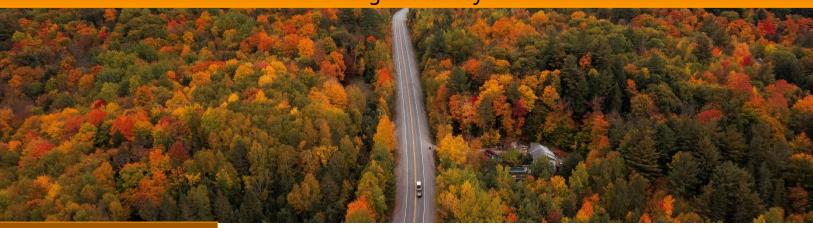
Q3: 2025 Morgan Stanley Volume: 31.3



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We appreciate your introductions to friends, family, and business associates, as well as your continued confidence in us.

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# **Market Update**

## Did Artificial Intelligence ("AI") Write This Newsletter?

Not this time, but it certainly is possible, as AI has become an increasing presence in our lives. While we still like to make our communications personal, we do admit that we have been integrating certain aspects of AI into our business and personal lives.

AI's influence is dramatic, and the dollars being spent on the technology are huge. As corporations look to adopt AI into the workplace, one would expect to see a payoff in productivity and profits. While there have been some notable successes, profitability remains elusive.

The early focus has mostly centered on customer service functions such as call centers, as well as on paper intensive processes and back-office functions. Individuals have begun to expand beyond just note taking and writing a resume, to making AI a preferred search engine or virtual assistant.

All of this comes at a cost, not only for dollars allocated for the applications themselves but for the buildout and infrastructure that is required. Borrowing from the gold rush of the 1890s, think "picks and shovels." There is currently a race to build data centers that will house the thousands of servers that process the tasks that you use on your mobile device. Sounds great and ambitious, but this is where reality steps in. Our current electrical grid is just not up to the task. Projections for power requirements over the next several years are daunting. Much more work to do on many fronts.

It is no secret that the markets are almost singularly focused on AI. A small group of companies with size and capital dominate most market conversations. For some, this may be the "new" gold rush. AI may yet change how we work and how we live. But we are not there yet.

We acknowledge that there is a lot more going on in the world than just AI. We haven't forgotten about the tariffs, the move away from global trade, labor markets, the government shut down, the Fed, the many geopolitical conflicts, and the daily war of words. All more than enough to keep us up late at night. As always, we encourage you to reach out to us to discuss our outlook on the markets.

We continue to manage diversified portfolios that go beyond just those few high-powered technology companies. We maintain that over the course of a market cycle, owning quality companies across several key economic sectors has shown to be a winning combination.

Please be sure to visit our website at <a href="https://advisor.morganstanley.com/the-marshall-tepper-group">https://advisor.morganstanley.com/the-marshall-tepper-group</a>

Please see important disclaimers on the next page.

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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.

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Because of their narrow focus, sector investments tend to be more volatile than investments that diversify across many sectors and companies.

Diversification does not guarantee a profit or protect against loss in a declining financial market.

Past performance of any security is not a guarantee of future performance. There is no guarantee that this investment strategy will work under all market conditions.

International investing may not be appropriate for every investor and is subject to additional risks, including currency fluctuations, political factors, withholding, lack of liquidity, the absence of adequate financial information, and exchange control restrictions impacting foreign issuers. These risks may be magnified in emerging markets because of their narrow focus; sector investments tend to be more volatile than investments that diversify across many sectors and companies.

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

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.

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

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

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