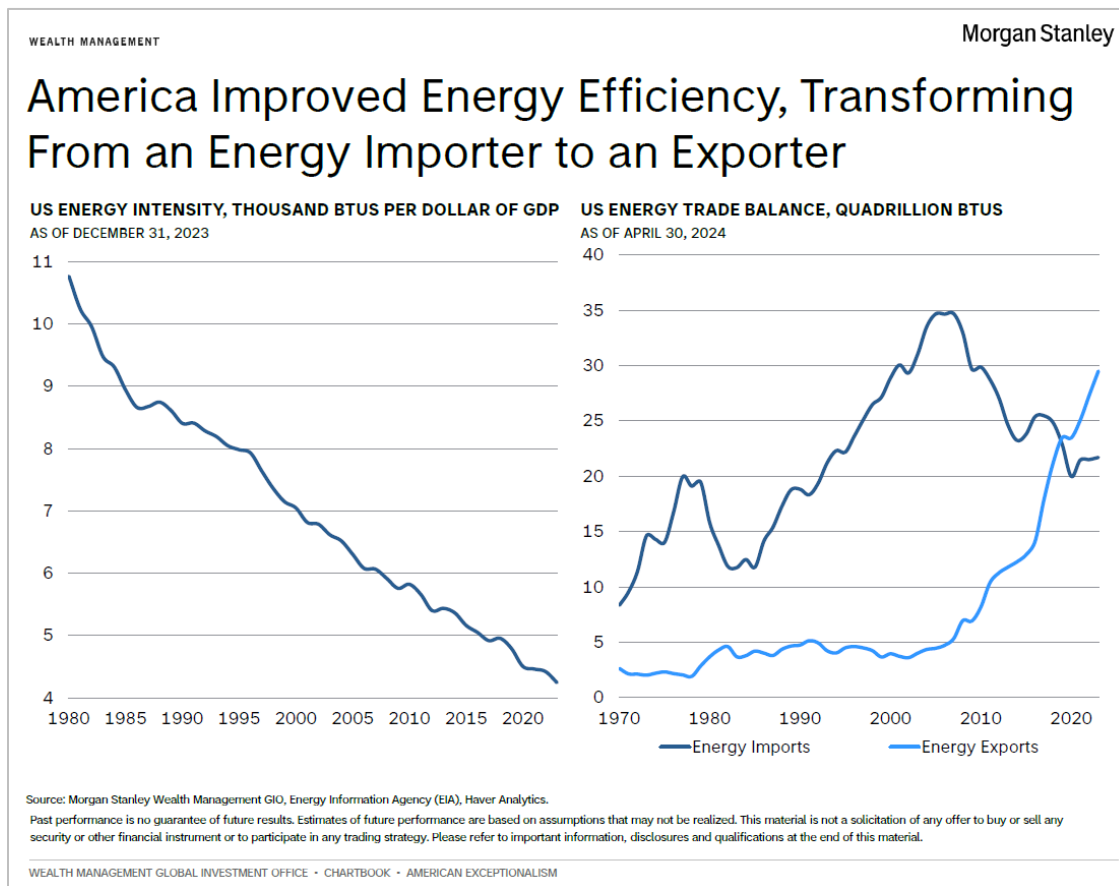
Innovation continues to fuel a US economy that rarely contracts. The left graph in the chart below (1) shows that American GDP growth is nearly always positive. The US economy has also been the world's leader in the post-COVID era. Since 2020, US economic growth has outpaced most of the world.



The energy chart at the top of page four (1) shows the remarkable gains in both US energy efficiency and production. Our nation has transitioned from being a net energy importer to a net exporter. As recently as twenty years ago, America imported seven times as much energy as it exported. Today that role has reversed due to the advances in US oil and natural gas extraction and production. Our nation has also become much more energy efficient too. We produce far more economic output per BTU (British Thermal Unit) of energy today than we did just forty-five years ago.

The bottom chart on page four (1) shows the one area we continue to dislike, namely, our national debt. America's debt to GDP ratio has eclipsed 120%. Interest payments as a percentage of total federal spending and as a percentage of GDP have nearly tripled. The debt is a concern because of the economic headwinds we believe it will continue to create. Interest costs divert capital from more productive uses throughout the US economy.

These debt levels however are not unprecedented in US history. It probably will not be easy to manage, but we think America is better positioned than any other nation to deal with this kind of indebtedness.



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Urgent vs Important:

Remember that market timing and prediction has historically been a fruitless exercise. Thrill seeking in this business has historically been a futile pastime too.

In our more than sixty combined years of professional experience, we have found that the people who achieve financial and investment success are usually not the ones trying to guess day in and day out what markets are 'going to do next.' They are not the ones worried about every headline.

Successful investors focus on what is important, not urgent. Today's news is always urgent, at least, that is what news purveyors want you to believe. Successful investors focus on the important but not urgent tasks of steadily accumulating quality investment assets and using compounding time to the greatest possible effect. They understand that capitalism is not merely a profit system but a profit and loss system, and that the goal is to accumulate profits over the long term.

Focus on what is important.

Fourth Quarter Planning Topics:

Sandra B. Caruso, CFP® Senior Vice President, Senior Portfolio Management Director, Financial Advisor

As we enter the fourth quarter there are several tactical planning items relating to IRA's and taxable account management that we recommend reviewing now. We review these often with people, but we believe a refresher on these topics is worthwhile.

IRA REQUIRED MINIMUM DISTRIBUTIONS (RMDs): For individuals subject to RMD's from IRA accounts, the RMD must be withdrawn by 12/31/2025. Failure to complete a distribution may subject one to a 25% tax penalty. There is an exception for individuals that reach age 73 this year. These individuals can defer their first RMD until 4/1/2026. However, they will need to take a second RMD by 12/31/2026 resulting in two taxable distributions in the same tax year.

INHERITED IRAS. There has been an important change this year for owners of inherited IRA's. If you are a non-spouse beneficiary owner of an inherited IRA that you received on or after 01/01/2020, you must begin taking annual RMDs this year. You still have ten years from the date of the IRA owner's death to distribute the proceeds, but you must take a required minimum distribution. The RMD is calculated in the same manner as other retirement accounts. It is based on the value of the IRA on 12/31 of the previous year divided by a factor, based on your age, from tables published by the IRS. RMD requirements for inherited IRA's are a new rule this year. We recommend reviewing your inherited IRAs to see if this applies to you.

IRA QUALIFIED CHARITABLE DISTRIBUTIONS (QCDs): QCD's are available for clients that are 70 ½ years of age or older. A QCD is a distribution from an IRA made payable to a qualified 501(c)(3) charity. This distribution counts towards a client's RMD but it is excluded from taxable income. With the federal standard deduction increasing, this can be an effective strategy for clients that are unable to use itemize charitable deductions. This option is also available for inherited IRA's. The maximum permissible QCD distribution is \$100,000 for any tax year.

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TRADITIONAL TO ROTH IRA CONVERSION: A Traditional to ROTH Conversion is a planning strategy to convert pretax IRA assets to a Roth IRA. Roth conversions must also be completed by 12/31/2025 for this tax year. A conversion can be made by moving cash or securities from a taxable IRA to a ROTH IRA thus affording the assets to continue growing on a tax deferred basis. One of the goals of this strategy is to reduce the size of the taxable IRA, potentially reducing future RMDs and therefore future taxes. It is important to consult your tax preparer prior to making a ROTH conversion. The distribution from the IRA is taxable as income and could increase your tax bracket and liability.

TAX LOSS HARVESTING: Tax loss harvesting is strategy in which an investor sells a security for a loss in a taxable account. This loss can be used to offset realized capital gains. If the losses exceed the gains, you can offset up to \$3,000 of realized losses against ordinary income. In addition, any remaining unused loss can be carried forward to future years. One issue to be aware of with tax loss harvesting is the wash sale rule. With the wash sale rule, the IRS disallows use of a loss if you buy the same or substantially identical security to the one you sold 30 days prior to or 30 days after the loss sale.

To ensure prompt processing for any of these strategies, particularly for any actions relating to IRA distributions or conversions, we ask that you contact us prior to 11/30/2025. Year-end is very busy in our profession, and we strive to have planning items like these complete before the holiday season begins.

IRA distribution rules can be especially complex. For this reason, we always recommend that you consult with your tax preparer for advice regarding any of these topics and strategies.

- (1) Chart Source: Morgan Stanley Chart Book, American Exceptionalism.
- (2) AUM Data as of 10/2/25



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 \$775 million in client assets. (2)

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

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Tax-loss harvesting. IRS rules stipulate that if a security is sold by an investor at a tax loss, the tax loss will not be currently usable if the investor has acquired (or has entered into a contract or option on) the same or substantially identical securities 30 days before or after the sale that generated the loss. This so-called “wash sale” rule is applied with respect to all of the investor’s transactions across all accounts.

A 10% penalty tax will apply on funds converted to a Roth if those funds are withdrawn before five years have elapsed unless the owner is age 59 ½ or another exception applies. A Roth Conversion may not be right for everyone. There are a number of factors taxpayers should consider before converting, including (but not limited to) whether or not the cost of paying taxes today outweighs the benefit of income tax-free Qualified Distributions in the future. Before converting, taxpayers should consult their tax and legal advisors based on their specific facts and circumstances.

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Past performance is no guarantee of future results. Actual results may vary. Diversification does not assure a profit or protect against loss in a declining market.

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>

Capital Market Indices

Wednesday, October 1, 2025

US Equities	Sep-30	1D	WTD	MTD	QTD	YTD	1Y
S&P 500	6,688.46	0.4%	0.7%	3.6%	8.1%	14.8%	17.6%
Dow Jones Industrial Avg.	46,397.89	0.2%	0.3%	2.0%	5.7%	10.5%	11.5%
NASDAQ Composite	22,660.01	0.3%	0.8%	5.7%	11.4%	18.0%	25.5%
NYSE Composite	21,564.54	0.3%	0.4%	2.1%	6.1%	14.8%	12.9%
AMEX Composite	6,986.92	-0.9%	-1.4%	5.6%	21.5%	51.9%	40.9%
Americas Equities (USD)	Sep-30	1D	WTD	MTD	QTD	YTD	1Y
Canada S&P	21,565.01	0.1%	1.1%	4.0%	10.1%	28.1%	24.8%
Mexico IPC	3,432.81	0.7%	1.3%	9.2%	13.1%	48.6%	33.3%
Brazil Bovespa	27,500.05	-0.1%	1.0%	5.6%	7.7%	41.3%	13.5%
Europe Equities (USD)	Sep-30	1D	WTD	MTD	QTD	YTD	1Y
UK FTSE 100	12,584.74	0.8%	1.2%	1.5%	5.5%	26.5%	18.0%
Eurozone STOXX 50	6,501.57	0.7%	1.1%	3.9%	4.5%	31.9%	20.4%
France CAC 40	9,283.26	0.4%	0.9%	3.1%	3.2%	25.3%	12.7%
Germany DAX	28,076.56	0.8%	1.1%	0.4%	-0.2%	35.7%	30.3%
Spain IBEX 35	18,193.96	1.3%	1.4%	4.1%	11.4%	56.3%	43.2%
Asia Equities (USD)	Sep-30	1D	WTD	MTD	QTD	YTD	1Y
Japan Nikkei 225	304.13	0.3%	0.9%	5.2%	9.1%	21.9%	16.9%
Hang Seng Hong Kong	3,451.47	0.9%	2.8%	7.8%	13.5%	37.9%	31.2%
China Shenzhen Comp.	353.78	0.5%	2.2%	3.3%	22.6%	33.8%	30.8%
Alternatives	Sep-30	1D	WTD	MTD	QTD	YTD	1Y
FTSE EPRA/NAREIT Global	1,744.57	0.5%	0.5%	0.3%	3.0%	5.7%	-4.6%
Alerian Midstream Energy Select	765.83	0.1%	-0.8%	1.2%	1.6%	8.0%	20.3%
HFRX Global Hedge Fund	1,567.27	0.0%	0.2%	1.4%	3.1%	5.6%	5.8%
HFRIFund of Funds ¹	8,663.44	-	-	0.0%	2.4%	5.2%	7.4%
HFRX_Macro/CTA Index	1,326.63	0.0%	0.3%	3.4%	5.7%	2.4%	2.4%
Commodities	Sep-30	1D	WTD	MTD	QTD	YTD	1Y
Bloomberg Commodity	104.63	-0.4%	-0.5%	1.8%	2.6%	5.9%	4.3%
...Ex- Energy	125.19	-0.3%	0.2%	2.6%	5.2%	11.6%	7.5%
...Ex- Precious Metals	121.84	-0.5%	-1.0%	-0.7%	-0.8%	0.5%	0.6%
CRB Index	545.88	-0.3%	-0.0%	-1.6%	-4.0%	1.7%	1.0%
Bloomberg Agriculture	53.63	-0.7%	-1.1%	-3.7%	-1.9%	-5.9%	-8.1%
Bloomberg Energy	27.29	-0.7%	-2.4%	-0.5%	-4.3%	-7.5%	-3.5%
WTICrude Oil Futures	62.37	-1.7%	-5.1%	-2.6%	-4.2%	-13.0%	-8.5%
Brent Crude Oil Futures	67.02	-1.4%	-4.4%	-1.6%	-0.9%	-10.2%	-6.6%
Gasoline Futures	1.97	-1.1%	-3.2%	-9.8%	-5.1%	-1.4%	0.6%
Natural Gas Futures	3.30	1.1%	16.5%	10.2%	-4.4%	-9.1%	13.0%
Bloomberg Ind. Metals	147.25	-0.2%	1.3%	3.3%	-0.9%	4.9%	-4.3%
Copper Futures	4.86	-0.7%	3.0%	7.5%	-3.4%	20.6%	6.7%
Bloomberg Prec. Metals	381.41	0.2%	1.3%	11.2%	18.0%	43.2%	38.6%
Gold Futures	3,840.80	0.5%	1.7%	10.1%	16.1%	45.4%	45.7%
Silver Futures	46.64	-0.8%	0.9%	16.0%	30.1%	59.5%	48.3%
Palladium Futures	1,287.40	-0.3%	-0.3%	16.5%	16.3%	41.5%	28.7%
Platinum Futures	1,584.60	-1.5%	0.2%	15.6%	18.8%	77.2%	61.9%
Bloomberg Softs	66.40	0.7%	-0.1%	-2.5%	9.8%	3.2%	6.0%

US Size- Style	Sep-30	1D	WTD	MTD	QTD	YTD	1Y
Russell 3000	3,803.09	0.3%	0.6%	3.4%	8.2%	14.4%	17.4%
Russell 3000 Growth	3,676.27	0.4%	0.8%	5.1%	10.4%	16.8%	24.8%
Russell 3000 Value	2,621.37	0.2%	0.3%	1.5%	5.6%	11.5%	9.3%
S&P 500	6,688.46	0.4%	0.7%	3.6%	8.1%	14.8%	17.6%
S&P 500 Equal Weight	7,693.41	0.3%	0.6%	1.1%	4.8%	9.9%	7.8%
S&P 500 Growth	4,870.89	0.5%	0.8%	5.3%	9.8%	19.5%	26.9%
S&P 500 Value	2,038.00	0.3%	0.5%	1.8%	6.2%	9.7%	6.7%
Russell 1000	3,655.86	0.3%	0.6%	3.5%	8.0%	14.6%	17.7%
Russell 1000 Growth	4,717.75	0.5%	0.8%	5.3%	10.5%	17.2%	25.5%
Russell 1000 Value	2,005.38	0.2%	0.3%	1.5%	5.3%	11.6%	9.4%
Russell Midcap	3,854.62	0.1%	0.4%	0.9%	5.3%	10.3%	11.0%
Russell Midcap Growth	2,298.29	-0.6%	-0.1%	-0.3%	2.8%	12.8%	22.0%
Russell Midcap Value	3,213.96	0.3%	0.6%	1.3%	6.2%	9.5%	7.6%
Russell 2000	2,436.48	0.1%	0.1%	3.1%	12.4%	10.4%	10.7%
Russell 2000 Growth	1,634.08	0.1%	0.3%	4.2%	12.2%	11.6%	13.5%
Russell 2000 Value	2,645.48	0.1%	-0.1%	2.0%	12.6%	9.0%	7.9%
S&P 500 Sectors	Sep-30	1D	WTD	MTD	QTD	YTD	1Y
Communication Services	422.60	-0.5%	-0.9%	5.6%	12.0%	24.5%	35.6%
Consumer Discretionary	1,917.97	-0.6%	-0.0%	3.2%	9.5%	5.3%	20.3%
Consumer Staples	871.10	0.3%	0.4%	-1.6%	-2.4%	3.9%	0.5%
Energy	682.82	-1.1%	-3.0%	-0.4%	6.2%	7.0%	4.4%
Financials	896.86	-0.4%	0.0%	0.1%	3.2%	12.7%	20.7%
Health Care	1,623.95	2.5%	2.8%	1.8%	3.8%	2.6%	-8.0%
Industrials	1,306.11	0.8%	1.1%	1.8%	4.9%	18.3%	15.4%
Information Technology	5,612.00	0.9%	1.4%	7.2%	13.2%	22.3%	28.2%
Materials	570.71	0.6%	1.0%	-2.1%	3.1%	9.3%	-4.3%
Real Estate	264.79	0.5%	0.6%	0.5%	2.6%	6.2%	-2.2%
Utilities	443.18	0.2%	0.5%	4.2%	7.6%	17.7%	11.2%
MSCI Indices (USD)	Sep-30	1D	WTD	MTD	QTD	YTD	1Y
All Country World	984.78	0.4%	0.9%	3.7%	7.7%	18.9%	17.8%
... ex- US	402.15	0.6%	1.3%	3.6%	7.0%	26.7%	17.2%
World	4,306.70	0.4%	0.8%	3.3%	7.4%	17.8%	17.8%
... ex- US	2,823.83	0.6%	1.1%	2.2%	5.4%	26.0%	16.7%
USA	6,397.04	0.4%	0.6%	3.7%	8.1%	15.0%	18.2%
EAFE	2,767.03	0.7%	1.1%	2.0%	4.9%	25.8%	15.6%
Pacific	3,618.54	0.8%	1.0%	1.8%	7.3%	21.2%	14.6%
Japan	12.93	0.8%	0.6%	2.6%	7.9%	21.2%	16.7%
Pacific ex- Japan	1,571.35	0.5%	1.7%	0.2%	5.6%	21.5%	10.6%
All Country Asia ex- Japan	878.16	0.5%	1.6%	6.8%	11.1%	27.5%	18.0%
Europe	219.40	0.7%	1.2%	2.1%	3.5%	28.4%	16.0%
...ex- UK	260.04	0.6%	1.2%	2.3%	2.9%	29.0%	15.5%
Emerging Markets	1,346.05	0.5%	1.6%	7.2%	10.9%	28.2%	18.1%
Brazil	1,577.42	0.0%	1.0%	5.5%	8.4%	40.4%	13.3%
China	11.55	1.1%	3.1%	9.7%	20.8%	41.8%	31.0%
India	32.68	-0.2%	-0.2%	0.4%	-6.7%	-0.6%	-11.2%
Mexico	7,155.02	0.4%	1.3%	9.9%	13.3%	48.5%	32.9%
Frontier Markets	711.22	0.1%	0.3%	1.2%	15.0%	38.3%	36.7%

USD SOFR Rates	Sep-30	3M Ago	1Y Ago
One- Month	4.13%	4.32%	4.85%
Three- Month	3.98%	4.29%	4.59%
Six- Month	3.85%	4.15%	4.25%
One- Year	3.66%	3.88%	3.78%
US Bank Rates	Sep-30	3M Ago	1Y Ago
Federal Funds	4.08%	4.31%	4.81%
Discount Rate	4.25%	4.50%	5.00%
Prime Rate	7.25%	7.50%	8.00%
Volatility	Sep-30	1D Chg.	4W Ago
CBOE Volatility (VIX)	16.28	0.16	17.17
Treasury Bond Volatility	77.93	3.20	85.28
FX Volatility	7.33	0.27	7.58
FX Rates	Sep-30	1D Chg.	1D %, FX
US Dollar Spot Rate (DXY)	97.78	-0.13	-0.1%
Euro (EUR/USD)	1.1734	0.00	0.1%
British Pound (GBP/USD)	1.3446	0.00	0.1%
Swiss Franc (USD/CHF)	0.7964	-0.00	0.2%
Japanese Yen (USD/JPY)	147.90	-0.69	0.5%
Australian Dollar (AUD/USD)	0.6613	0.00	0.5%
Canadian Dollar (USD/CAD)	1.3920	0.00	-0.0%
New Zealand Doll. (NZD/USD)	0.5794	0.00	0.3%
Hong Kong Doll. (USD/HKD)	7.7827	-0.00	0.0%
Singapore Dollar (USD/SGD)	1.2901	0.00	-0.0%
Chinese Renminbi (USD/CNY)	7.1224	0.00	0.0%
Indian Rupee (USD/INR)	88.79	0.03	-0.0%
Mexican Peso (USD/MXN)	18.31	-0.05	0.3%
Brazilian Real (USD/BRL)	5.3218	-0.00	0.0%

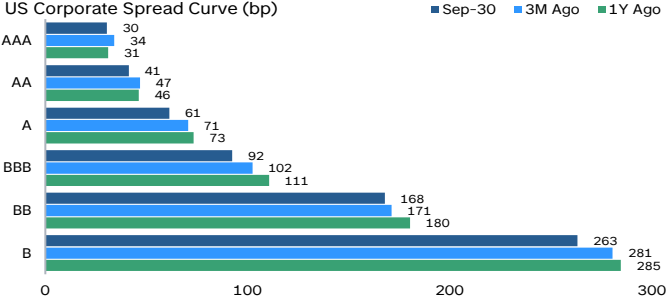
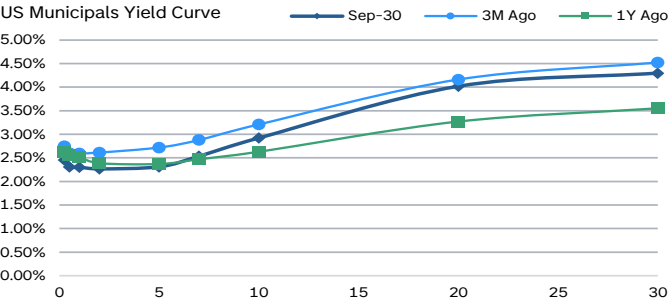
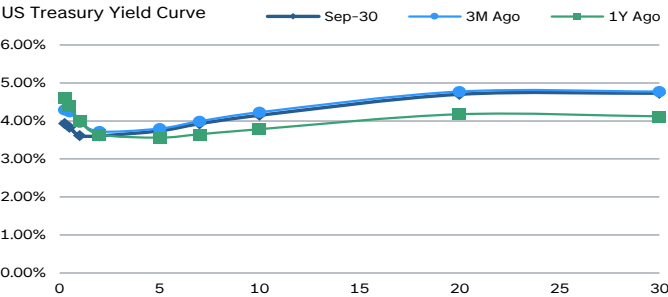
Source: Morgan Stanley Wealth Management GIO, Bloomberg, FactSet. ¹Data for HFRIFund of Funds as of Aug. 31, 2025. YTD starts Dec. 31, 2024, and 1Y starts Sep. 30, 2024. Past performance is no guarantee of future results. Estimates of future performance are based on assumptions that may not be realized. 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.

Capital Market Indices

Wednesday, October 1, 2025

	Treasury						AAA General Obligation (GO) Municipals						
Maturity	Sep-30	1D	Dec-31	3M Ago	6M Ago	1Y Ago	Sep-30	% UST	1D	Dec-31	3M Ago	6M Ago	1Y Ago
Three-Month	3.93	-0.02	4.31	4.29	4.29	4.62	2.46	62%	0.01	3.32	2.75	2.76	2.63
Six-Month	3.84	-0.01	4.27	4.25	4.22	4.40	2.31	60%	0.01	3.18	2.60	2.61	2.57
One-Year	3.61	-0.02	4.14	3.97	4.03	4.00	2.30	64%	0.01	2.97	2.59	2.60	2.52
Two-Year	3.61	-0.01	4.24	3.72	3.91	3.64	2.27	63%	0.01	2.82	2.61	2.70	2.39
Five-Year	3.74	0.01	4.38	3.80	3.98	3.56	2.31	62%	0.01	2.90	2.72	2.92	2.37
Seven-Year	3.93	0.01	4.48	3.99	4.11	3.65	2.54	65%	0.00	3.00	2.88	3.05	2.47
10-Year	4.15	0.01	4.57	4.23	4.25	3.78	2.92	70%	0.00	3.13	3.21	3.25	2.63
20-Year	4.70	0.02	4.86	4.77	4.65	4.17	4.02	85%	-0.01	3.64	4.16	4.01	3.27
30-Year	4.73	0.03	4.78	4.77	4.63	4.12	4.30	91%	-0.01	3.87	4.52	4.31	3.55

Bloomberg Indices (USD)	Returns						Option-Adjusted Spreads (bp)					
	1D	WTD	MTD	QTD	YTD	1Y	Sep-30	1D	Dec-31	3M Ago	6M Ago	1Y Ago
Multiverse	0.1%	0.5%	0.7%	0.7%	8.0%	2.7%	—	—	—	—	—	—
Global Aggregate	0.1%	0.5%	0.7%	0.6%	7.9%	2.4%	—	—	—	—	—	—
US Aggregate	-0.0%	0.2%	1.1%	2.0%	6.1%	2.9%	28	0	34	32	35	36
US Treasury	-0.0%	0.2%	0.8%	1.5%	5.4%	2.1%	—	—	—	—	—	—
...Short	0.0%	0.0%	0.4%	1.1%	3.2%	4.4%	—	—	—	—	—	—
...One- to Five-Year	0.0%	0.1%	0.2%	1.1%	4.6%	3.8%	—	—	—	—	—	—
...Five- to 10-Year	-0.0%	0.2%	0.4%	1.6%	7.0%	2.8%	—	—	—	—	—	—
...10- to 20-Year	-0.1%	0.5%	2.5%	2.5%	6.3%	-1.7%	—	—	—	—	—	—
...20+-Year	-0.3%	0.5%	3.6%	2.4%	5.1%	-4.8%	—	—	—	—	—	—
US Corporate	-0.1%	0.3%	1.5%	2.6%	6.9%	3.6%	74	0	80	83	93	89
...One- to Five-Year	0.0%	0.1%	0.4%	1.6%	5.5%	5.1%	55	1	60	63	68	66
...Intermediate-Term	0.0%	0.2%	0.7%	2.0%	6.6%	5.1%	66	0	71	75	82	79
...Long-Term	-0.2%	0.5%	3.2%	3.8%	7.6%	0.9%	90	0	98	100	114	107
...AAA	-0.1%	0.4%	2.1%	2.6%	6.3%	0.0%	30	0	33	34	40	31
...AA	-0.1%	0.3%	1.6%	2.4%	6.2%	2.1%	41	0	45	47	53	46
...A	-0.1%	0.3%	1.5%	2.5%	6.9%	3.3%	61	0	68	71	79	73
...BBB	-0.1%	0.3%	1.5%	2.7%	7.0%	4.3%	92	0	97	102	113	111
US Securitized	-0.1%	0.2%	1.2%	2.4%	6.7%	3.5%	33	1	45	40	39	46
...Mtge.-Backed Securities (MBS)	-0.1%	0.2%	1.2%	2.4%	6.8%	3.4%	31	1	43	37	35	42
...Commercial MBS	0.0%	0.2%	0.4%	1.8%	6.3%	4.8%	81	-0	87	90	93	102
...Asset-Backed Securities (ABS)	0.0%	0.1%	0.6%	1.6%	4.6%	4.6%	49	-1	44	57	59	64
US Municipal	0.1%	0.1%	2.3%	3.0%	2.6%	1.4%	—	—	—	—	—	—
...One- to Five-Year	-0.0%	0.0%	0.3%	1.7%	3.8%	3.2%	—	—	—	—	—	—
...One- to 10-Year	0.0%	0.1%	1.0%	2.3%	4.1%	3.1%	—	—	—	—	—	—
...10+-Year	0.1%	0.2%	3.5%	3.6%	1.5%	-0.0%	—	—	—	—	—	—
US TIPS	—	—	0.4%	2.1%	6.9%	3.8%	—	—	—	—	—	—
US High Yield Corporate	0.0%	0.1%	0.8%	2.5%	7.2%	7.4%	267	1	287	290	340	295
...BB	-0.0%	0.1%	0.8%	2.3%	7.4%	6.9%	168	2	179	171	216	180
...B	-0.0%	0.1%	0.8%	2.3%	6.8%	7.1%	263	2	277	281	338	285
...CCC	0.1%	0.3%	1.0%	4.4%	8.1%	10.5%	604	-6	558	677	657	642
US High Yield Municipal	0.0%	0.1%	2.6%	1.6%	1.3%	0.2%	—	—	—	—	—	—
Global ex-USD Aggregate	0.2%	0.7%	0.3%	-0.6%	9.4%	1.9%	—	—	—	—	—	—
EM Hard-Currency	-0.1%	0.0%	1.1%	3.2%	9.7%	7.4%	—	—	—	—	—	—
EM Local-Currency	0.0%	0.3%	0.2%	0.4%	7.5%	3.4%	—	—	—	—	—	—
Morningstar LSTA Leveraged Loan	-0.0%	0.0%	0.4%	1.8%	4.6%	7.0%	—	—	—	—	—	—



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

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

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.

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