



The Compass Rose Group

at Morgan Stanley

Quarterly Video Series

Q2 Market Summary

With Q2 2025 behind us, in-house Portfolio Manager, Jake Tolk, and Alternative Investments Director, William S. Reardon, provided updates on tariff and tax policy, while reviewing a few market tailwinds and headwinds.

Q2 Market Summary Video

Also, as mentioned in the video, see here a link from the Morgan Stanley Global Investment Office, titled ***U.S. Policy Pulse A Guide to the One Big Beautiful Bill Act***.

Policy Pulse Video

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

Cardinal Directions - *Our Thoughts*

October 2025

As we enter the fall months, many clients lean on our team to assist with their charitable giving objectives. So, for this month, we wanted to outline five straightforward approaches to achieve charitable aims.

1. Utilizing the Annual Gift Tax Exclusion Amount: This gifting strategy involves making gifts up to the annual exclusion limit (\$19K in 2025) per recipient, per donor each year without incurring gift tax consequences or using any lifetime gift tax exemption. These gifts are then not taxable to the recipient. Here, donors can make tax-free gifts to multiple recipients each year.¹
2. Gifting Highly Appreciated Positions in a Taxable Account: If a client has been holding a highly appreciated security in their taxable account, we see clients transfer some of that position to their charity of choice. By gifting the stock, the client avoids paying the imbedded capital gains tax on the appreciation, and the client may claim a charitable deduction on the security's fair market value given to a qualified charity under certain circumstances. Here, the qualified charity receives the full value of the position and can potentially sell it tax-free to use the proceeds to achieve their given objective.²
3. Donor-Advised Funds (DAFs): Frequently called a DAF, this is a giving vehicle that allows investors to make a charitable contribution, receive a tax deduction, and then recommend grants from the DAF to qualified charities over time. Here, donors get a tax deduction in the year they contribute funds to the DAF. Once the funds are in the DAF, they can be invested with any appreciation tax-free when given to the qualified charity. Grants to qualified charities can occur at any time and can be done on an anonymous basis. DAFs are provided by a sponsoring financial institution, simplifying and streamlining the administrative burden.³
4. Qualified Charitable Distributions (QCDs): This is simply a direct transfer for folks aged 70½ or older of up to \$100K per year, per individual from the client's IRA to a qualified charity. Here, the amount transferred is excluded from the donor's taxable income. Also, for folks 73 and older who are taking Required Minimum Distributions (RMDs), a QCD amount satisfies the given amount obligated by the annual RMD. To qualify, the funds must be transferred directly from the financial institution holding the IRA to the qualified charity.⁴
5. Private Foundations: For high-net-worth clients, private foundations can be effective by creating a separate legal entity to manage philanthropic activities. Here, donors have control over the entity's operations, investment decisions, and grant-making initiatives. Contributions to the private foundation are tax-deductible, subject to certain limits. The foundation exists in perpetuity and are typically required to distribute at least five percent of their net investment assets annually for charitable causes. These entities also have higher administrative responsibility and cost.⁵

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 Sarai Ordonez, our Registered Client Service Associate, at 505 889-2827.

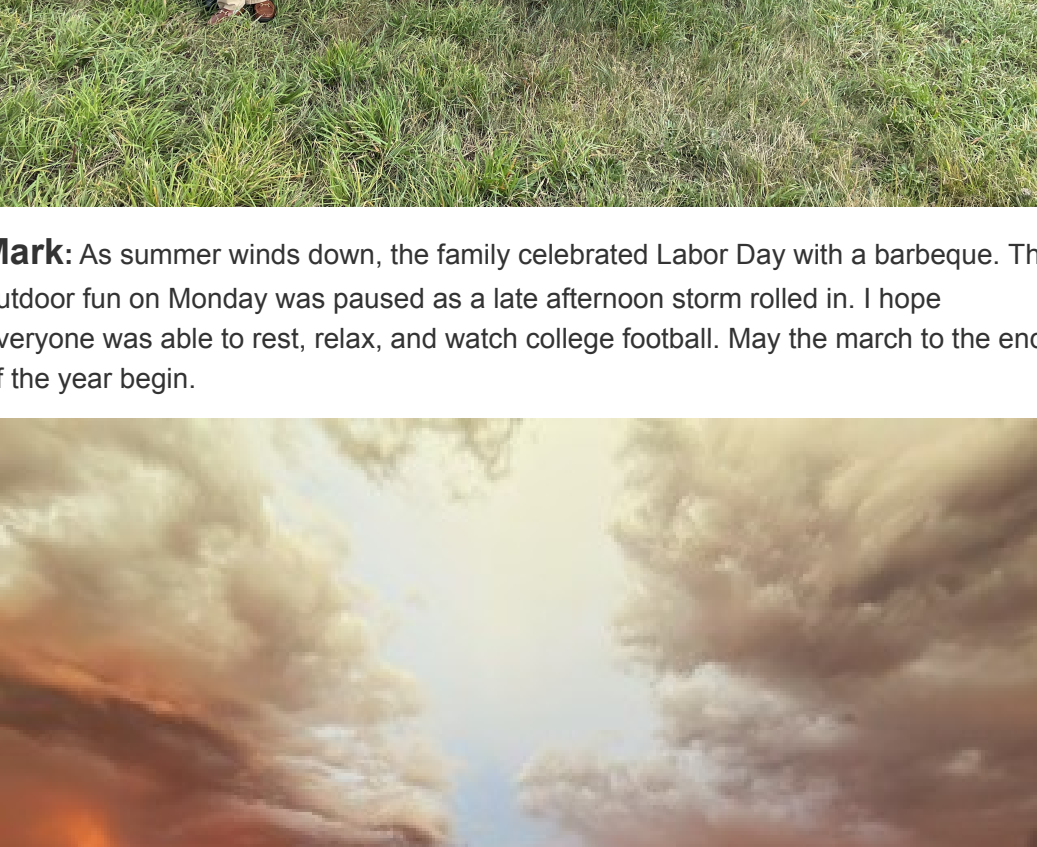
Market Moves

Click the link below to review the recent movements and current standings of the Capital Market Indices (As of 10/1/25)

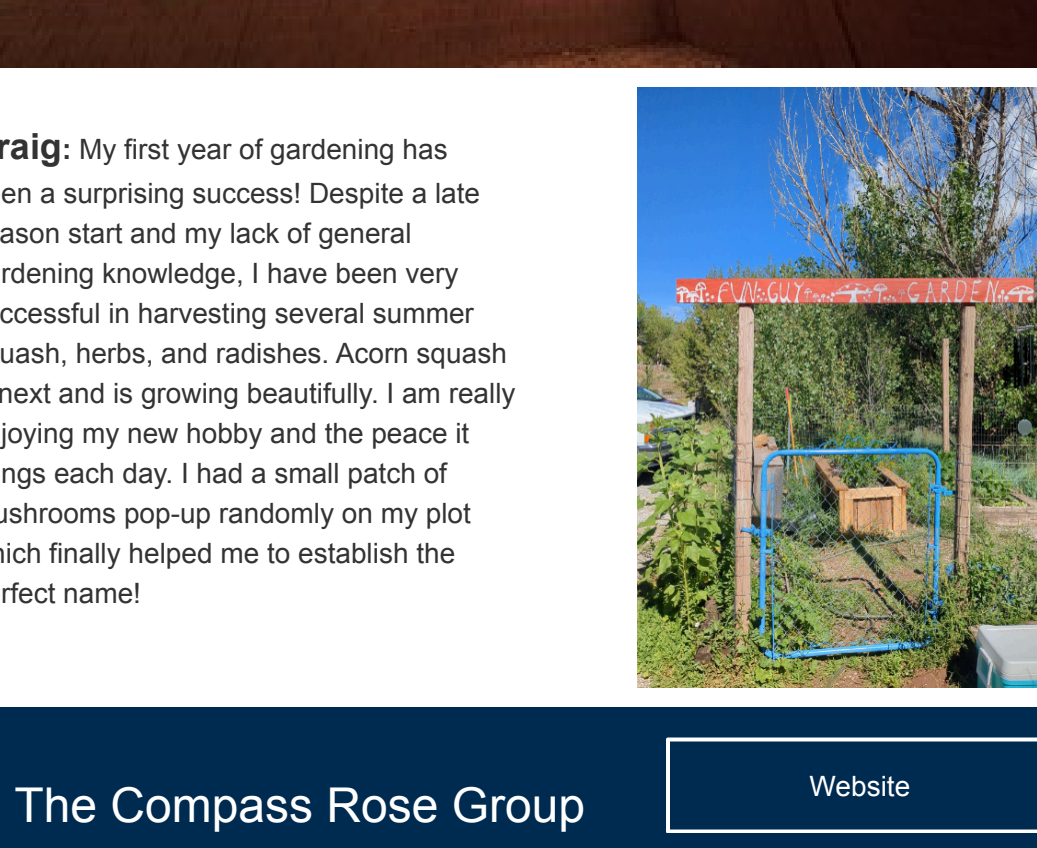
Capital Market Indices

Personal Notes:

Will: Last month brought the family to Colorado to celebrate my cousin's wedding. Unbelievable venue in the beautiful Rockies. At work, the team is gearing up to participate in the leadership development program with Thayer at West Point. We will be away from the office for a few days but will return with a wealth of knowledge. We are honored Morgan Stanley leadership invited us to such an incredible program.



Mark: As summer winds down, the family celebrated Labor Day with a barbeque. The outdoor fun on Monday was paused as a late afternoon storm rolled in. I hope everyone was able to rest, relax, and watch college football. May the march to the end of the year begin.



Craig: My first year of gardening has been a surprising success! Despite a late season start and my lack of general gardening knowledge, I have been very successful in harvesting several summer squash, herbs, and radishes. Acorn squash is next and is growing beautifully. I am really enjoying my new hobby and the peace it brings each day. I had a small patch of mushrooms pop-up randomly on my plot which finally helped me to establish the perfect name!



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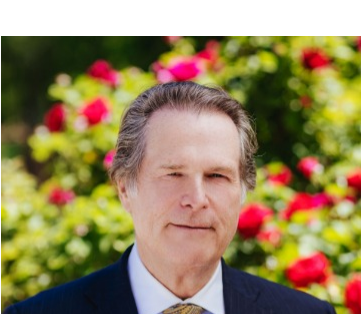


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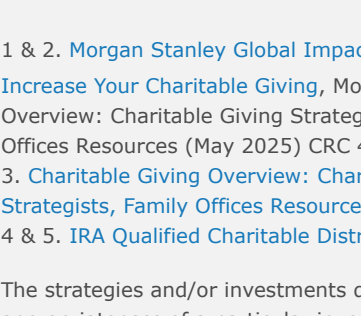


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1 & 2. [Morgan Stanley Global Impact Funding Trust: Leveraging Appreciated Positions to Reduce Taxes and Increase Your Charitable Giving](#), Morgan Stanley (October 2024) CRC 3884631; ^[1] Charitable Giving Overview: Charitable Giving Strategies, Morgan Stanley Wealth & Estate Planning Strategists, Family Offices Resources (May 2025) CRC 4466452.

3. [Charitable Giving Overview: Charitable Giving Strategies, Morgan Stanley Wealth & Estate Planning Strategists, Family Offices Resources](#) (May 2025) CRC 4466452.

4 & 5. [IRA Qualified Charitable Distributions Overview, Morgan Stanley 3D Resources](#) (April 2025).

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