

Risk Should Work With You, Not Against You

By Peter J. Haack, CFP®, CIMA®, Financial Advisor

As a successful real estate professional, you are no stranger to risk, including the uncertainty and potential downside of real estate market conditions that can immediately impact your income and profits.

I help clients navigate a wide variety of economic, financial, political and social factors to make the best possible buying or selling decisions. And those factors are constantly changing.

But when it comes to your own finances, how well are you managing investment risk? More importantly, how well are you harnessing that risk to help you achieve your financial and life goals?

Before answering those questions, let's take a closer look at what risk really is for investors.

What is risk?

For investors, risk is the likelihood that their actual return will differ from their expected return. To understand what is happening in a portfolio, investors must understand risk. It's a fundamental premise of investing that the more risk you are able to shoulder, the greater your potential return. For instance, growth stocks experience far more ups and downs than Treasury bills and hence are much riskier. The tradeoff is that investors who can stomach those ups and downs without bailing out on their investment plan can be rewarded with much higher returns over time.

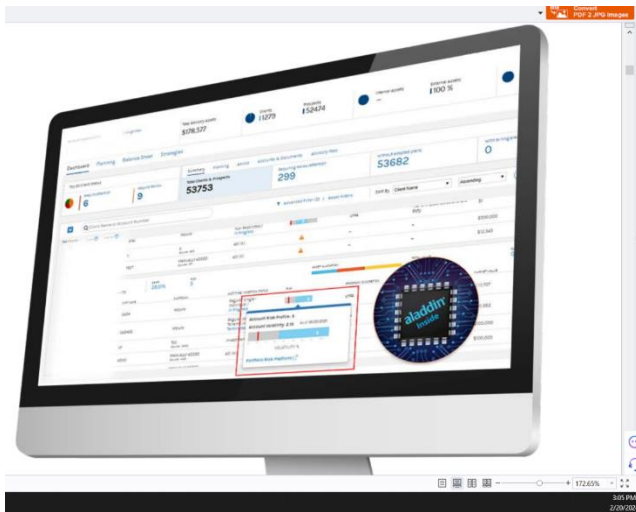
Compensation for Risk

Some investors are risk averse. Others embrace risk. Others are somewhere in between. Whatever your risk tolerance, your potential compensation should be commensurate with the amount of risk you accept. That means understanding all the various sources of risk, managing them, and using that knowledge to make better financial decisions even when the market is volatile and emotions run high.

Powerful Portfolio Risk Platform takes the guess work out of managing risk

Managing risk is highly complex. Fortunately, at Morgan Stanley, we have powerful software at our disposal that assesses more than 3,000 different risk factors pertaining to securities and investments. When your financial advisor connects these factors to your individual goals and helps drive risk-appropriate solutions, you can accomplish the following:

- Understand which accounts and specific holdings are driving your overall risk, using sophisticated risk analytics.
- Illustrate, hypothetically, how different market events might impact your current holdings and overall financial future.
- Explore strategies to shift and mitigate some of the embedded risks.

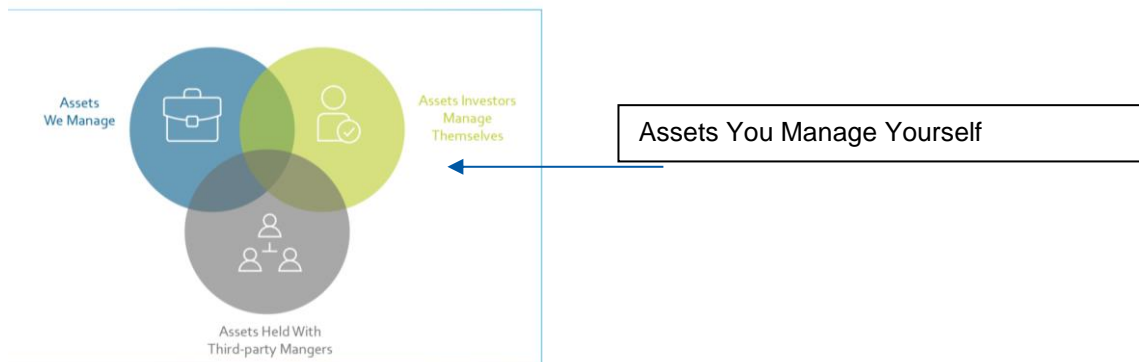


Our **Aladdin risk engine** was developed for central banks and the world's largest institutions. We have taken that engine and adapted it to individual investor portfolios.

Doesn't it make sense to learn about the portfolio risks you are exposed to before something catastrophic happens that can derail your retirement cash flow and financial future?

What can the Portfolio Risk Platform do for me?

Morgan Stanley's Portfolio Risk Platform empowers you to see, understand and analyze your financial risk as a whole, not just within a particular portfolio, but across your entire financial picture, including:



The **Portfolio Risk Platform** enables you and your financial advisor to have better-informed conversations about portfolio construction, risk and alignment with your financial goals. By understanding the specific drivers of portfolio risk, you can work together to model potential changes.

We can't control the markets. But we **CAN** help you understand your risk, manage it and use it to drive appropriate financial decisions.

How is the Stanek-Haack Group at Morgan Stanley different?

As part of our Holistic Wealth Management approach, the Portfolio Risk Platform has been fully customized by Morgan Stanley to better meet your needs. The Platform helps your advisor integrate a suite of industry-leading analytics into the planning, proposal and investment lifecycle—so you potentially benefit from a connected and holistic investment experience.



Final Thoughts

- “Risk comes from not knowing what you’re doing.” – Warren Buffett
- “Know what you own and know why you own it.” – Peter Lynch
- “Real estate cannot be lost or stolen, nor can it be carried away. Purchased with common sense, paid for in full, and managed with reasonable care, it is about the safest investment in the world.” – Franklin D. Roosevelt
- “In my experience, in the real-estate business, past success stories are generally not applicable to new situations. We must continually reinvent ourselves, responding to changing times with innovative new business models.” - Akira Mori

For more than two decades, I have been helping successful real estate agents, brokers and firm owners construct plans to optimize their financial and life goals.

Morgan Stanley

If you're interested in learning more about our Portfolio Risk Platform or would simply like a complimentary second opinion about your financial plan, please don't hesitate to contact me 847-260-9533 | Peter.haack@morganstanley.com.

227 W. Monroe St., Ste 3400
Morgan Stanley Wealth Management
Chicago, IL, 60606

The views expressed are those of Financial Advisor (FA name) and may not necessarily reflect the views of Morgan Stanley Smith Barney LLC, or its affiliates. (FA name) may only transact business in states where he/she is registered or excluded or exempted from registration. Transacting business, follow-up and individualized responses involving either effecting or attempting to effect transactions in securities, or the rendering of personalized investment advice for compensation, will not be made to persons in states where (FA name) is not registered or excluded or exempt from registration. The information contained in this video is not a solicitation to purchase or sell investments, is general in nature and not intended to provide individually tailored investment advice. Past performance is no guarantee of future results. The appropriateness of a particular investment or strategy will depend on an investor's individual circumstances and objectives. Investing involves risks and there is always the potential of losing money when you invest.

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

Morgan Stanley Smith Barney LLC ("Morgan Stanley"), its affiliates and Morgan Stanley Financial Advisors do not provide tax or legal advice. Individuals should seek advice based on their particular circumstances from an independent tax or legal advisor.

The Portfolio Analysis report ("Report") is generated by Morgan Stanley Smith Barney LLC's ("Morgan Stanley") Portfolio Risk Platform. The assumptions used in a Report incorporate portfolio risk and scenario analysis employed by BlackRock Solutions ("BRS"), a financial technology and risk analytics provider that is independent of Morgan Stanley. BRS' role is limited to providing risk analytics to Morgan Stanley, and BRS is not acting as a broker-dealer or investment adviser nor does it provide investment advice with respect to the Report. Morgan Stanley has validated and adopted the analytical conclusions of these risk models.

Any recommendations regarding external accounts/holdings are asset allocation only and do not include security recommendations.

IMPORTANT: The projections or other information provided in a Report regarding the likelihood of various investment outcomes (including any assumed rates of return and income) are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results. Hypothetical investment results have inherent limitations.

- There are frequently large differences between hypothetical and actual results.
- Hypothetical results do not represent actual results and are generally designed with the benefit of hindsight.
- They cannot account for all factors associated with risk, including the impact of financial risk in actual trading or the ability to withstand losses or to adhere to a particular trading strategy in the face of trading losses.
- There are numerous other factors related to the markets in general or to the implementation of any specific strategy that cannot be fully accounted for in the preparation of hypothetical risk results and all of which can adversely affect actual performance.

Morgan Stanley cannot give any assurances that any estimates, assumptions or other aspects of the risk analyses will prove correct. They are subject to actual known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from those shown in a Report.

CFP Board owns the mark CFP® in the U.S.

Morgan Stanley Smith Barney LLC. Member SIPC. CRC 3882449 9/24