



The Compass Rose Group

at Morgan Stanley

Quarterly Video Series

Q1 Market Summary

With market volatility in the background, team in-house Portfolio Manager, Jake Tolk, and Alternative Investments Director, William Reardon, sat down to review the framework in which our team is analyzing the new administration, and discuss tariffs in more detail with some possible paths forward.

Of course, please contact your primary Financial Advisor with The Compass Rose Group with any questions or comments.

[Watch Here](#)

Cardinal Directions - Our Thoughts

June 2025

There's no question it's been a volatile beginning to 2025, mostly due to the markets digesting the new tariff approach. Although more is likely to come on announcements and market reactions, attention (as expected) is shifting towards tax policy. To note, as of May 27, 2025, the S&P 500 is up 1.2% YTD, the Dow up 0.2% YTD and the NASDAQ down just 0.3% YTD.¹

The current tax bill put forth, known as the One Big Beautiful Bill Act, passed the House on May 22, 2025 and it extends and expands the 2017 Tax Cuts and Jobs Act (TCJA) enacted during President Trump's first term. Before reviewing key provisions, it's important to note that the bill passed the House by a narrow 215-214 vote with two Republicans voting against due to deficit concerns. Morgan Stanley estimates the bill adds approximately \$3 trillion in deficit spending over the 10-year budget window. The bill now sits in the Senate where the upper chamber must pass their own version to then be reconciled in a conference committee by policymakers of both the House and Senate. This reconciliation process allows legislation to pass by simple majority, avoiding the Senate's filibuster so long as the bill pertains only to matters affecting revenue or spending.²

Key provisions of the One Big Beautiful Bill Act that passed the House include:

Policy
Extend and Expand TCJA Personal Provisions
Extension of all other TCJA personal provisions
Cap SALT at \$40k, up to \$500k income, increasing by 1% annually for ten years
Subtotal, Extend and Expand TCJA Personal Provisions
Revive TCJA Business Provisions
Revive bonus depreciation through 2029
Revive domestic R&E expensing through 2029
Revive looser interest limit through 2029
Extend lower international rates
Extend and expand opportunity zones through 2033
Subtotal, Revive TCJA Business Provisions
New Tax Cuts
No-tax agenda
Health savings account expansions
Establish "TRUMP Accounts"
Other individual tax cuts
Allow expensing of factories through 2028
Extend clean fuel tax credit through 2031
Other business and related tax cuts
Subtotal, New Tax Cuts
Offsets
Repeal EV tax credits; early phase-out of energy, production and manufacturing credits
Nuclear production carve-out
Foreign corporate retaliation tax
Reduce ACA overpayments and payments to certain individuals
Tighten Medicaid work requirements and eligibility
Expand executive compensation deduction limit
Increase college endowment tax
Impose remittance excise tax
Other revenue provisions
Subtotal, Offsets
Total

Source: Committee for a Responsible Federal Budget, Joint Committee on Taxation, US House of Representatives, Morgan Stanley Wealth Management Global Investment Office as of May 22, 2025

Scheduling Your Next Portfolio Review

The Compass Rose Group operations team is continuing to find solutions to help provide efficient and effective levels of service to clients, including scheduling biannual portfolio review meetings.

In case you have not seen it yet, we are sending out an email every six months inviting clients to schedule time with their primary advisor. When you see "Scheduling Your Next Portfolio Review" in your inbox, simply open the message and click the button "Send Meeting Request" to generate an email to our scheduling team. The email will prompt you to fill in relevant information including your name, preferred day of the week, preferred time of day, and preferred location (i.e., in-person, via Zoom, or by phone). Once you hit send, a service associate will follow-up with a few options that meet your preferences.

You can also schedule directly by calling Craig Jones, our Registered Client Service Associate, at 505-889-2826.

Market Moves

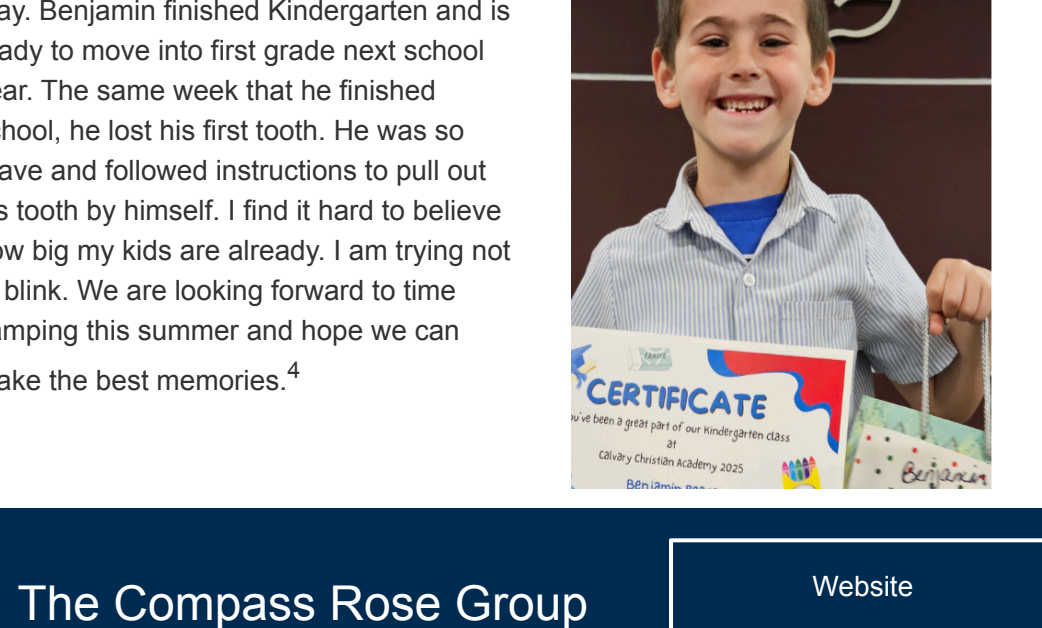
Click the link below to review the recent movements and current standings of the Capital Market Indices (As of 6/2/25)

[Capital Market Indices](#)

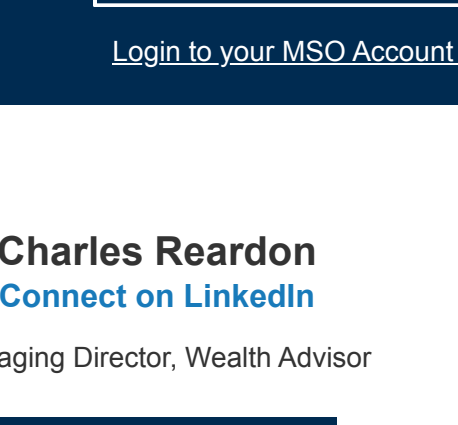
Personal Notes:

Chuck: As I get ready for Memorial weekend, I must be in a more reflective mood. This past month has seen family graduations from kindergarten and high school and has seen several very long-time clients and more importantly good friends pass away. The best part of my job are the relationships that we make over time. I had one client tell me that I was the longest relationship that he has had in his entire life. This Memorial Day weekend, I plan to spend time thinking about those who fought for our freedom and to those who have physically left us this year but will always be in our thoughts.

Will: Summer is officially here. We started summer vacation right with a work trip to Scottsdale, Arizona and then a Memorial Day pool party with friends here in Albuquerque. I hope everyone can embrace summer fun like our youngest, Rosalee. She loves to swim for hours before falling asleep bundled.



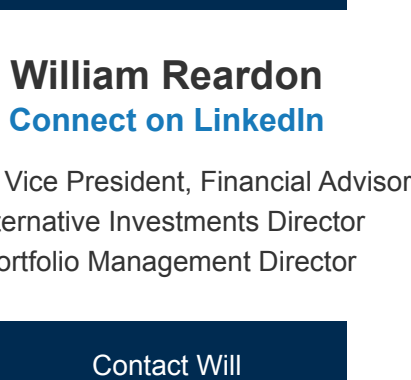
Mark: In May, I attended my tenth PMI Annual Forum. PMI is the only organization of its type, providing a peer-led resource for every Morgan Stanley Portfolio Manager regardless of length of service. "For Portfolio Managers, By Portfolio Managers" is the motto.³



Tom: St. Joseph's Foundation raises funds to support Dignity Health St. Joseph's Hospital and Medical Center, which has been serving the Phoenix community since it was founded in 1895 by the Sisters of Mercy. Following the mission established by the Sisters, the hospital is committed to delivering affordable health services to all who seek it; serving and advocating for the poor and disenfranchised; and improving the quality of life for those in our community through excellent medical care and cutting-edge research.



Fallon: It was an eventful and exciting May. Benjamin finished Kindergarten and is ready to move into first grade next school year. The same week that he finished school, he lost his first tooth. He was so brave and followed instructions to pull out his tooth by himself. I find it hard to believe how big my kids are already. I am trying not to blink. We are looking forward to time camping this summer and hope we can make the best memories.⁴

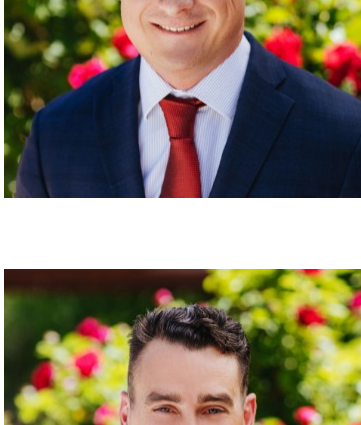


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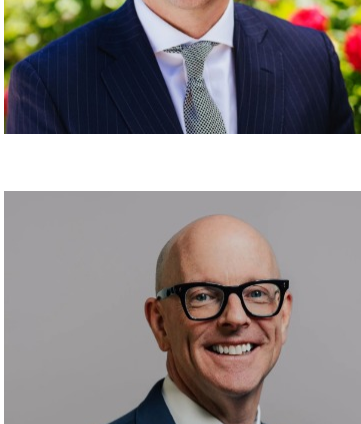


Charles Reardon

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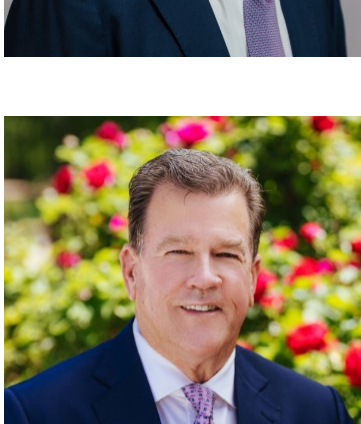


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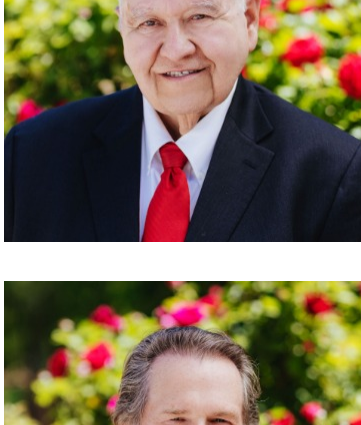


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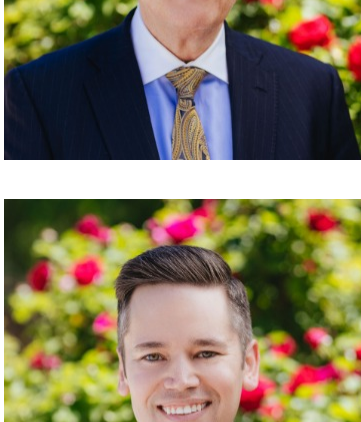


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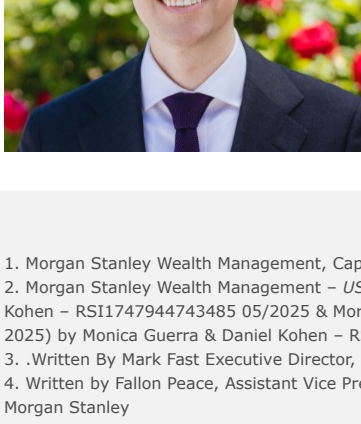


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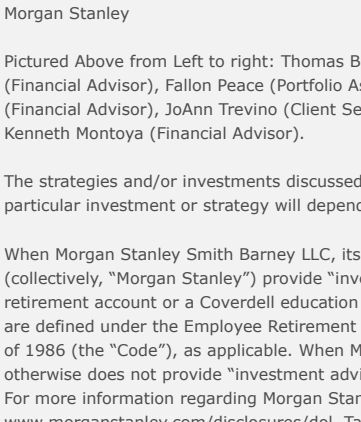
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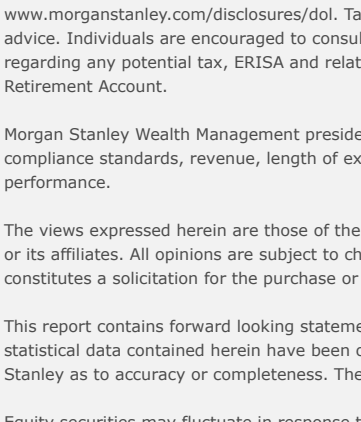


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1. Morgan Stanley Wealth Management, Capital Market Indices (May 28, 2025).
2. Morgan Stanley Wealth Management - US Policy Pulse, The Architecture of Tax Policy (May 22, 2025) by Monica Guerra & Daniel Kohn - RS11747944743485 05/2025 & Morgan Stanley Wealth Management - US Policy Pulse, Debt Ceiling FAQs (January 30, 2025) by Monica Guerra & Daniel Kohn - RS11738180884612 01/2025.
3. Written by Mark Fast Executive Director, Financial Advisor at The Compass Rose Group at Morgan Stanley
4. Written by Fallon Peace, Assistant Vice President, Wealth Management Associate at The Compass Rose Group at Morgan Stanley

Pictured Above from Left to right: Thomas Batson (Financial Advisor), Jesse Casaus (Client Service Associate), Robert Hoffman (Financial Advisor), Fallon Peace (Portfolio Associate), Jake Tolk (Financial Advisor), Charles Reardon (Financial Advisor), Will Reardon (Financial Advisor), John Trevino (Client Service Associate), Justin Medrano (Financial Advisor), Lisa Obeji (Financial Advisor), Kenneth Montoya (Financial Advisor).

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For index, indicator and survey definitions referenced in this report please visit the following:
<https://www.morganstanley.com/wealth-investmentsolutions/wmin-definitions>.

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