

The Caruso-Colonna Group at Morgan Stanley

October 2026 Newsletter

Our Mission: To Gain and Maintain Financial Freedom

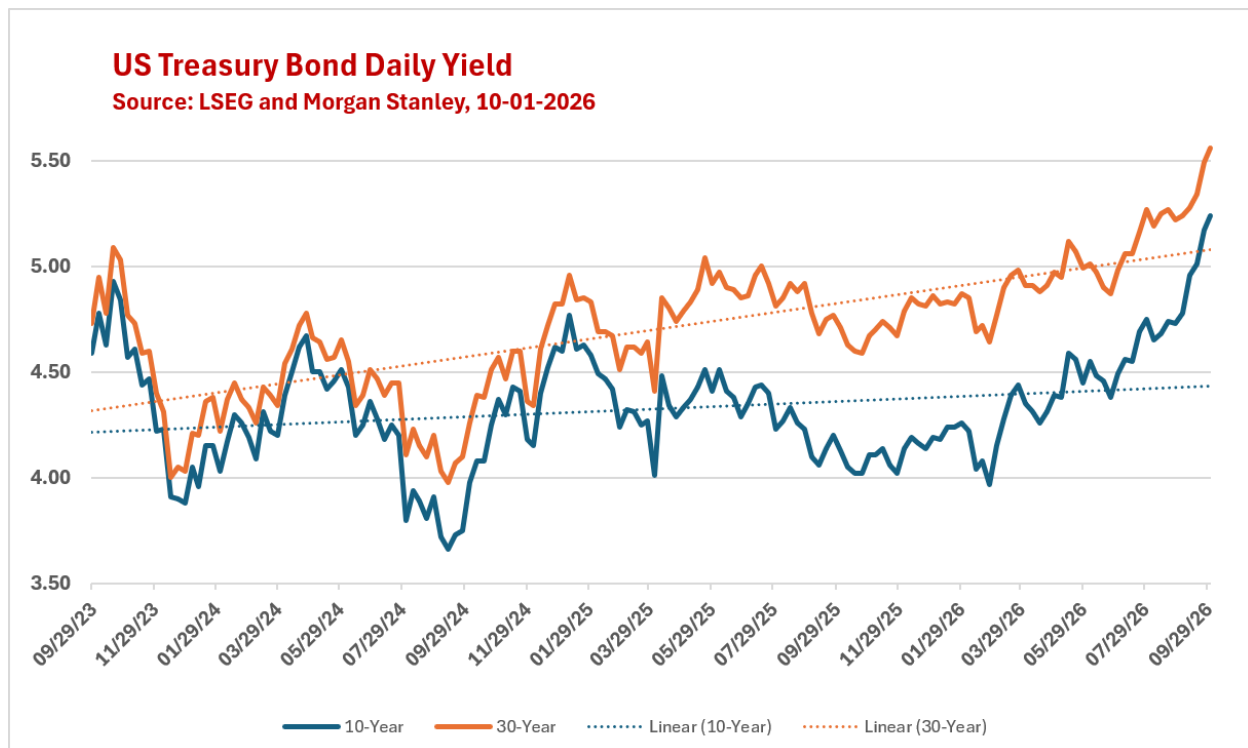
"The way to crush the bourgeoisie is to grind them between the millstones of taxation and inflation." Vladimir Lenin

'These Markets' 'This Election', and Our Economy:

Keith A. Colonna Sr., CFP®

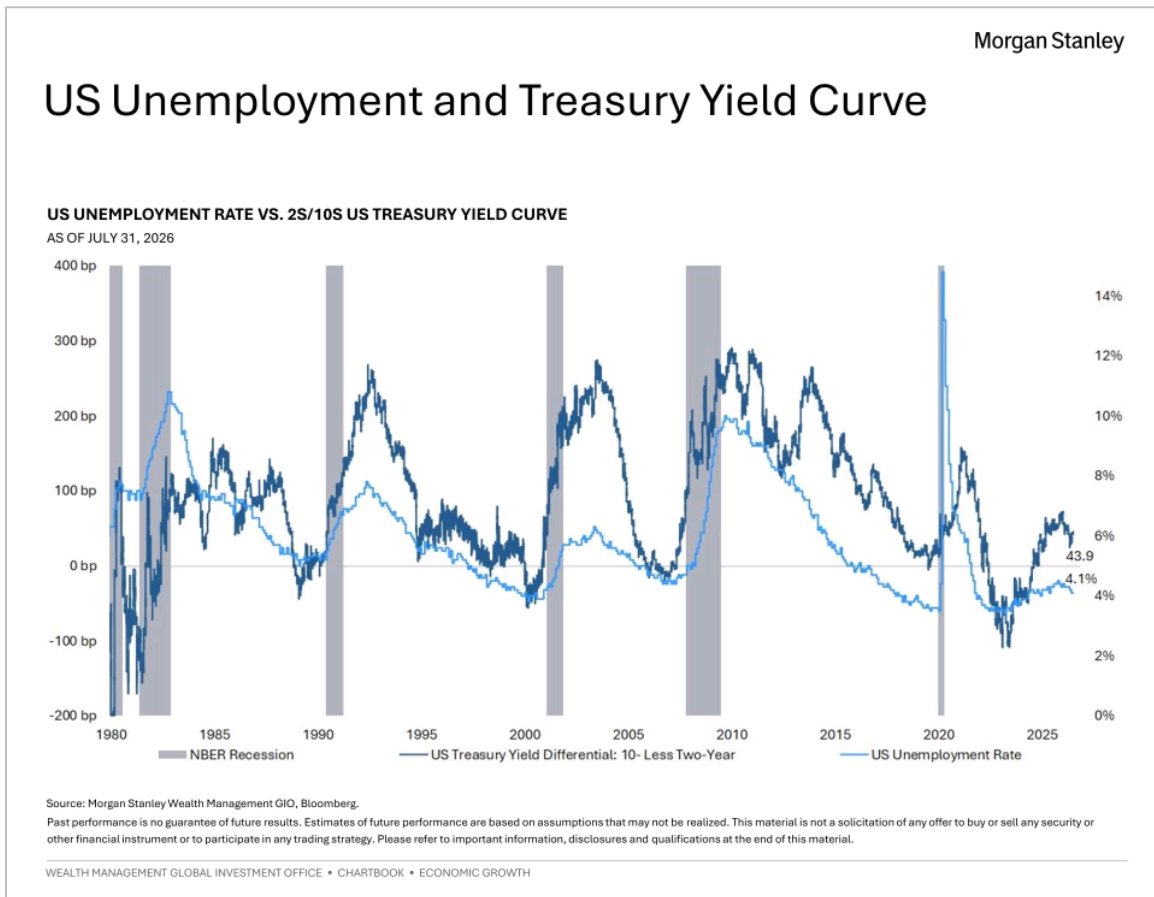
Senior Vice President, Senior Portfolio Management Director, Financial Advisor

We picked up this month where we left off in September. Below is a shorter view of US Treasury Bonds showing the daily closing yield for the past three years. 30-year treasury bond yields have risen faster than 10-year notes. If you look at the back of this letter to the Capital Market Indices report, you can see on page two (2) the US Treasury Yield Curve. The curve's shift over the past three months has been dramatic. Corporate bond spreads have widened across all credit ratings. In the world of fixed income, these have been significant moves. Inflation has not been fully brought back under control either making this an interesting time for thinking about rates, taxation, and what this may mean for US investors.



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The economy looks steady. Unemployment remains low and the yield curve, after being inverted before 2025, is positively sloped. Since 1980, yield curve inversions occurred before every recession. However, these inversions reversed shortly before the onset of a recession. Following our most recent inversion, we have seen no evidence of a recession developing. This is the first time we have seen a yield curve inversion not quickly followed by a recession. This possibly speaks to the strength of capital spending in many areas of the US economy.



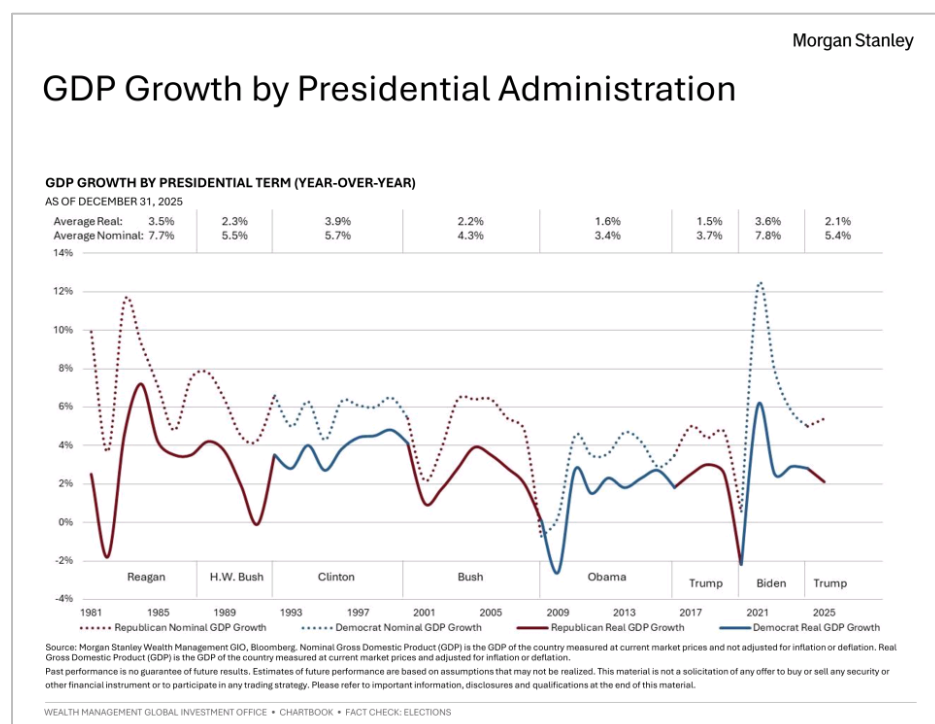
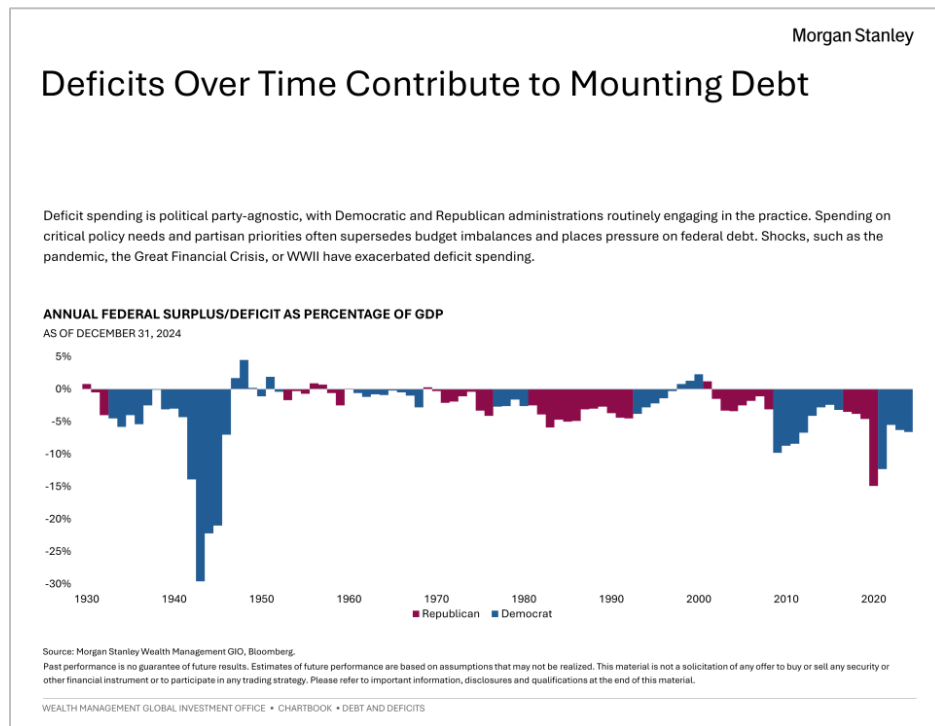
Investor equity enthusiasm continues this year although equity market weakness appeared in September. Multiple S&P 500 sectors experienced sharp one-month declines and equity markets overall changed little last month. Most fixed income indices are in the red for the past year. Conversely, most major stock indices have been positive for the past twelve months.

Consumer Discretionary, Financials, Real Estate, and Utilities have been among the weaker sectors in the past twelve months. This may be due to higher short-term borrowing costs for banks and increased competition for utilities among income-hungry investors.

'This' US midterm election is just weeks away. We often hear candidates proclaim that our problems are the other person's fault. If the public elects them, they will 'fight' for us and responsible government. The reality is a bit more nuanced.

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The two charts below show US deficits and US GDP growth by Presidential Administration. Our economic challenges are a bipartisan effort. Both parties are responsible for the debt, but the economy has grown regardless of the party holding the presidency. Inflation's toll can be observed in the lower graph. The dotted line shows nominal GDP growth while the solid line shows real or inflation-adjusted growth. Inflation's tax on net growth is especially evident in the 1980's and over the past few years.



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This brings us to a discussion about “*These Markets*.” We hear this two-word phrase frequently, often within a question like ‘*what do we think about “these markets” given the elections, the wars, the current president? What about our economy....?*’ The question usually seems more anxious than inquisitive. Do we think a market crash is coming? Is the Dollar at risk? Should we be worried enough to move heavily to cash until ‘things’ look better?

Our view on investing is long-term and aligned with the views of great investors like Charlie Munger, Warren Buffett, and John Templeton. Charlie taught Warren to stop chasing mediocre companies at great prices and instead focus on great companies at fair prices. Warren was a good student and along the way taught us that cash and fixed interest deposits are poor long-term investments, especially if inflation is involved. This excerpt from page 7 of Buffett’s 2024 annual letter, especially his remark about ‘fiscal folly’, is instructive:

“....we will forever deploy a substantial majority of their money in equities – mostly American equities although many of these will have international operations of significance. Berkshire will never prefer ownership of cash-equivalent assets over the ownership of good businesses, whether controlled or only partially owned. Paper money can see its value evaporate if fiscal folly prevails. In some countries, this reckless practice has become habitual, and, in our country’s short history, the U.S. has come close to the edge. Fixed-coupon bonds provide no protection against runaway currency.” (2)

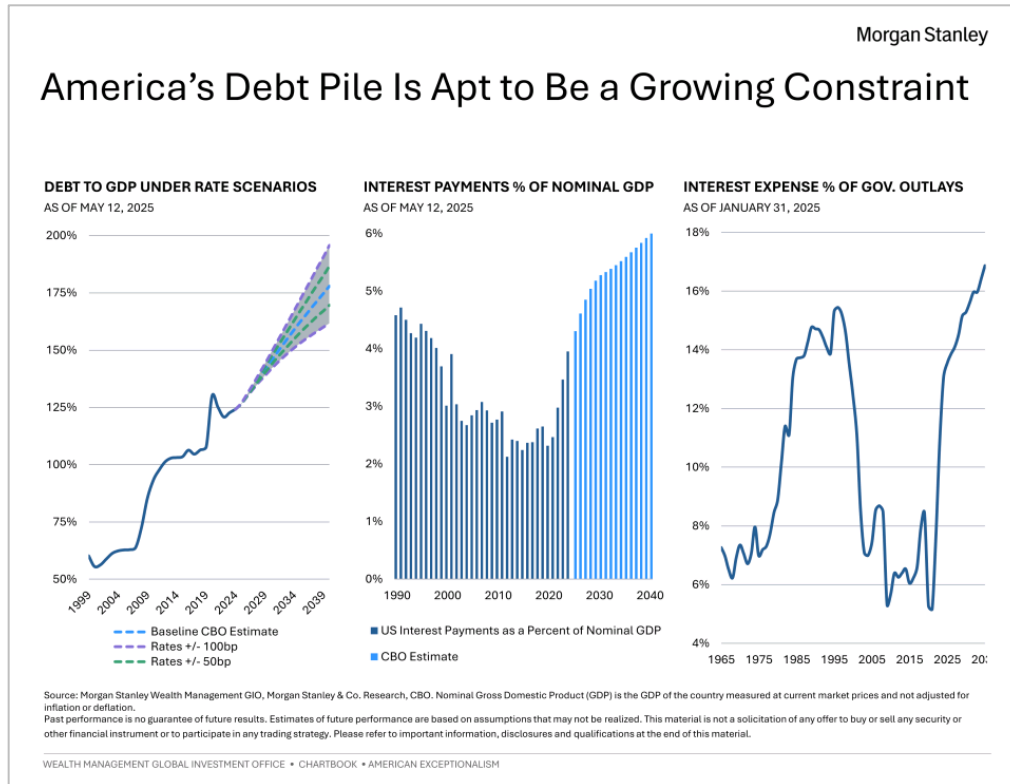
Buffett is not opposed to having cash on hand. We think maintaining a cash reserve is sensible for most investors. Everyone in our view should maintain an emergency fund. Clearly though, cash is not something he views as a primary holding. Nor do we.

A study of post-WW2 Germany provides evidence to the accuracy of Buffett’s assertion. Few western countries over the past 125 years witnessed more war and economic turmoil than Germany. Both World Wars devastated its economy. Productive capacity was destroyed. Hyperinflation and currency debasement followed. History here poses a question. What things in Germany survived the wars and inflation with value? Were citizens safer owning:

- A. German common stocks, farms, factories, metals, and physical assets?
- B. Cash, bank deposits, government bonds, or insurance and savings contracts?

If you answered B, you are incorrect. These assets were devastated by 1923’s hyperinflation and the 1948 currency reform that introduced the Deutschmark following another round of inflation. (2) German war bonds and government debt were functionally wiped out. (3) Most fixed income claims and insurance contracts became worthless. Inflation destroyed Germany’s currency. (4) The assets shown in bullet ‘A’ generally survived with value, the exceptions being factories and buildings that were physically destroyed by the war.

But what about our debt? “These markets” surely cannot deal with this debt much longer, right? Is this its own crisis? Currently, we think the answer to this question is ‘no’. We would not use the word crisis but instead it is a challenge. Interest costs as a percentage of government outlays have risen sharply over the past decade and are poised to continue rising. This is not good, but we had high interest expense in the 1980’s too. We are not in completely uncharted territory.

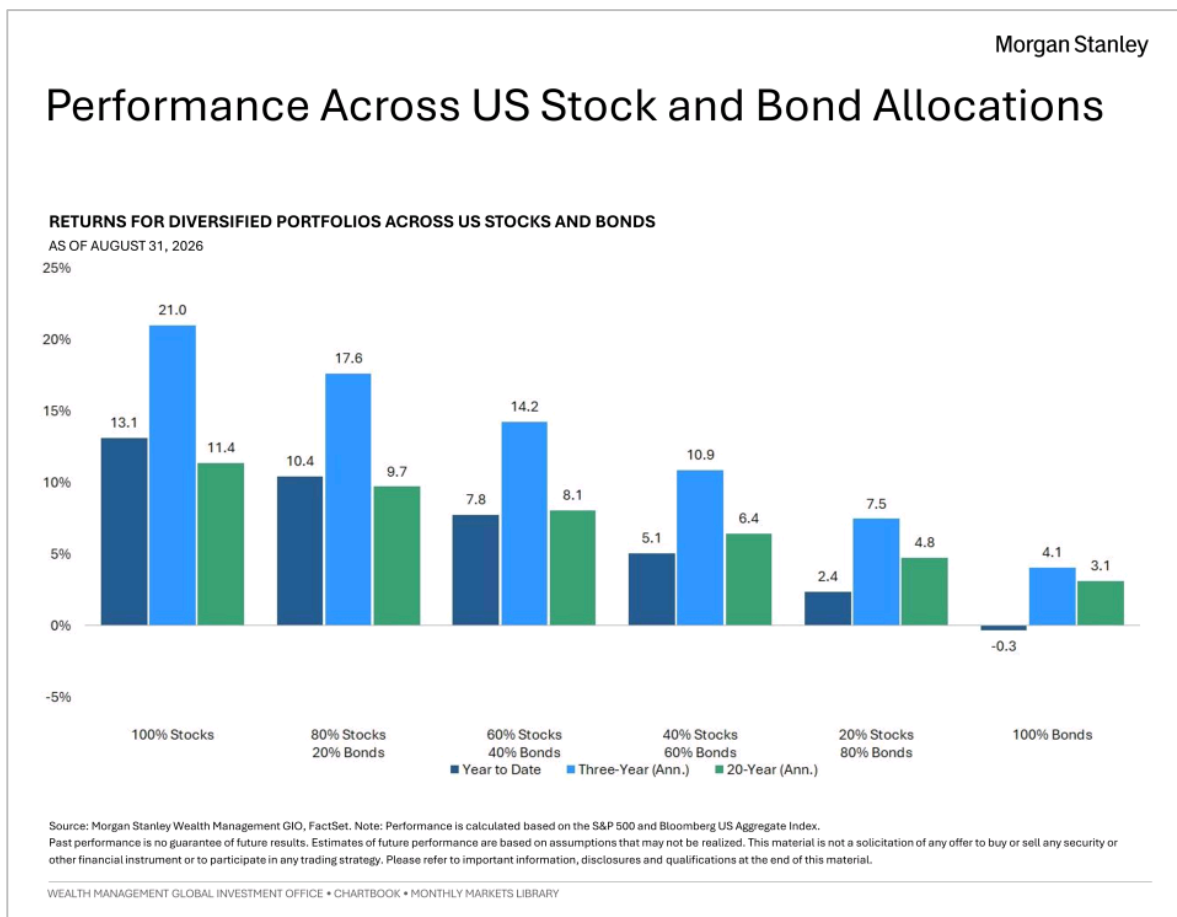


Can we support debt accumulation indefinitely? Probably not. But we sense US citizens are more aware of the debt’s challenges. We doubt many people thought about the national debt two decades ago. The US had a balanced budget as recently as 2001. Our position was sound enough then that the US Treasury stopped issuing 30-year Treasury Bonds. (6) That is not the case today. The problems of the late 1970’s and early 1980’s have returned.

How to Think About ‘These Markets:’

Worry less about politics. Both parties have contributed to our fiscal position. Keep a cash reserve for emergencies and opportunities but understand its limits. Recognize inflation’s deleterious effect on purchasing power. Seek investments that compound at rates greater than inflation which generally means owning shares of quality companies via their common stocks.

The last graph on page six shows returns for various stock and bond allocations over the past twenty years. Portfolios anchored by equities have historically delivered better returns than allocations heavily weighted to fixed income. Inflation and high interest rates have traditionally weakened the case for cash and fixed investments.



The Caruso-Colonna Group provides financial planning and investment management advice to meet the needs of successful individuals, families, businesses, and institutions. We are a family team with more than fifty combined years of professional experience. All Group Financial Advisors are CERTIFIED FINANCIAL PLANNER® Professionals. Our Group manages more than \$900 million in client assets. (7)

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

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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- (1) Source: LSEG ThompsonOne, Morgan Stanley, 9/2/2026
- (2) Letter to Shareholders, Warren Buffett, 2024 Berkshire Annual Report
- (3) [Inflation – lessons learnt from history | Deutsche Bundesbank](#)
- (4) [LeMO Zeitstrahl - Weimarer Republik - Innenpolitik - Inflation 1923](#)
- (5) The Experience of Exchange Rate Regimes in Southeastern Europe in a Historical and Comparative Perspective, 4/13/2007, Volume 13.
- (6) Treasury Department Decides To Stop Sale of 30-Year Bonds, Wall Street Journal, 11/1/2001
- (7) AUM Data as of 10/1/2026

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<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.

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Capital Market Indices

Thursday, October 1, 2026

US Equities								US Size- Style								USD SOFR Rates							
Sep- 30	1D	WTD	MTD	QTD	YTD	1Y		Sep- 30	1D	WTD	MTD	QTD	YTD	1Y	Sep-30	3M Ago	1Y Ago						
S&P 500	7,651.54	-0.2%	-1.2%	-0.3%	2.3%	12.7%	15.7%	Russell 3000	4,327.40	-0.3%	-1.2%	-0.8%	1.4%	12.4%	15.1%	One- Month	3.91%	3.65%	4.13%				
Dow Jones Industrial Avg.	50,906.05	-0.9%	-1.8%	-4.1%	-2.3%	7.2%	11.5%	Russell 3000 Growth	3,933.61	-0.0%	-0.8%	1.8%	0.5%	6.4%	7.6%	Three- Month	4.08%	3.73%	3.98%				
NASDAQ Composite	26,861.06	0.2%	-0.8%	1.9%	2.6%	16.1%	19.3%	Russell 3000 Value	3,185.07	-0.5%	-1.6%	-3.2%	2.3%	19.2%	23.7%	Six- Month	4.27%	3.85%	3.85%				
NYSE Composite	23,490.79	-0.9%	-1.7%	-3.8%	-1.0%	8.4%	11.2%	S&P 500	7,651.54	-0.2%	-1.2%	-0.3%	2.3%	12.7%	15.7%	One- Year	4.60%	3.99%	3.66%				
AMEX Composite	8,186.64	0.4%	-0.8%	-6.6%	6.0%	20.9%	19.4%	S&P 500 Equal Weight	8,429.42	-0.7%	-1.5%	-4.8%	-1.9%	10.0%	11.5%	US Bank Rates							
Americas Equities (USD)								Sep- 30	1D	WTD	MTD	QTD	YTD	1Y	Federal Funds	Sep- 30	3M Ago	1Y Ago					
Canada S&P	24,786.07	-0.8%	-1.9%	-5.1%	1.6%	9.1%	17.6%	S&P 500 Growth	5,735.11	-0.1%	-0.8%	2.0%	3.4%	15.8%	18.4%	Discount Rate	3.88%	3.61%	4.08%				
Mexico IPC	3,554.79	-1.0%	-3.1%	-7.6%	-6.9%	1.5%	6.9%	S&P 500 Value	2,250.47	-0.5%	-1.7%	-3.1%	0.9%	9.0%	12.5%	Prime Rate	4.00%	3.75%	4.25%				
Brazil Bovespa	35,977.92	2.5%	2.0%	5.0%	8.1%	22.5%	30.8%	Russell 1000	4,155.76	-0.3%	-1.2%	-0.6%	1.8%	12.3%	15.0%	Volatility							
Europe Equities (USD)								Sep- 30	1D	WTD	MTD	QTD	YTD	1Y	CBOE Volatility (VIX)	Sep- 30	1D Chg.	4W Ago					
UK FTSE 100	14,067.80	0.1%	-0.7%	-3.9%	1.9%	8.0%	15.3%	Russell 1000 Growth	5,043.79	-0.0%	-0.8%	2.2%	0.9%	6.3%	7.5%	Treasury Bond Volatility	110.45	3.61	75.32				
Eurozone STOXX 50	7,108.44	-0.6%	-1.0%	-4.6%	-1.3%	7.2%	12.6%	Russell 1000 Value	2,438.40	-0.5%	-1.6%	-3.1%	2.6%	19.2%	23.8%	FX Volatility	6.76	0.75	6.24				
France CAC 40	9,030.96	-0.6%	-1.8%	-6.5%	-5.5%	-2.8%	0.5%	Russell Midcap	4,251.59	-0.6%	-1.5%	-4.2%	-3.0%	11.8%	12.0%	FX Rates							
Germany DAX	28,573.36	-0.6%	-1.3%	-6.3%	0.2%	-0.8%	1.8%	Russell Midcap Growth	2,221.30	-0.3%	-1.2%	-1.8%	-5.8%	1.0%	-2.7%	US Dollar Spot Rate (DXY)	101.45	0.08	0.1%				
Spain IBEX 35	22,027.37	-0.3%	-1.8%	-5.1%	-0.3%	11.1%	25.2%	Russell Midcap Value	3,688.46	-0.7%	-1.5%	-5.0%	-2.0%	15.3%	16.9%	Euro (EUR/USD)	1.1330	-0.00	-0.1%				
Asia Equities (USD)								Sep- 30	1D	WTD	MTD	QTD	YTD	1Y	British Pound (GBP/USD)	1.3265	0.00	0.2%					
Japan Nikkei 225	424.45	2.1%	1.1%	2.8%	-0.9%	33.7%	41.8%	Russell 2000	2,796.86	-0.4%	-1.4%	-5.3%	-7.2%	13.9%	16.4%	Swiss Franc (USD/CHF)	0.8358	0.00	-0.2%				
Hang Seng Hong Kong	3,136.69	0.4%	0.4%	-3.4%	8.6%	-2.2%	-6.2%	Russell 2000 Growth	1,822.04	-0.1%	-0.9%	-5.3%	-9.4%	10.8%	12.1%	Japanese Yen (USD/JPY)	157.41	0.12	-0.1%				
China Shenzhen Comp.	358.53	-0.2%	-2.8%	-6.0%	-14.0%	0.1%	2.6%	Russell 2000 Value	3,131.83	-0.6%	-1.9%	-5.2%	-4.8%	17.2%	21.0%	Australian Dollar (AUD/USD)	0.6947	-0.00	-0.6%				
Alternatives								Sep- 30	1D	WTD	MTD	QTD	YTD	1Y	Canadian Dollar (USD/CAD)	1.4232	0.00	-0.3%					
FTSE EPRA/NAREIT Global	1,757.30	-1.0%	-1.2%	-5.9%	-6.7%	2.5%	0.7%	S&P 500 Sectors	Sep- 30	1D	WTD	MTD	QTD	YTD	1Y	New Zealand Doll. (NZD/USD)	0.5634	-0.00	-0.1%				
Alerian Midstream Energy Select	868.11	-0.6%	-1.8%	-8.6%	-2.7%	20.8%	18.7%	Communication Services	470.20	-0.0%	-1.3%	4.3%	3.6%	4.5%	12.1%	Hong Kong Doll. (USD/HKD)	7.8468	0.00	0.0%				
HFRI Global Hedge Fund	1,654.40	0.0%	-0.3%	-0.4%	-0.7%	4.0%	5.5%	Consumer Discretionary	1,807.11	0.1%	-1.4%	-5.8%	-5.1%	-5.8%	-5.2%	Singapore Dollar (USD/SGD)	1.2772	-0.00	0.1%				
HFRI Fund of Funds ¹	9,750.91	-	-	0.0%	-1.3%	7.2%	10.5%	Consumer Staples	900.55	-1.7%	-1.8%	-3.3%	-1.9%	6.0%	6.0%	Chinese Renminbi (USD/CNY)	6.7060	-0.00	0.0%				
HFRI Macro/CTA Index	1,467.87	0.0%	-0.2%	1.5%	1.5%	7.3%	10.5%	Energy	944.63	-0.0%	-0.7%	-2.7%	17.2%	40.3%	42.4%	Indian Rupee (USD/INR)	95.83	-0.16	0.2%				
Commodities								Sep- 30	1D	WTD	MTD	QTD	YTD	1Y	Mexican Peso (USD/MXN)	18.07	0.02	-0.1%					
Bloomberg Commodity	141.78	0.4%	-1.8%	0.3%	15.1%	29.3%	35.5%	Financials	888.55	-1.2%	-2.7%	-7.2%	-0.1%	-1.4%	0.5%	Brazilian Real (USD/BRL)	5.1748	-0.03	0.6%				
...Ex- Energy	145.55	-0.7%	-2.6%	-5.0%	5.7%	6.7%	16.3%	Health Care	1,963.91	-1.4%	-1.4%	-0.9%	6.5%	10.2%	23.0%								
...Ex- Precious Metals	171.67	0.5%	-1.4%	1.9%	18.7%	40.3%	40.9%	Industrials	1,433.31	-1.3%	-2.1%	-4.4%	-9.7%	8.5%	9.5%								
CRB Index	565.32	-	-	-	-	4.7%	3.6%	Information Technology	7,267.14	0.6%	-0.4%	4.5%	7.2%	28.4%	30.2%								
Bloomberg Agriculture	6127	-1.4%	-2.4%	-6.1%	11.5%	14.7%	14.2%	Materials	617.73	-0.8%	-2.1%	-6.7%	-2.8%	8.8%	10.0%								
Bloomberg Energy	45.93	2.3%	-0.5%	9.8%	33.1%	81.2%	68.3%	Real Estate	262.03	-1.1%	-1.5%	-6.1%	-5.6%	5.3%	2.3%								
WTI Crude Oil Futures	90.42	1.2%	-2.2%	5.4%	30.1%	57.5%	45.0%	Utilities	400.64	-0.7%	-0.2%	-5.9%	-12.4%	-5.7%	-7.0%								
Brent Crude Oil Futures	103.53	0.9%	-0.8%	14.4%	42.0%	70.1%	54.5%	MSCI Indices (USD)								Sep- 30	1D	WTD	MTD	QTD	YTD	1Y	
Gasoline Futures	3.44	4.9%	1.3%	0.0%	14.0%	101.6%	74.3%	All Country World	1,134.77	-0.1%	-1.1%	-1.1%	1.7%	13.4%	17.2%	... ex- US	472.01	0.2%	-1.0%	-2.4%	0.5%	14.7%	20.5%
Natural Gas Futures	3.03	0.5%	-5.3%	3.1%	-7.6%	-17.9%	-8.4%	World	4,902.65	-0.1%	-1.1%	-1.2%	2.0%	12.1%	15.7%	World	4,902.65	-0.1%	-1.1%	-1.2%	2.0%	12.1%	15.7%
Bloomberg Ind. Metals	176.75	-0.5%	-2.4%	-1.9%	3.4%	8.2%	20.0%	... ex- US	3,197.92	0.2%	-0.7%	-3.2%	1.0%	10.7%	16.6%	USA	7,295.52	-0.2%	-1.2%	-0.4%	2.3%	12.6%	15.3%
Copper Futures	6.62	0.3%	-1.1%	0.4%	6.9%	16.5%	36.3%	USA	7,295.52	-0.2%	-1.2%	-0.4%	2.3%	12.6%	15.3%	EAFE	3,125.70	0.3%	-0.5%	-3.0%	0.9%	10.9%	16.4%
Bloomberg Prec. Metals	424.97	-0.0%	-3.7%	-7.1%	1.8%	-7.7%	11.4%	Pacific	4,305.34	1.6%	0.4%	-0.2%	5.7%	19.7%	22.3%	Pacific	4,305.34	1.6%	0.4%	-0.2%	5.7%	19.7%	22.3%
Gold Futures	4,155.60	0.2%	-3.1%	-6.5%	2.9%	-4.3%	8.2%	Japan	16.08	1.9%	0.4%	1.5%	6.0%	23.0%	26.9%	Japan	16.08	1.9%	0.4%	1.5%	6.0%	23.0%	26.9%
Silver Futures	60.57	-1.0%	-5.7%	-8.5%	1.8%	-14.2%	29.9%	Pacific ex- Japan	1,692.12	0.2%	0.3%	-4.2%	4.8%	12.4%	12.5%	Pacific ex- Japan	1,692.12	0.2%	0.3%	-4.2%	4.8%	12.4%	12.5%
Palladium Futures	1,212.40	-0.1%	-4.1%	-11.0%	0.1%	-26.6%	-5.8%	All Country Asia ex- Japan	1,131.81	0.2%	-1.6%	-0.4%	-0.4%	25.8%	31.3%	All Country Asia ex- Japan	1,131.81	0.2%	-1.6%	-0.4%	-0.4%	25.8%	31.3%
Platinum Futures	1,702.30	1.3%	-4.2%	-5.1%	9.8%	-16.3%	7.4%	Europe	240.59	-0.3%	-1.1%	-4.7%	-1.6%	6.5%	13.1%	Europe	240.59	-0.3%	-1.1%	-4.7%	-1.6%	6.5%	13.1%
Bloomberg Softs	65.41	-0.6%	-0.6%	-9.4%	8.9%	3.1%	-1.5%	...ex- UK	283.61	-0.5%	-1.2%	-4.9%	-2.6%	6.1%	12.4%	...ex- UK	283.61	-0.5%	-1.2%	-4.9%	-2.6%	6.1%	12.4%
								Emerging Markets	1,704.87	0.2%	-1.6%	-0.7%	-0.4%	23.5%	29.4%	Emerging Markets	1,704.87	0.2%	-1.6%	-0.7%	-0.4%	23.5%	29.4%
								Brazil	1,902.50	2.2%	1.3%	3.2%	8.4%	18.8%	27.3%	Brazil	1,902.50	2.2%	1.3%	3.2%	8.4%	18.8%	27.3%
								China	9.23	0.5%	-0.2%	-4.6%	3.7%	-11.7%	-18.2%	China	9.23	0.5%	-0.2%	-4.6%	3.7%	-11.7%	-18.2%
								India	28.81	-0.2%	-2.5%	-7.1%	-5.8%	-14.8%	-10.7%	India	28.81	-0.2%	-2.5%	-7.1%	-5.8%	-14.8%	-10.7%
								Mexico	7,666.81	-1.3%	-2.4%	-6.8%	-5.0%	5.6%	11.4%	Mexico	7,666.81	-1.3%	-2.4%	-6.8%	-5.0%	5.6%	11.4%
								Frontier Markets	804.90	-0.2%	-1.1%	-4.3%	-0.2%	10.1%	17.4%	Frontier Markets	804.90	-0.2%	-1.1%	-4.3%	-0.2%	10.1%	17.4%

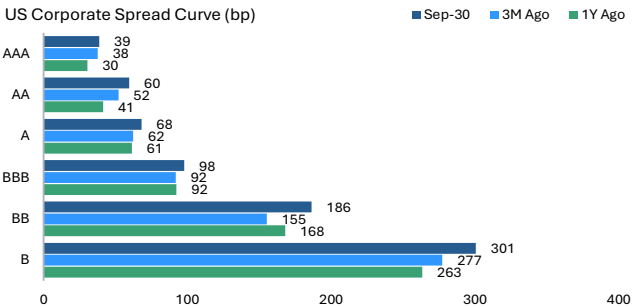
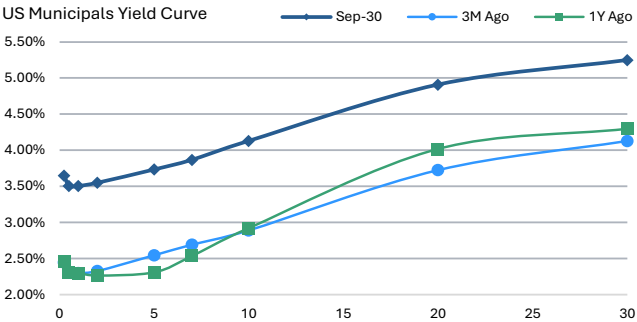
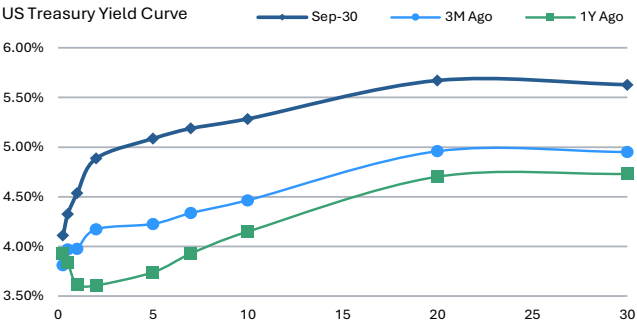
Source: Morgan Stanley Wealth Management GIO, Bloomberg, FactSet. ¹Data for HFRI Fund of Funds as of Aug. 31, 2026. YTD starts Dec. 31, 2025, and 1Y starts Sep. 30, 2025. Past performance is no guarantee of future results. Estimates of future performance are based on assumptions that may not be realized. 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.

Capital Market Indices

Thursday, October 1, 2026

	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	4.11	-0.03	3.63	3.81	3.68	3.93	3.65	89%	-0.11	2.64	2.45	2.56	2.46
Six-Month	4.33	-0.03	3.60	3.97	3.69	3.84	3.51	81%	-0.11	2.50	2.31	2.42	2.31
One-Year	4.54	0.10	3.47	3.97	3.70	3.61	3.51	77%	-0.11	2.49	2.30	2.41	2.30
Two-Year	4.89	0.01	3.47	4.17	3.83	3.61	3.55	73%	-0.11	2.44	2.33	2.43	2.27
Five-Year	5.09	0.04	3.73	4.23	3.98	3.74	3.73	73%	-0.10	2.39	2.55	2.62	2.31
Seven-Year	5.19	0.05	3.94	4.34	4.17	3.93	3.87	75%	-0.10	2.50	2.69	2.83	2.54
10-Year	5.28	0.05	4.17	4.47	4.35	4.15	4.13	78%	-0.11	2.73	2.89	3.11	2.92
20-Year	5.67	0.05	4.79	4.96	4.93	4.70	4.91	87%	-0.09	3.94	3.73	4.21	4.02
30-Year	5.63	0.06	4.84	4.95	4.91	4.73	5.25	93%	-0.07	4.19	4.13	4.53	4.30

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%	-0.4%	-2.4%	-2.4%	-2.5%	-2.1%	—	—	—	—	—	—
Global Aggregate	0.1%	-0.4%	-2.4%	-2.5%	-2.7%	-2.4%	—	—	—	—	—	—
US Aggregate	-0.1%	-0.7%	-2.6%	-3.5%	-2.9%	-1.8%	31	-1	27	26	30	28
US Treasury	-0.1%	-0.5%	-2.2%	-3.0%	-2.8%	-1.9%	—	—	—	—	—	—
...Short	0.0%	0.1%	0.2%	0.9%	2.6%	3.7%	—	—	—	—	—	—
...One- to Five- Year	0.0%	-0.1%	-1.0%	-0.9%	-0.5%	0.6%	—	—	—	—	—	—
...Five- to 10- Year	-0.1%	-0.6%	-2.9%	-3.8%	-4.0%	-2.9%	—	—	—	—	—	—
...10- to 20- Year	-0.3%	-1.3%	-4.6%	-7.1%	-6.8%	-6.3%	—	—	—	—	—	—
...20+- Year	-0.5%	-1.9%	-5.3%	-8.9%	-8.3%	-8.8%	—	—	—	—	—	—
US Corporate	-0.1%	-0.7%	-2.7%	-3.9%	-3.1%	-2.3%	80	-2	78	74	91	74
...One- to Five- Year	0.0%	-0.2%	-1.2%	-1.0%	-0.1%	1.1%	61	-1	60	53	72	55
...Intermediate- Term	-0.0%	-0.4%	-2.0%	-2.3%	-1.6%	-0.3%	73	-1	70	65	83	66
...Long- Term	-0.2%	-1.4%	-4.5%	-7.5%	-6.5%	-6.6%	98	-2	94	94	108	90
...AAA	-0.2%	-1.0%	-3.7%	-6.0%	-6.0%	-5.9%	39	-2	34	38	42	30
...AA	-0.1%	-0.7%	-2.8%	-4.8%	-4.5%	-4.2%	60	-2	48	52	57	41
...A	-0.1%	-0.7%	-2.7%	-3.9%	-3.2%	-2.3%	68	-1	64	62	76	61
...BBB	-0.1%	-0.7%	-2.7%	-3.7%	-2.6%	-1.8%	98	-1	97	92	112	92
US Securitized	-0.1%	-0.9%	-3.2%	-4.1%	-3.1%	-1.5%	44	-1	25	27	28	33
... Mtge.-Backed Securities (MBS)	-0.1%	-1.0%	-3.4%	-4.3%	-3.3%	-1.7%	43	-1	22	24	25	31
...Commercial MBS	-0.1%	-0.4%	-1.6%	-1.8%	-1.0%	0.4%	73	1	81	71	78	81
... Asset-Backed Securities (ABS)	-0.0%	-0.2%	-1.0%	-0.8%	0.3%	1.5%	40	1	52	44	52	49
US Municipal	0.7%	-0.6%	-4.4%	-6.3%	-4.2%	-2.7%	—	—	—	—	—	—
...One- to Five- Year	0.3%	-0.2%	-2.4%	-2.5%	-1.3%	-0.8%	—	—	—	—	—	—
...One- to 10- Year	0.4%	-0.3%	-3.4%	-4.1%	-3.1%	-2.1%	—	—	—	—	—	—
...10+- Year	0.9%	-0.8%	-5.3%	-8.4%	-5.4%	-3.3%	—	—	—	—	—	—
US TIPS	—	—	-2.6%	-3.2%	-2.1%	-2.0%	—	—	—	—	—	—
US High Yield Corporate	-0.1%	-0.7%	-2.5%	-1.8%	0.1%	1.4%	311	2	266	270	335	267
...BB	-0.1%	-0.7%	-2.5%	-1.9%	-0.0%	1.5%	186	2	165	155	212	168
...B	-0.0%	-0.6%	-2.3%	-1.2%	1.0%	2.6%	301	2	268	277	366	263
...CCC	-0.3%	-1.1%	-3.5%	-3.4%	-1.8%	-1.6%	1007	9	615	770	743	604
US High Yield Municipal	0.8%	-0.8%	-4.3%	-5.5%	-1.7%	-0.6%	—	—	—	—	—	—
Global ex- USD Aggregate	0.2%	-0.2%	-2.2%	-1.6%	-2.5%	-3.0%	—	—	—	—	—	—
EM Hard- Currency	-0.1%	-0.8%	-3.1%	-3.5%	-1.9%	0.3%	—	—	—	—	—	—
EM Local- Currency	0.2%	-0.0%	-0.5%	1.6%	3.3%	5.0%	—	—	—	—	—	—
Morningstar LSTA Leveraged Loan	-0.1%	-0.2%	0.2%	1.9%	3.3%	4.5%	—	—	—	—	—	—



Source: Morgan Stanley Wealth Management GIO, Bloomberg, FactSet. ¹Data for HFRI Fund of Funds as of Aug. 31, 2026. YTD starts Dec. 31, 2025, and 1Y starts Sep. 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.

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.

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