



[Client Preferred Name]

Happy New Year!

Please find the latest edition of the Park Plaza Group (formerly The Marshall/Tepper Group) Market Update. As always, we hope you find it to be a good read. Please feel free to share it with friends, family, and business associates as we sincerely appreciate the introductions.

Market Update

One Chapter Ends — and Another Is Just Getting Started

As many of you already know, after many years operating as The Marshall/Tepper Group, we are officially merging with our long-standing strategic partners, The Cunningham Group. Together, we are now The Park Plaza Group at Morgan Stanley.

While the name is new, our focus remains unchanged: providing thoughtful advice, disciplined portfolio management, and a high level of service. In fact, more than 30 years of writing this quarterly market newsletter reflects our ongoing commitment to keeping clients informed, grounded, and prepared through all types of markets.

Speaking of markets, 2025 certainly kept investors on their toes. It was a year marked by tension, volatility, and more than a few surprises. Several big narratives competed for attention, at times challenging our assumptions and at other times reinforcing them.

Artificial intelligence remained front and center. Early in the year, enthusiasm around faster chips and new applications fueled expectations that profitability would arrive overnight. As the year progressed, reality set in. Investors began to shift their focus away from big ideas toward execution, balance-sheet strength, and capital discipline. Increasingly, they also questioned whether the global infrastructure could realistically support the massive power demands required by this technology. AI is real, transformative, and here to stay, but it's also expensive, complex, and uneven in its near-term payoff.

The economy faced its own crosscurrents. Tariffs made markets pause. The Federal Reserve came under pressure to lower rates. Housing stayed stuck in neutral. And the consumer, always critical, proved resilient, but unevenly so.

Over time, the economy began to absorb the tariff shock better than many feared. Companies adjusted pricing and supply chains. Consumers kept spending, but clearly along income lines. That split earned its own label: the "K-shaped economy," where higher-income households continued to do well while others felt more strain.

Housing remained largely frozen. High mortgage rates and the reluctance to give up low existing loans kept turnover low and supply tight. These dynamics fed into ongoing debates within the Fed about inflation, interest rates, and independence, adding to an already tense backdrop.

Other forces shaped markets this year: geopolitics, commodities, currencies, crypto, and the narrow concentration of returns among a handful of large technology companies were recurring themes throughout the year.

Looking ahead to 2026, most market strategists remain cautiously optimistic. Earnings growth could continue to drive markets. We also see a reasonable chance that market leadership can broaden beyond just technology, which supports our ongoing emphasis on diversification and balanced portfolio construction.

As always, we appreciate your trust and look forward to continuing this next chapter together.

Please be sure to visit our website at

<https://advisor.morganstanley.com/the-marshall-tepper-group>

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

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

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

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