

May 2026

It is with great pleasure that I announce that Morgan now has her CFP® (Certified Financial Planner®). It is one of the top designations in the financial services industry. She now joins Scott with this certification to strengthen our team

April brought some déjà vu to the markets. Not only has the S&P 500 recovered from its near 10% correction in March, but it has also rallied more than 12%, rivaling last April's post-Liberation Day reversal. If you recall, Liberation Day is now referred to as the day Trump announced tariffs in 2025 (source: Morgan Stanley). The Iran war has continued to dominate the headlines with no apparent end in sight, yet the markets have seemed to brush it off.

The Commerce Department reported that US gross domestic product rose at a seasonally and inflation adjusted 2% annual rate in the first quarter (January-March), which was slightly below the 2.2% analyst predictions. This gives us a small glimpse into companies continuing to spend after we saw a slowdown at the end of 2025. However, one piece this GDP report does not capture is any of the fallout from the war with Iran. In April, gas prices averaged about \$4.10 a gallon nationwide so we have not yet seen how this will impact prices and production (source: WSJ). In a separate report from the Commerce Department, we did see some of the ramifications of the war and rising oil prices, as the core personal consumption expenditures price index (excludes food and energy) rose 0.3% for the month of March, bringing the 12 month inflation rate to 3.2% while the measure that includes gas and food prices stands at 3.5% for the last 12 months.

In their most recent meeting, the Federal Reserve voted to keep interest rates steady. One piece we closely watch is the statement by the Fed Chair to get an idea of what the future might hold. In his statement, current Fed Chair Powell, highlighted that inflation “is elevated, in part reflecting the recent increase in global energy prices” and that there is a high level of uncertainty about the economic outlook given the events in the Middle East (source: First Trust). Morgan Stanley analysts now forecast 2 rate cuts with one in January and March 2027, a shift from previous expectations believing the Fed will continue to remain cautious. There will however be a changing of the guard in May as the new Fed Chair nominee Kevin Warsh should have his final confirmation and be sworn in on May 15th. Time will tell on how the Fed will move forward with the ongoing uncertainty.

On the jobs front, private job growth totaled 62,000 in March, down just 4,000 from February's upwardly revised level but above the Dow Jones consensus for 39,000, according to ADP. Like February's report, two sectors essentially provided all the gains. Education and health services contributed 58,000 — identical to the February total — while construction added 30,000 (source: CNBC).

With earning season underway, as of Friday April 24th, 28% of the S&P 500 companies had reported earnings and the blended growth rate is 15.1% year-over-year (source: FactSet). Major

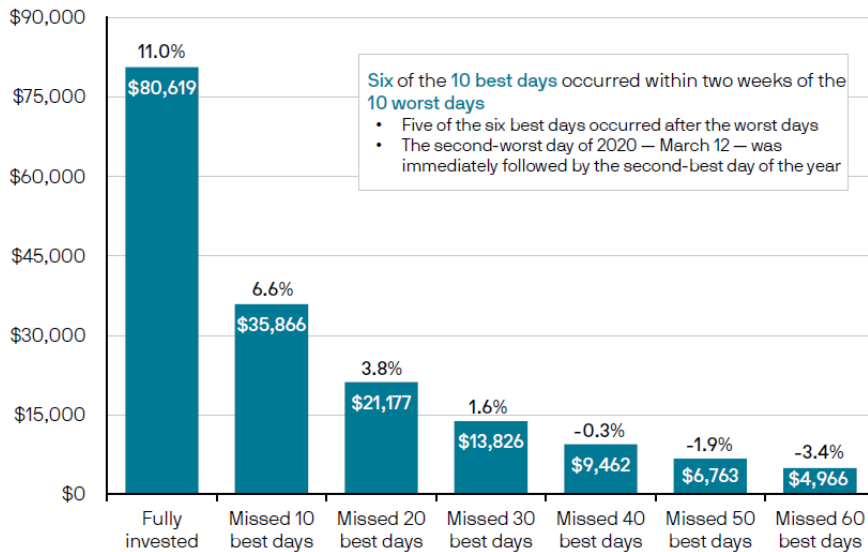
companies have been showing strong sales, a sign that demand remains steady. Proctor & Gamble, who have long been a bellwether for the health of the consumer, reported higher quarterly sales but also warned that the uncertainty consumers are facing along with political tensions could soon weigh on shoppers and that some of the spending they saw could be due to larger tax refunds (source: WSJ).

We know it can be hard to wade through the noise, especially when things feel uncertain. If you need anything or have any questions, please let us know. We leave you with the below chart from JP Morgan that shows how time in the market is more important than trying to time the market.

Impact of being out of the market

Returns of the S&P 500

Performance of a \$10,000 investment between January 2, 2006 and December 31, 2025



Plan to stay invested

Losses hurt more than gains feel good. Market lows can result in emotional decision making.

Taking “control” by selling out of the market after the worst days is likely to result in missing the best days that follow. Investing for the long term in a well-diversified portfolio can result in a better retirement outcome.

James M. Koehler, Senior Vice President
 Financial Advisor
 Senior Portfolio Manager

NMLS# 1316586

303 Lippincott Drive, Suite 300, Marlton, NJ 08053 856-489-2474

The views expressed herein are those of the author and do not necessarily reflect the views of Morgan Stanley Wealth Management or its affiliates. All opinions are subject to change without notice. Neither the information provided, nor any opinion expressed constitutes a

solicitation for the purchase or sale of any security. **Past performance is no guarantee of future results.**

The individuals mentioned as the Portfolio Management Team are Financial Advisors with Morgan Stanley participating in the Morgan Stanley Portfolio Management program. The Portfolio Management program is an investment advisory program in which the client's Financial Advisor invests the client's assets on a discretionary basis in a range of securities. The Portfolio Management program is described in the applicable Morgan Stanley ADV Part 2, available at www.morganstanley.com/ADV or from your Financial Advisor.

In this program the client pays a wrap fee to MSWM (the "MSWM Fee"), which covers MSWM investment advisory services, custody of securities (if we are the custodian), trade execution with or through MSWM, as well as compensation to any Financial Advisor. The Portfolio

Management program fees are described in the applicable Morgan Stanley ADV Part 2, available at www.morganstanley.com/ADV or from your Financial Advisor.

The strategies and/or investments discussed in this material may not be appropriate for all investors. The appropriateness of a particular investment or strategy will depend on an investor's individual circumstances and objectives.

Morgan Stanley Smith Barney LLC ("Morgan Stanley"), its affiliates and Morgan Stanley Financial Advisors or Private Wealth Advisors do not provide tax or legal advice. Individuals should consult their tax advisor for matters involving taxation and tax planning and their attorney for matters involving trusts, estate planning, charitable giving, philanthropic planning or other legal matters.

Information contained herein has been obtained from sources considered to be reliable, but we do not guarantee their accuracy or completeness.

Indices are unmanaged. An investor cannot invest directly in an index.

For index, indicator and survey definitions in this report please visit the following:

<https://www.morganstanley.com/wealth-investmentsolutions/wmir-definitions>

Investments and services offered through Morgan Stanley Smith Barney LLC. Member SIPC

CRC 5448538 4/2026