Morgan Stanley

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The Pelican Bay Group Wealth Management

A Healthier Market, but a More Selective One

Jennifer Hartmann, CIMA®

Here we are, rounding the Labor Day mark. A calendar milestone worthy of reflection, from both a personal and professional standpoint. We hope everyone had the chance to put some "Summer 2026" memories in the books with family and friends. As far as the markets are concerned, as I write this in late August, the stock market is still going strong. The moves forward have been uneven, but seemingly in a healthier and more balanced way with important shifts happening underneath. Here are some important things we are paying attention to that inform our decisions (among other things) on how we approach investment recommendations for clients.

AI continues to evolve. In so many ways. First, it is important to know that our team has been early adopters of technology. Morgan Stanley continues rolling out new capabilities to help us run our business, it seems like daily. We participate in pilots, provide feedback and are committed to stay out in front - to use AI to help us gain efficiencies and enhance our client experience. As your PBG Financial Advisor for examples! From a market perspective, the big artificial-intelligence wave that has lifted markets for the last few years is evolving. In July, the hottest AI-related stocks (especially chip makers) fell hard. Some of the largest tech companies that spent heavily on AI also fizzled out. The big question in AI now is: "how fast can companies realize a payoff from their AI spending?" As opposed to six months ago when the question was "who is using AI?" Guess what, everyone is. We think this is healthy, and of course not the end of the story. Companies are becoming more careful with their money.

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The story went from AI software and how that will change the world / eliminate jobs to regular companies that use AI to improve their businesses and if they are doing that profitably. In portfolios we like companies with strong balance sheets and cash that can be spent wisely to turn AI into a competitive advantage for their differentiated businesses. You might see some thematic and fun names in your portfolio as well.

The market is spreading out. This trend is something we are paying attention to. For a longtime a handful of big tech stocks did almost all the heavy lifting. That is changing. More stocks across different industries are now participating. Value-oriented companies and businesses tied to the everyday economy have started to catch up. Don't look now, but the equal weight S&P 500 has outperformed the market weighted S&P 500. The other 493 stocks are on the move and this is healthy to see. This kind of market rewards careful selection rather than simply buying the whole index or chasing the latest hot theme. Clients know that we prefer higher-quality companies that have solid balance sheets and the ability to raise prices when costs rise. Certain financials, energy firms, industrial companies, health-care businesses, and media names are all examples.

The K Shaped economy. The economy is still growing, but not everyone feels it equally. Higher-income households continue to benefit from rising asset values, while lower-income households face tighter budgets. We don't believe we are heading for a recession, but the lines on a K can't continue in both directions forever. This "K-shaped" pattern suggests to us to be cautious on pure consumer stocks and for a balanced approach across asset classes. It also suggests a continued tug-of-war with government tax and social policies. Uncertainty in government can drive volatility in the stock market. We pay just as much attention to risk as we do returns and this one example of a risk we are paying attention to.

The new Federal Reserve Chairman, Kevin Warsh. His early days in the role been fun to watch play out since he became the new Fed chair on May 22nd. Who doesn't love good real-life theater? Warsh represents a meaningful change in tone and philosophy at the Federal Reserve. Unlike Jerome Powell, who spent much of his tenure emphasizing consensus and flexibility, Warsh has been a longtime critic of how the modern Fed operates. He is showing up in the role with a willingness to rethink how the Fed operates and this is new. He has launched five task forces examining communications, the balance sheet, economic data, productivity and employment, and the Fed's inflation framework. That suggests investors should expect more than just a different path for interest rates; Warsh may change the framework through which monetary policy is conducted and communicated. Warsh has already proved to be less eager to cut rates simply because growth slows modestly or the political pressure around him. The key investment takeaway is that monetary policy could become less about reassuring markets and more about redefining how the Fed operates—potentially creating greater volatility, but also new opportunities across bonds, equities and the dollar. The 10yr treasury made a new 52-wk yield high 4.745% on July 31st (Source: Bloomberg). What higher rates say to us is that we do not expect the Federal Reserve to raise interest rates in 2026—even though markets sometimes worry about that possibility.

How do we pull this all together? Our approach to constructing client investment portfolios continues to be straightforward. Know that every client has different circumstances and we pride ourselves on providing customized solutions for clients. So the following comments are broad and may not be representative of every client's investment portfolio.

In general, we favor:

- Being overweight U.S. companies, but being selective. A mix of quality growth and value.
- Keeping a smaller allocation to stocks outside the U.S. and considering companies that do business outside the U.S. in the mix. We like some emerging markets consumer themes as well.
- For clients where a bond allocation is appropriate, we favor short or intermediate maturities (roughly 2–7 years) and we like municipal bonds rather than corporate bonds especially for clients in high tax states.
- Clients are likely to own some “real assets” such as gold, industrial metals, certain real-estate investments, and energy infrastructure.
- Covered call writing portfolios are a mainstay for our team. Many clients may have a covered call writing sleeve. Equity income with some downside risk management thrown in? Yes please.
- Over recent years some interesting private investments and separately managed accounts that can go both long and short are also on our radar. As technology gets better it has enabled tax management to be front and center as a measurable client benefit.

Bottom line: The market is still supported by strong earnings, but it is becoming more selective. The AI story is evolving from excitement to practical execution. The economy is growing at a moderate pace, yet the benefits are uneven. A well-built portfolio today emphasizes high-quality companies, broader participation across stocks, sensible bond holdings, real assets, and geographic diversification. Staying invested while being choosy about what you own remains our practical, straight forward approach. As always, the right mix depends on your personal goals, time horizon, and comfort with risk. We appreciate the trust you place in us and value the relationship and friendships we have with our clients.

Sources: Morgan Stanley Global Investment Committee, Bloomberg, WSJ.

Retiring To Something: Why Purpose Matters as Much as the Portfolio

Heather D. Churchill, CFP®, CIMA®, CPWA®, RMA®, CRPS®, CLTC®, CEPA

For many people, retirement planning begins with numbers: savings, withdrawal rates, Social Security, Medicare, taxes, estate planning, and long-term care. Those are all essential parts of a thoughtful retirement strategy.

But there is another question that deserves just as much attention:
What are you retiring *to*?
For many successful professionals and business owners, work provides far more than income. It often provides identity, structure, social connection, intellectual challenge, measurable progress, and a sense of relevance. When work suddenly ends, those sources of purpose may disappear faster than expected.

That transition can be more emotional than many people anticipate.

During one's career, well-being may come from many familiar sources:
•**Positive emotion** from completing an important project
•**Engagement** from solving problems or leading others
•**Relationships** from colleagues, clients, and teams
•**Meaning** from having a defined role or mission
•**Achievement** from building, advancing, or contributing

In retirement, those same needs do not go away. They simply need to be met in new ways.
For some retirees, the transition is energizing and fulfilling. For others, especially those whose careers were closely tied to identity and achievement, retirement can create an unexpected void. The meetings stop. The emails slow down. The daily structure disappears. The sense of urgency fades. Even the positive stress that once came with responsibility may be missed.

This is why retirement is not only a financial milestone. It is also a major life transition.
Research has increasingly highlighted the connection between retirement, social engagement, loneliness, and emotional well-being. Some studies have found that retirees may experience higher levels of loneliness or depressive symptoms, particularly when they lack strong social connections, meaningful routines, or a sense of purpose. Outcomes vary significantly depending on health, lifestyle, relationships, financial stability, and whether retirement was voluntary or unexpected.

That last point matters. People who retire on their own terms may experience the transition very differently from those who are forced to retire because of health, job loss, caregiving demands, or other circumstances. A sense of control can play an important role in emotional adjustment.
The happiest retirees are often not the ones with unlimited leisure and no obligations. More often, they are the ones who have intentionally replaced what work once provided.

That may include:
•Community involvement
•Mentoring
•Consulting or part-time work
•Charitable activities
•Fitness routines
•Family leadership
•Hobbies that involve learning or mastery
•Social groups
•Travel with purpose
•Intellectual stimulation
•Faith-based or civic engagement
•Entrepreneurial or creative projects

In other words, a fulfilling retirement is often built, not simply reached.
This is an important distinction. Many people spend decades imagining retirement as freedom from work: no alarms, no meetings, no deadlines, no obligations. That freedom can be wonderful. But over time, leisure alone may not be enough to create meaning.

After the travel, golf, dinners, and long-awaited relaxation, some retirees find themselves asking: "Now what?"

That question is not a failure of planning. It is a natural part of entering a new phase of life.
With longer life expectancies, retirement may last 25, 30, or even 35 years. That is not a short epilogue. It is an entirely new chapter of adulthood. And like any important chapter, it benefits from intentional design.

As you prepare for retirement, consider asking yourself:
•What will my typical week look like?
•Who will I spend meaningful time with?
•What will challenge me intellectually?
•What gives me purpose outside of my career?
•What relationships am I investing in now?
•How will I measure progress or achievement?
•Where do I want to contribute?
•What parts of my current work life will I miss, and how can I replace them?

These questions may feel very different from traditional financial planning questions, but they are deeply connected. Money can help create choices, flexibility, and security. But purpose, connection, and identity often determine how fulfilling those choices become.
Retirement is not simply about leaving work behind. It is about thoughtfully replacing what work provided with something equally meaningful.

The clients who thrive in retirement often do not merely stop working. They keep building, learning, leading, contributing, and connecting — just in different ways.

A strong retirement plan should help answer both questions:
Do I have enough?
And just as importantly:
What am I building next?

Staying Focused in Turbulent Times

Article by Morgan Stanley and provided courtesy of The Pelican Bay Group Wealth Management

When the market is volatile, almost everyone thinks about their financial future and the potential impact such fluctuations may have on their retirement accounts. However, it is during these turbulent times that it’s important to remember certain basic, time-tested principles of investing.

Continue Contributions

It may not seem intuitive, but continuing to contribute to your retirement plan—even during market downturns—can potentially enhance your returns over the long-run. A down market can be an opportunity for you to acquire more shares of your investments at a lower price. Consistent investing through market ups and downs is called “dollar-cost averaging.” If an investment’s price is high, you buy fewer shares, or units. When prices are low, you buy more. Investing regularly, using dollar-cost averaging, can help reduce the risk associated with buying during big swings in market prices.

Diversify

If you've ever heard the saying, "Don't put all your eggs in one basket," then you already have a basic understanding of diversification. Diversifying your portfolio can reduce risk and volatility. Review your account and make sure your portfolio is not too heavily weighted in company stock, or in any single asset class.

Stay Invested

You may be anxious about the decrease in the value of your investments. But don't be tempted to move out of the market, sit on the sidelines and wait for prices to rebound. Trying to time the market could potentially jeopardize your financial strategy—and your future goals.

Maintain a Long-Term Focus

Any investment decisions you make should be based on your financial goals and objectives, time horizon and risk tolerance, rather than concerns about market volatility. Even if the market seems volatile, remember that ups and downs are normal. It is important to stay focused on your financial future and refrain from making short-term decisions on long-term investments.

History demonstrates that there will always be some degree of uncertainty and volatility in the markets. While market events are out of our control, we do have control over our financial objectives and how our investments are allocated to help us achieve them. If you would like assistance in determining the mix of asset classes that can help you meet your financial objectives, contact your Morgan Stanley Financial Advisor.

Don't Die Thirsty: Helping Clients Turn Retirement Savings Into a Life Well Lived

Brock Boedecker

As advisors, we do an excellent job helping clients build retirement plans. Lately, though, I have been thinking more deeply about how well we advise clients on actually spending their retirement savings.

Throughout our working years, we trade time for money. My concern is whether, once that tradeoff ends and retirement begins, our clients fully take advantage of the time they have earned.

In Die With Zero, the author uses the analogy of filling a bucket with water. The water represents money, and the goal is to fill the bucket to the level needed to support one's life. Once the bucket is full, the objective has been achieved. Yet fear often compels people to continue adding water until it spills over.

That "spill" represents savings that may never be used—wealth accumulated beyond what is needed to support a meaningful life. The tragedy is that a person can die with a full bucket, yet still be "thirsty" because they never used their resources to create the life they truly wanted. The experiences they postponed become memories that were never made.
During the "No-Go" years, memories may be among the most valuable assets we have. It is like earning an extra life in a video game and deciding never to use it.

Our challenge as advisors is to help clients identify the amount they need to retire comfortably while maintaining the lifestyle they envision. When the bucket begins to overflow, we have an opportunity to help clients use their excess resources in ways that can enrich their lives and the lives of others.

1. Gift inheritance earlier.
Children and heirs may receive far greater value from a smaller gift earlier in life—when they are purchasing a home, raising a family, starting a business, or facing other major financial demands—than from a larger inheritance late in life. The average inheritance is often received around age 60, which may be after many of the years when financial support would have had its greatest impact. Encouraging thoughtful, tax-aware lifetime gifting can help clients see the benefits of their generosity firsthand.

2. Invest in experiences with loved ones.
The "Go-Go Years" are a unique period when health, energy, time, and financial resources can align. Clients should be encouraged to enjoy experiences that matter to them—travel, family gatherings, hobbies, milestones, and adventures—while they are still able to fully participate. Life is, in many ways, the sum of our experiences. This is the time to create them.

3. Give meaningfully to causes they care about.
Charitable giving can be especially powerful when clients are able to witness its impact during their lifetimes. Whether supporting a local community organization, a university, a faith-based mission, or another important cause, clients can experience the fulfillment of seeing their generosity make a difference. Legacy is not only what we leave behind; it is also the good we create while we are here.

As advisors, we should help clients pursue more than financial security. We should help them live deliberate, meaningful, and impactful lives.

We have all heard the phrase, "Stay thirsty, my friends." In retirement planning, perhaps the better message is this: make sure you do not die thirsty. Life is ultimately measured not only by what we accumulate, but by the experiences we create, the people we help, and the impact we make.

One Rate, Many Economies: What It Means for Short-Term Fixed Income and Interest Rates

Phil Gullo

In my practice there are an interesting group of clients. Residential and commercial buildings and their management teams. Daily we are in communication with them on how to make the most of the cash that flows in and out – namely by investing in short term CD's or Treasuries. This give us an eagle eye view on short terms rates and how they matter in the economy.

The Federal Reserve sets one policy rate, yet different parts of the economy feel it very differently. Housing turnover sits near a 40-year low, first-time buyers and movers face elevated mortgage costs, and rate-sensitive borrowers remain under pressure. At the same time, the Fed continues to navigate an environment where inflation stays above its 2% target while the labor market has remained broadly stable.

This uneven transmission of monetary policy has direct implications for short-term fixed income investors and the path of interest rates.

How the Fed's Rate Reaches the Economy

The Fed does not directly set most borrowing costs. It targets the federal funds rate—the overnight rate banks charge each other—and shapes expectations about future policy. Those expectations then influence Treasury yields, mortgage rates, corporate borrowing costs, and bank lending rates.

Higher policy rates work first and most strongly on interest-rate-sensitive activity: home purchases, related spending on furniture and appliances, motor vehicles, and other financed big-ticket items. Credit-dependent borrowers, including many smaller businesses that rely on bank loans and floating-rate debt, also feel the effects relatively quickly. Services and cash-rich companies tend to respond more slowly.

Because so many existing homeowners hold fixed-rate mortgages below 5%, the burden of current rates falls heavily on new borrowers and those who need to refinance or move. This helps explain why housing activity remains soft even as other areas of the economy show more resilience. The result is a policy environment in which the Fed can keep rates elevated while some sectors experience substantial restraint and others do not.

The Fed's Current Challenge

Under Chair Kevin Warsh, the Federal Open Market Committee must still judge progress against its dual mandate: maximum employment and stable prices. Inflation remains above the 2% target, partly because of supply shocks, including higher energy prices linked to ongoing geopolitical tensions. Higher interest rates can cool demand, but they cannot produce more oil or fix a supply disruption.

The labor market has stayed broadly stable. Yet the uneven impact of policy creates a calibration problem. Rate changes tend to hit the already-strained, rate-sensitive areas first. They have less immediate effect on parts of the economy that are less dependent on new borrowing. Policymakers must weigh whether the current stance is moving inflation and employment toward their goals, even if the first-round effects land unevenly.

Markets continue to watch incoming data closely. The path of short-term rates will depend on whether inflation moderates further and whether the labor market softens enough to allow the Fed to hold steady or eventually ease.

Implications for Short-Term Fixed Income

For investors focused on short-term fixed income, this environment reinforces a few practical points.

First, elevated yields in the short and intermediate parts of the curve remain attractive relative to the post-COVID range. Because intermediate maturities are more influenced by expected Fed policy than by longer-term fiscal concerns, they offer a relatively favorable balance of yield and interest-rate risk in the current setting.

Second, the uneven transmission of policy means the Fed can remain restrictive for longer in some respects without immediately slowing every part of the economy equally. That supports the case for staying invested in high-quality short- and intermediate-term bonds rather than waiting for a clear and rapid pivot lower in rates.

Third, credit fundamentals in higher-quality corporate and municipal sectors continue to look supportive. Healthy earnings and revenues help keep spreads relatively contained, even as overall rates stay elevated. For taxable accounts, high-quality municipal bonds often provide competitive taxable-equivalent yields. For tax-advantaged accounts, higher-quality corporate bonds and preferred securities can deliver stable income.

Supply shocks and geopolitical risks can still produce volatility in rates, particularly if energy prices rise further or inflation expectations shift. In that environment, shorter-duration strategies and a focus on higher-quality issuers help limit the impact of sudden rate moves while still capturing attractive current yields.

Looking Ahead

The Fed's single policy rate is being asked to manage a multi-speed economy. Rate-sensitive areas such as housing and certain borrowers have already adjusted to higher costs. Other areas remain more resilient. This does not make monetary policy ineffective, but it does mean the path of short-term interest rates will hinge on how inflation and employment data evolve from here.

For short-term fixed income investors, the combination of still-elevated yields, supportive technical conditions, and a Fed that remains focused on returning inflation to 2% continues to favor a constructive stance on intermediate maturities and higher-quality credit. Patience and selectivity remain important, but today's starting yields offer a meaningful buffer against moderate volatility while investors wait for greater clarity on the next phase of policy.

Meet Our Team – The Pelican Bay Group at Morgan Stanley

The Pelican Bay Group assists high-net-worth individuals and institutional clients in meeting their financial objectives by offering customized portfolio management strategies.
The Pelican Bay Group, a team of Morgan Stanley Financial Advisors, has four experienced portfolio managers covering an array of disciplines and offering a variety of strategies designed to optimize risk to help meet their clients' investment objectives. These investment styles are offered as fully discretionary strategies with a comprehensive fee based on the asset value being managed. The team currently manages $4.6 billion in client assets as of December 31, 2025.

Chris Lamphere began his career at Morgan Stanley as Client Service Associate in 2017. He has worked with multiple advisory teams and brought his operational experience to the Pelican Bay Group in January of 2023. Chris earned his MBA from Rochester Institute of Technology in Rochester, NY specializing in operations & quality assurance.

Chris lives in Henrietta, NY with his wife Heather and three daughters, Victoria, Abigail & Carolyn. He enjoys photography, history and traveling with his family.

Ryan Peter, CFP® is a Registered Client Relationship Analyst at the Pelican Bay Group. He joined Morgan Stanley in August of 2022 after graduating from St. Lawrence University, where he majored in Business and Economics.

Ryan recently obtained his Certified Financial Planner designation.

Originally from Villanova, Pennsylvania, Ryan currently resides in Manhattan. Outside of work, he enjoys running, skiing, golfing, and watching sports with friends and family. His industry licenses include the Series 7 and Series 66.

Our team of financial professionals is national in scope, with Financial Advisors stationed in strategic locations across the country. As part of Morgan Stanley, one of the world's most respected financial services firms, we offer access to extensive resources that can prove instrumental in helping you meet even your most complex financial challenges. Our team members include:

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Growth investing does not guarantee a profit or eliminate risk. The stock of these companies can have relatively high valuations. Because of these high valuations, an investment in a growth stock can be more risky than an investment in a company with more modest growth expectations.

Small- and mid-capitalization companies may lack the financial resources, product diversification and competitive strengths of larger companies. In addition, the securities of small- and mid-capitalization companies may not trade as readily as, and be subject to higher volatility than, those of larger, more established companies.

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Technical analysis is the study of past price and volume trends of a security in an attempt to predict the security's future price and volume trends. Its limitations include but are not limited to: the lack of fundamental analysis of a security's financial condition, lack of analysis of macro-economic trend forecasts, the bias of the technician's view and that possibility that past participants were not entirely rational in their past purchases or sales of the security being analyzed. Investors using technical analysis should consider these limitations prior to making an investment decision.

Tax-loss harvesting. IRS rules stipulate that if a security is sold by an investor at a tax loss, the tax loss will not be currently usable if the investor has acquired (or has entered into a contract or option on) the same or substantially identical securities 30 days before or after the sale that generated the loss. This so-called "wash sale" rule is applied with respect to all of the investor's transactions across all accounts.

The value of all types of securities, including index mutual funds and exchange-traded funds, may increase or decrease over varying periods.

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Options carry a high level of risk and are not appropriate for all investors.

Certain requirements must be met to trade options through Morgan Stanley. Investing involves risks, including loss of principal. Hedging and protective strategies do not assure a profit or guarantee against loss. With long options, investors may lose 100% of funds invested. Covered calls provide cash flow, downside protection only to the extent of the premium received, and limit upside potential to the strike price plus premium received. Spread trading must be done in a margin account.

Before engaging in the purchase or sale of options, clients should understand the nature and extent of their rights and obligations and be aware of the risks involved, including, without limitation, the risks pertaining to the business and financial condition of the issuer of the underlying security/instrument. If a client is considering engaging in options trading, the Financial Advisor and Private Wealth Advisor are required to provide the client with the "Characteristics and Risks of Standardized Options" (ODD) booklet from the Options Clearing Corporation. Clients should not enter into options transactions until they have read and understood the Disclosure Document and discussed transaction costs with the Financial Advisor or Private Wealth Advisor. A copy of the ODD is also available online at: http://www.theocc.com/about/publications/publication-listing.jsp

The sale of the stock through an option assignment or the closing/expiration of an option position may be a taxable event produce a tax consequence. Certain in-the-money non-qualified, written covered call options may also be subject to adverse writes are deemed ` unqualified' and carry certain tax consequences. Prior to entering into any proposed transaction, recipients should determine, in consultation with their own investment, legal, tax, regulatory and accounting advisors, the economic risks and merits, as well as the legal, tax, regulatory and accounting characteristics and consequences, of the transaction. Morgan Stanley Smith Barney LLC and its affiliates do not provide tax or legal advice. To the extent that this material or any attachment concerns tax matters, it is not intended to be used and cannot be used by a taxpayer for the purpose of avoiding penalties that may be imposed by law. Any such taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

Supporting documentation for any claims (including any claims made on behalf of options programs or the options expertise of salespersons), comparisons, recommendations, statistics, or other technical data, will be supplied upon request.

There are many factors that an investor should be aware of when trading options including but not limited to interest rates, volatility, stock splits, stock dividends, stock distributions, currency exchange rates, etc.

Annualized returns will not be calculated for holding periods less than 60 days.

If a secondary market in options becomes unavailable and prevents a closing transaction, the options writer's obligation would remain until expiration or assignment. NOTE: This statement is not intended to enumerate all of the risks entailed in trading options. It is expected that you will read the booklet entitled "Characteristics and Risks of Standardized Options" (see www.theocc.com/components/doc/riskstoc.pdf). Please direct your attention to Chapter X, "Principal Risks of Options Positions."

Morgan Stanley Wealth Management would like to inform investors of the inherent risks of trading the following strategies.

- Bullish strategies generally have greater risk of loss in falling markets.
- Neutral strategies generally have greater risk of loss in volatile markets.
- Bearish strategies generally have greater risk of loss in rising markets.

Special Statement for Covered Call Traders

Options are not appropriate for all investors; covered call strategy may not be appropriate for all investors. Some of the risks of covered call writing may include:

- An option writer may be assigned at any time during the life of the option, including the day written, regardless of the in-or out-of-the-money status of the position.
- Of the short call is assigned, the writer must deliver the underlying security.
- The writer of a covered call forgoes the opportunity to benefit from an increase in the value of the underlying security above the option strike price, but continues to bear the risk of a decline in the value of the underlying security.

Option prices are driven by several factors, one of which is the price of the underlying security. If the price of the stock underlying an option increases or decreases, the value of the option contract may change. An increase or decrease in market and/or stock volatility is also likely to affect the price of an option contract.

- The outlook for the broader market or the underlying security may change.
- Buying back a call to close an existing position and writing another call with a different strike price and/or expiration, also known as rolling, can have an adverse impact on the profitability of the account. Rolling may result in added transaction costs which will reduce returns or add to any losses. Note: It may not be prudent to continually roll positions at a loss.

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Foreign currencies may have significant price movements, even within the same day, and any currency held in an account may lose value against other currencies. Foreign currency exchanges depend on the relative values of two different currencies and are therefore subject to the risk of fluctuations caused by a variety of economic and political factors in each of the two relevant countries, as well as global pressures. These risks include national debt levels, trade deficits and balance of payments, domestic and foreign interest rates and inflation, global, regional or national political and economic events, monetary policies of governments and possible government intervention in the currency markets, or other markets.