Morgan Stanley
INVESTMENT MANAGEMENT

Global Fixed Income Bulletin

Selectivity Takes the Lead

MACRO INSIGHT | BROAD MARKETS FIXED INCOME TEAM | August 2026

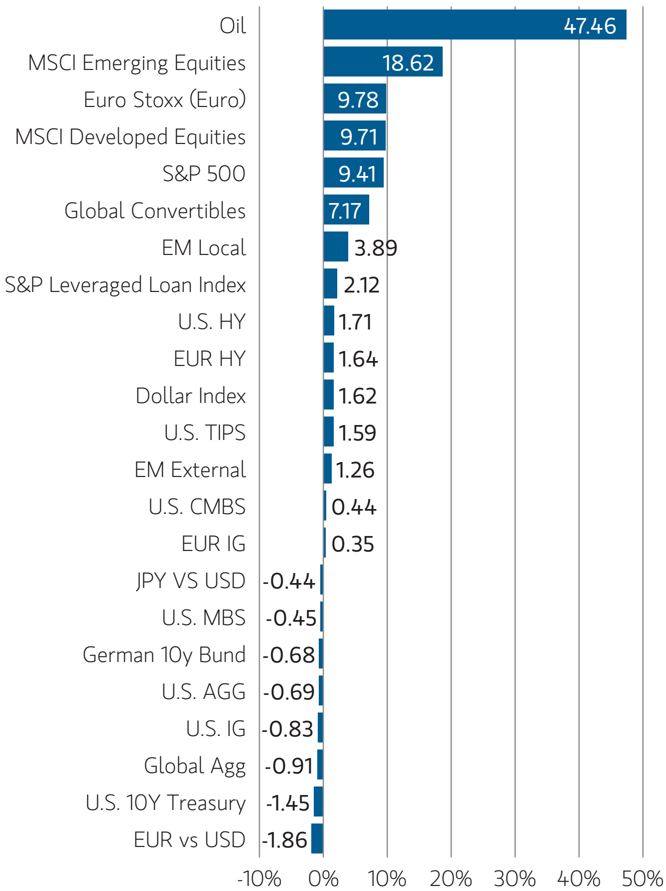
Monthly Review

July was defined by a broad selloff in developed-market rates as investors continued to assess the durability of growth, inflation, and restrictive monetary policy. Government bond yields rose across most major markets, while inflation expectations moved higher and U.S. curves steepened. Spread sectors were more mixed: U.S. credit widened modestly, European investment grade remained resilient, and securitized products absorbed higher rates with only limited deterioration in credit spreads.

The rates move was global. The U.S. 10-year Treasury yield rose 27bps to 4.73%, while 10-year yields increased 35bps in Germany, 29bps in the UK, 28bps in Canada, and 32bps in New Zealand. In the U.S., the selloff was accompanied by curve steepening, with the 2s10s spread widening 15bps and the 5s30s spread increasing 10bps. Inflation expectations also rose, with 10-year breakevens increasing 5bps in the U.S. and by roughly 17 to 20bps across several European markets. These moves reflected continued uncertainty around the path of monetary policy, particularly as positive growth data and lingering inflation risks limited the scope for near-term easing.

The Federal Reserve's month-end meeting added to that uncertainty. The Committee left rates unchanged despite three votes in favor of a 25bps hike, creating a hawkish vote split but a more measured policy signal. Chair Warsh emphasized the tightening already delivered by higher market yields and suggested the Fed was willing to preserve flexibility rather than lead expectations with a more forceful inflation message. Markets interpreted the reaction function as comparatively dovish: the yield curve steepened, September policy expectations repriced, and breakevens moved higher. The response suggested

DISPLAY 1
Asset Performance Year-to-Date (%)



Note: USD-based performance. Source: Bloomberg. Data as of July 31, 2026. The indexes are provided for illustrative purposes only and are not meant to depict the performance of a specific investment. **Past performance is no guarantee of future results.** See pages 7-8 for index definitions.

investors viewed the Fed as prepared to let financial conditions do part of the tightening work, while remaining less explicit about what would trigger direct policy action.

Foreign exchange markets partially reversed June's U.S. dollar strength. The broad dollar index declined approximately 1.3%, while the yen, sterling, Norwegian krone, and New Zealand dollar appreciated. Emerging-market currency performance was highly differentiated, with notable strength in the Colombian peso and Korean won, while the Hungarian forint, Turkish lira, and Egyptian pound weakened.

Credit markets remained orderly despite higher government bond yields and historically tight valuations. U.S. investment grade spreads widened 4bps to 78bps OAS, with industrials modestly underperforming financials and utilities. Longer-duration yields moved above 6%, increasing the all-in income available from high-quality corporate credit, though elevated issuance and tight starting valuations contributed to greater investor selectivity. Euro investment grade proved more resilient, tightening 1bp to 79bps, with modest outperformance from industrials and utilities. The regional divergence reinforced the importance of market and sector selection rather than broad credit beta.

High yield experienced somewhat greater pressure. U.S. high yield spreads widened 9bps to 279bps, led by a 56bps move in CCC-rated debt, while BB and single-B spreads moved more modestly. Euro high yield widened only 3bps to 272bps, although single-B credits underperformed. Primary activity and AI-related financing remained important themes, but investors continued to distinguish sharply between established businesses offering attractive carry and more speculative data-center or technology-related issuers.

Leveraged loans remained characterized by substantial dispersion. Software continued to trade at a significant discount to the broader market, reflecting persistent concerns around AI disruption, refinancing, and the transparency of private-market valuations. At the same time, stronger CLO demand created selective opportunities in higher-quality software issuers with mission-critical products, shorter maturities, and stronger switching costs. The broader theme remained one of improving opportunities beneath a market that still required disciplined issuer selection.

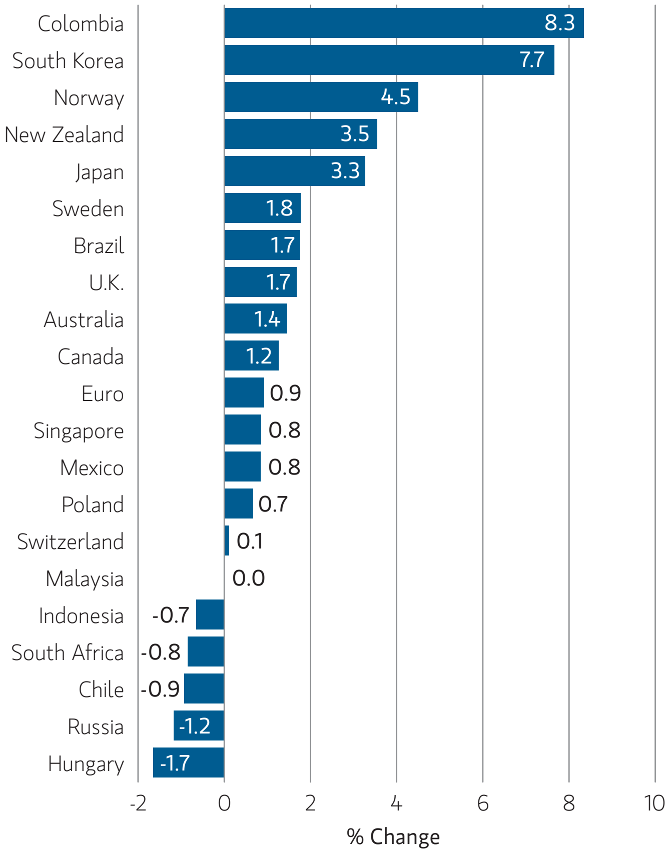
Securitized markets faced pressure primarily from the rise in rates rather than a meaningful deterioration in credit fundamentals. Agency MBS yields increased 33bps to 5.75%, while spreads widened 9bps to approximately 116bps versus comparable Treasuries. Thirty-year mortgage rates rose to 6.73%. By contrast, spread movements across securitized credit remained modest: agency CMBS and AAA CMBS widened only 1bp, while AAA ABS tightened slightly. Stable housing fundamentals and improving commercial real estate occupancy continued to support underlying credit performance, although higher rates and heavy issuance constrained broader spread tightening.

Emerging markets were mixed as global yields rose and country-specific developments remained the primary source of differentiation. External sovereign spreads widened 10bps to 227bps, with the Middle East underperforming as regional risk premia remained elevated. EM corporate spreads widened only modestly, while local yields rose across many markets, including Hungary, Poland, South Africa, Mexico, Indonesia, and South Korea. Political developments and policy measures in markets such as Colombia and India continued to create idiosyncratic opportunities despite the less supportive global rates backdrop.

DISPLAY 2

Currency Monthly Changes versus USD

(+ = appreciation)



Note: Positive change means appreciation of the currency against the USD. Source: Bloomberg. Data as July 31, 2026.

The views and opinions expressed are those of the Portfolio Management team as of August 2026 and are subject to change based on market, economic and other conditions. Data sourced from Bloomberg as of July 31, 2026 unless otherwise stated. **Past performance is not indicative of future results.**

DISPLAY 3

Major Monthly Changes in 10-Year Yields and Spreads

COUNTRY	10-YR YIELD LEVEL (%)	MONTH CHANGE (BPS)	10-YR SPREAD (BPS)	MONTH CHANGE (BPS)
			(SPREAD OVER USTS)	
United States	4.73	27		
United Kingdom	5.05	29	32	2
Germany	3.21	35	-153	8
Japan	2.81	12	-193	-15
Australia	4.93	21	19	-6
Canada	3.66	28	-107	1
New Zealand	4.67	32	-6	5
EUROPE			(SPREAD OVER BUNDS)	
France	4.00	35	79	0
Greece	3.92	38	71	3
Italy	4.02	39	81	4
Portugal	3.55	31	34	-4
Spain	3.65	31	45	-4
EM	**10-YR LOCAL YIELD (%)**	**MTD CHANGE (BPS)**	**SPREAD (BPS)**	**MTD CHANGE (BPS)**
EM External Spreads			226	10
EM Corporate Spreads			168	3
EM Local Yields	6.25	16		
			(SPREAD OVER USTS)	
Brazil	14.78	44	1005	17
Colombia	12.01	23	727	-4
Hungary	5.52	49	79	22
Indonesia	7.31	18	257	-9
Malaysia	3.71	10	-103	-17
Mexico	9.19	16	446	-11
Peru	6.08	-1	135	-28
Poland	5.75	48	101	21
South Africa	8.73	31	400	4
CREDIT			**SPREAD (BPS)**	**MTD CHANGE (BPS)**
U.S. IG			78	4
EUR IG			79	-1
U.S. HY			279	9
EUR HY			272	3
SECURITIZED				
Agency MBS			116	9
U.S. BBB CMBS			557	9

Positive Neutral Negative

Source: Bloomberg, JPMorgan. Data as of July 31, 2026.

Overall, July marked a shift from the relative stability of June toward renewed pressure from higher global yields. Fixed income markets remained functional and technical demand continued to provide support, but the combination of rising rates, tight spreads, and growing dispersion reinforced the importance of carry, relative value, and active security selection.

Broad Markets Fixed Income Global Asset Allocation and Outlook

Developed Market Rate/Foreign Currency

(LONG DURATION, NEUTRAL CURVE POSITIONING, SELECTIVE HIGH-CARRY FX)

Our views are grounded in a macro environment where country differentiation is becoming increasingly important. In the U.S., resilient labor-market data, firm consumption, and persistent inflation pressures have led investors to reprice monetary-policy expectations toward a more restrictive path than was anticipated at the beginning of the year. Elsewhere in developed markets, much of this adjustment occurred earlier, though inflation, energy prices, fiscal dynamics, and differing growth trajectories continue to shape central-bank expectations.

Against this backdrop, we maintain a long-duration stance across developed markets, expressed selectively in regions where growth appears more vulnerable to tighter financial conditions and valuations are compelling. Exposure remains focused on short-maturity rates in Canada and New Zealand, alongside selective euro-area duration, including France. This positioning reflects the greater scope for economic weakness outside the U.S. and the potential for regional policy paths to diverge.

Inflation remains a central macro risk. Although market-implied inflation expectations have fluctuated, underlying price pressures and uncertainty around the Federal Reserve's reaction function continue to support exposure to U.S. breakevens across intermediate and longer maturities. We continue to see value in guarding portfolios against the risk that inflation remains above target for longer than markets currently anticipate.

We remain broadly neutral on directional curve exposure, while retaining selective relative-value positions where differences in policy, growth, and valuation create more attractive opportunities. These include cross-market positions within Europe and targeted curve exposure in Australia, rather than a broad global steepening or flattening view.

In foreign exchange, we continue to favor selective high-carry emerging-market currencies where fundamentals and valuations remain supportive. Our positive view is focused on the Mexican peso, funded against lower-yielding European currencies including the euro, Swiss franc, and Swedish krona. More broadly, we expect currency markets to remain sensitive to relative growth, inflation, and central-bank dynamics, with country differentiation continuing to create opportunities across both developed and emerging markets.

Emerging Market Debt

(OVERWEIGHT)

Emerging market sovereign and corporate debt remains an attractive opportunity, supported by elevated real yields, resilient income generation, and improving fundamentals in select countries. However, July presented a less supportive external backdrop as developed-market yields rose sharply, EM sovereign spreads widened, and local rates came under pressure across several regions. Middle Eastern risk premia also increased amid continued geopolitical uncertainty, reinforcing the importance of regional and country differentiation.

Carry and income remain central drivers of expected returns, though country selection is increasingly important given elevated dispersion. Recent performance highlighted the value of idiosyncratic opportunities, including positive political and capital-flow developments in Colombia, alongside more challenging conditions in markets facing inflation, currency, or policy pressure. Higher energy prices also continue to create divergence between commodity exporters and importers.

Valuations remain attractive across select local- and hard-currency markets, and many EM currencies continue to offer compelling carry relative to developed markets. While higher global yields, tighter financial conditions, and persistent inflation remain important risks, we continue to favor countries with credible monetary frameworks, improving external balances, and attractive real-yield differentials. In an environment where global growth remains positive and default risks remain contained, we believe the asset class continues to offer attractive risk-adjusted return potential.

Corporate Credit

(UNDERWEIGHT IG, SMALL OVERWEIGHT HY)

We remain underweight investment grade corporates due to tight valuations, rising government bond yields, and limited scope for broad-based spread compression. July reinforced the importance of regional differentiation: U.S. IG spreads widened modestly as higher yields and elevated issuance weighed on the market, while Euro IG remained comparatively resilient. All-in yields have become more attractive, but carry remains the principal source of expected return and tight starting spreads leave limited defense against further volatility.

Fundamentals remain solid, supported by healthy balance sheets, low downgrade risk, and generally resilient earnings. That said, the market is increasingly entering a later-cycle phase characterized by elevated M&A activity, AI- and infrastructure-related capital expenditure, and

The views and opinions expressed are those of the Portfolio Management team as of August 2026 and are subject to change based on market, economic and other conditions. Data sourced from Bloomberg as of July 31, 2026 unless otherwise stated. **Past performance is not indicative of future results.**

higher shareholder distributions. AI-related financing has continued to accelerate, particularly among large technology and hyperscale issuers, reinforcing expectations that infrastructure spending will remain an important driver of corporate issuance.

Regionally, we continue to prefer Europe over the U.S., supported by stronger technicals and more resilient spread performance. Within the U.S., we favor financials and utilities over industrials and lower-quality non-financial issuers, where capex, M&A activity, and shareholder distributions may create greater balance-sheet pressure. We remain particularly selective in sectors where technological disruption or speculative financing activity could weaken credit quality.

We maintain a modest overweight to select high-yield issuers in both the U.S. and Europe. While fundamentals remain broadly supportive, July's widening was concentrated in lower-quality U.S. credit, particularly CCC-rated issuers, highlighting the limited margin for error at current valuations. We therefore continue to favor BB and higher-quality single-B credits with resilient cash flows, manageable refinancing needs, and less exposure to speculative AI- or data-center-related financing.

We continue to believe a meaningful demand-destruction scenario is not the base case. Low but positive economic growth, supported by fiscal spending, energy-related investment, and continued AI and infrastructure capex, remains consistent with a broadly benign default environment. However, with much of the good news already reflected in valuations, selectivity is increasingly important.

Elevated dispersion across sectors and issuers continues to create opportunities for active positioning. We favor businesses with resilient cash flows, strong pricing power, lower refinancing risk, and less exposure to cyclical demand pressure. While high-yield spreads leave limited margin for error, the yield per unit of spread-duration risk remains compelling relative to investment grade credit.

Leveraged Loans

(NEUTRAL)

We maintain a neutral stance on leveraged loans as increased dispersion and prior spread widening have improved valuations across parts of the market. The asset class remains characterized by selective technicals and meaningful issuer-level differentiation, but valuations have become more attractive, particularly relative to high-yield corporates. CLO demand continues to provide an important source of support, while investor preference remains focused on higher-quality issuers and more resilient sectors.

Software and technology-linked issuers remain an area of caution given ongoing uncertainty around AI-related disruption. However, the broad-based selloff across parts of the sector has also created selective opportunities where market pricing appears disconnected from underlying fundamentals. In several cases, investors have reduced exposure indiscriminately, creating attractive entry points in higher-quality, mission-critical businesses with durable cash flows, proprietary data advantages, and high switching costs.

More broadly, economically sensitive sectors continue to face pressure from elevated financing costs, inflation uncertainty, and rising input costs, even as overall corporate fundamentals remain relatively stable. The rise in global yields and continued uncertainty around the policy outlook may extend pressure on highly leveraged borrowers, reinforcing our preference for issuers with strong interest coverage, manageable maturity profiles, and durable cash-flow generation.

CLO issuance and demand for floating-rate exposure remain supportive, helping offset more mixed retail flows. While selectivity remains paramount, current valuations provide improved, though still selective, compensation for refinancing and macroeconomic risks in higher-quality segments of the market.

Securitized Products

(OVERWEIGHT)

Agency mortgage-backed securities and non-agency residential mortgage-backed securities remain a high-conviction overweight. Agency MBS came under pressure in July as government bond yields rose, the curve steepened, and mortgage rates increased. Agency MBS yields rose materially and spreads widened versus comparable Treasuries, improving relative valuations after a period of strong performance. We continue to view current-coupon agency MBS as attractive relative to other high-quality fixed income sectors, particularly given the additional yield and reduced prepayment risk associated with a higher-for-longer rate environment.

Technical conditions remain broadly supportive, although the sector is likely to remain sensitive to rates volatility. Attractive all-in yields continue to support demand from money managers, banks, and government-sponsored enterprises, while Federal Reserve balance-sheet runoff remains a source of supply. A sustained increase in rates volatility or a further sharp move in the long end would represent the principal near-term risks.

Non-agency RMBS continues to offer one of the more attractive opportunity sets within structured credit. Stable

The views and opinions expressed are those of the Portfolio Management team as of August 2026 and are subject to change based on market, economic and other conditions. Data sourced from Bloomberg as of July 31, 2026 unless otherwise stated. **Past performance is not indicative of future results.**

home prices, low loan-to-value ratios, improving collateral performance, and limited refinancing risk continue to support fundamentals. Strong issuance growth has been met with robust investor demand, particularly in residential credit sectors where recent vintages continue to demonstrate favorable performance characteristics.

Securitized credit proved more resilient than agency MBS during July. Spread movements in CMBS were limited, while AAA ABS tightened modestly, suggesting that the month's weakness was driven primarily by higher rates rather than a deterioration in collateral fundamentals.

Commercial mortgage-backed securities remain an attractive area of structured credit, though selectivity remains critical. Fundamentals are resilient in higher-quality segments, and strong technical demand has continued to support the sector despite the higher-rate environment. We continue to favor exposure to hospitality, logistics, storage, and high-quality multifamily assets, where operating performance and collateral quality remain comparatively strong.

Issuance across securitized markets, including CMBS, has remained robust through the single-asset, single-borrower market, but many transactions have been well absorbed and heavily oversubscribed, reinforcing the strength of investor demand. Dispersion across property types, locations, and capital structures remains elevated, and we continue to focus on higher-quality transactions where collateral performance, borrower sponsorship, and cash-flow visibility provide stronger downside risk mitigation.

Asset-backed securities remain supported by strong demand, attractive carry, and the sector's generally shorter-duration profile. Issuance has been robust, but demand for high-quality securitized collateral has remained resilient, helping spreads remain well contained despite elevated supply. We continue to view the sector as a useful source of diversification and income in an environment where carry is expected to be a dominant driver of returns.

We also continue to see opportunities in select non-consumer ABS where fundamentals remain stable and valuations remain attractive. We are more cautious in areas where projected supply, technology disruption, or uncertain long-term economics are not adequately reflected in spreads.

Lastly, we remain constructive on Danish covered bonds, where defensive characteristics, strong legal frameworks, and attractive U.S. dollar-hedged yields continue to support relative value.

Risk Considerations

Diversification neither assures a profit nor guarantees against loss in a declining market.

There is no assurance that a portfolio will achieve its investment objective. Portfolios are subject to **market risk**, which is the possibility that the market values of securities owned by the portfolio will decline and that the value of portfolio shares may therefore be less than what you paid for them. Market values can change daily due to economic and other events (e.g., natural disasters, health crises, terrorism, conflicts, and social unrest) that affect markets, countries, companies, or governments. It is difficult to predict the timing, duration, and potential adverse effects (e.g., portfolio liquidity) of events. Accordingly, you can lose money investing in a portfolio. **Fixed-income securities** are subject to the ability of an issuer to make timely principal and interest payments (credit risk), changes in interest rates (interest rate risk), the creditworthiness of the issuer and general market liquidity (market risk). In a rising interest-rate environment, bond prices may fall and may result in periods of volatility and increased portfolio redemptions. In a declining interest-rate environment, the portfolio may generate less income. **Longer-term securities** may be more sensitive to interest rate changes. Certain **U.S. government securities** purchased by the strategy, such as those issued by Fannie Mae and Freddie Mac, are not backed by the full faith and credit of the U.S. It is possible that these issuers will not have the funds to meet their payment obligations in the future. **Public bank loans** are subject to liquidity risk and the credit risks of lower-rated securities. **High-yield securities (junk bonds)** are lower-rated securities that may have a higher degree of credit and liquidity risk. **Sovereign debt securities** are subject to default risk. **Mortgage- and asset-backed securities** are sensitive to early prepayment risk and a higher risk of default and may be hard to value and difficult to sell (**liquidity risk**). They are also subject to credit, market, and interest rate risks. The **currency market** is highly volatile. Prices in these markets are influenced by, among other things, changing supply and demand for a particular currency; trade; fiscal, money and domestic or foreign exchange control programs and policies; and changes in domestic and foreign interest rates. Investments in **foreign markets** entail special risks such as currency, political, economic and market risks. The risks of investing in **emerging market** countries are greater than the risks generally associated with foreign investments. **Derivative instruments** may disproportionately increase losses and have a significant impact on performance. They also may be subject to counterparty, liquidity, valuation, and correlation and market risks. **Restricted and illiquid securities** may be more difficult to sell and value than publicly traded securities (liquidity risk). Due to the possibility that prepayments will alter the cash flows on **collateralized mortgage obligations (CMOs)**, it is not possible to determine in advance their final maturity date or average life. In addition, if the collateral securing the CMOs or any third-party guarantees are insufficient to make payments,

The views and opinions expressed are those of the Portfolio Management team as of August 2026 and are subject to change based on market, economic and other conditions. Data sourced from Bloomberg as of July 31, 2026 unless otherwise stated. **Past performance is not indicative of future results.**

the portfolio could sustain a loss. Investing in companies in anticipation of a catalyst event, such as **AI adoption**, carries the risk that such catalysts may not occur, may be delayed, or that the market may react differently than expected. Companies focused on AI may have limited product lines, markets or financial resources, and their management and performance may be particularly impacted by events that adversely affect AI adoption, such as rapid changes in product technology cycles, product obsolescence, government regulation, cybersecurity concerns and competition.

DEFINITIONS

Basis point (bp): One basis point = 0.01%.

INDEX DEFINITIONS

The indexes shown in this report are not meant to depict the performance of any specific investment, and the indexes shown do not include any expenses, fees, or sales charges, which would lower performance. The indexes shown are unmanaged and should not be considered an investment. It is not possible to invest directly in an index.

"Bloomberg®" and the Bloomberg Index/Indices used are service marks of Bloomberg Finance L.P. and its affiliates and have been licensed for use for certain purposes by Morgan Stanley Investment Management (MSIM). Bloomberg is not affiliated with MSIM, does not approve, endorse, review, or recommend any product, and does not guarantee the timeliness, accurateness, or completeness of any data or information relating to any product.

The **Bloomberg Euro Aggregate Corporate Index (Bloomberg Euro IG Corporate)** is an index designed to reflect the performance of the euro-denominated investment-grade corporate bond market.

The **Bloomberg Global Aggregate Corporate Index** is the corporate component of the Bloomberg Global Aggregate index, which provides a broad-based measure of the global investment-grade fixed income markets.

The **Bloomberg US Corporate High Yield Index** measures the market of USD-denominated, non-investment grade, fixed-rate, taxable corporate bonds. Securities are classified as high yield if the middle rating of Moody's, Fitch, and S&P is Ba1/BB+/BB+ or below. The index excludes emerging market debt.

The **Bloomberg US Corporate Index** is a broad-based benchmark that measures the investment grade, fixed-rate, taxable, corporate bond market.

The **Bloomberg US Mortgage-Backed Securities (MBS) Index** tracks agency mortgage-backed pass-through securities (both fixed-rate and hybrid ARM) guaranteed by Ginnie Mae (GNMA), Fannie Mae (FNMA) and Freddie Mac (FHLMC). The index is constructed by grouping individual TBA-deliverable MBS pools into aggregates or generics based on program, coupon, and vintage. Introduced in 1985, the GNMA, FHLMC and FNMA fixed-rate indexes for 30- and 15-year securities were backdated to January 1976, May 1977, and November 1982, respectively. In April 2007, agency hybrid adjustable-rate mortgage (ARM) pass-through securities were added to the index.

Consumer Price Index (CPI) is a measure that examines the weighted average of prices of a basket of consumer goods and services, such as transportation, food, and medical care.

Euro vs. USD—Euro total return versus U.S. dollar.

German 10YR bonds—Germany Benchmark 10-Year Datastream Government Index; **Japan 10YR government bonds**—Japan Benchmark 10-Year Datastream Government Index; and **10YR US Treasury**—US Benchmark 10-Year Datastream Government Index.

The **ICE BofAML European Currency High-Yield Constrained Index (ICE BofAML Euro HY constrained)** is designed to track the performance of euro- and British pound sterling-denominated below investment-grade corporate debt publicly issued in the Eurobond, sterling.

The **ICE BofAML US Mortgage-Backed Securities (ICE BofAML US Mortgage Master) Index** tracks the performance of US dollar-denominated, fixed-rate and hybrid residential mortgage pass-through securities publicly issued by US agencies in the US domestic market.

The **ICE BofAML US High Yield Master II Constrained Index (ICE BofAML US High Yield)** is a market value-weighted index of all domestic and Yankee high-yield bonds, including deferred-interest bonds and payment-in-kind securities. Its securities have maturities of one year or more and a credit rating lower than BBB-/Baa3 but are not in default.

The **ISM Manufacturing Index** is based on surveys of more than 300 manufacturing firms by the Institute of Supply Management. The ISM Manufacturing Index monitors employment, production inventories, new orders, and supplier deliveries. A composite diffusion index is created that monitors conditions in national manufacturing based on the data from these surveys.

Italy 10-Year Government Bonds—Italy Benchmark 10-Year Datastream Government Index.

The **JP Morgan CEMBI Broad Diversified Index** is a global, liquid corporate emerging markets benchmark that tracks US-denominated corporate bonds issued by emerging markets entities.

The **JPMorgan Government Bond Index**—emerging markets (**JPM local EM debt**) tracks local currency bonds issued by emerging market governments. The index is positioned as the investable benchmark that includes only those countries that are accessible by most of the international investor base (excludes China and India as of September 2013).

The **JPMorgan Government Bond Index Emerging Markets (JPM External EM Debt)** tracks local currency bonds issued by emerging market governments. The index is positioned as the investable benchmark that includes only those countries that are accessible by most of the international investor base (excludes China and India as of September 2013).

The **JP Morgan Emerging Markets Bond Index Global (EMBI Global)** tracks total returns for traded external debt instruments in the emerging markets and is an expanded version of the EMBI+. As with the EMBI+, the EMBI Global includes US dollar-denominated Brady bonds, loans, and Eurobonds with an outstanding face value of at least $500 million.

The **JP Morgan GBI-EM Global Diversified Index** is a market-capitalization weighted, liquid global benchmark for US-dollar corporate emerging market bonds representing Asia, Latin America, Europe, and the Middle East/Africa.

JPY vs. USD—Japanese yen total return versus US dollar.

The **Markit ITraxx Europe Index** comprises 125 equally weighted credit default swaps on investment grade European corporate entities, distributed among 4 sub-indices: Financials (Senior & Subordinated), Non-Financials and HiVol.

The **Nikkei 225 Index (Japan Nikkei 225)** is a price-weighted index of Japan's top 225 blue-chip companies on the Tokyo Stock Exchange.

The **MSCI AC Asia ex-Japan Index (MSCI Asia ex-Japan)** captures large- and mid-cap representation across two of three developed markets countries (excluding Japan) and eight emerging markets countries in Asia.

The **MSCI All Country World Index (ACWI, MSCI global equities)** is a free float-adjusted market capitalization weighted index designed to measure the equity market performance of developed and emerging markets. The term "free float" represents the portion of shares outstanding that are deemed to be available for purchase in the public equity markets by investors. The performance of the Index is listed in US dollars and assumes reinvestment of net dividends.

MSCI Emerging Markets Index (MSCI emerging equities) captures large- and mid-cap representation across 23 emerging markets (EM) countries.

The **MSCI World Index (MSCI developed equities)** captures large and mid-cap representation across 23 developed market (DM) countries.

Purchasing Managers Index (PMI) is an indicator of the economic health of the manufacturing sector.

The **Refinitiv Convertible Global Focus USD Hedged Index** is a market weighted index with a minimum size for inclusion of $500 million (US), 200 million (Europe), 22 billion Yen, and $275 million (Other) of Convertible Bonds with an Equity Link.

The **Russell 2000® Index** is an index that measures the performance of the 2,000 smallest companies in the Russell 3000 Index.

The **S&P 500® Index (US S&P 500)** measures the performance of the large-cap segment of the US equities market, covering approximately 75 percent of the US equities market. The index includes 500 leading companies in leading industries of the U.S. economy.

The views and opinions expressed are those of the Portfolio Management team as of August 2026 and are subject to change based on market, economic and other conditions. Data sourced from Bloomberg as of July 31, 2026 unless otherwise stated. **Past performance is not indicative of future results.**

S&P CoreLogic Case-Shiller US National Home Price NSA Index seeks to measure the value of residential real estate in 20 major US metropolitan areas: Atlanta, Boston, Charlotte, Chicago, Cleveland, Dallas, Denver, Detroit, Las Vegas, Los Angeles, Miami, Minneapolis, New York, Phoenix, Portland, San Diego, San Francisco, Seattle, Tampa and Washington, D.C.

The **S&P/LSTA US Leveraged Loan 100 Index (S&P/LSTA Leveraged Loan Index)** is designed to reflect the performance of the largest facilities in the leveraged loan market.

The **S&P GSCI Copper Index (Copper)**, a sub-index of the S&P GSCI, provides investors with a reliable and publicly available benchmark for investment performance in the copper commodity market.

The **S&P GSCI Softs (GSCI soft commodities) Index** is a sub-index of the S&P GSCI that measures the performance of only the soft commodities, weighted on a world production basis. In 2012, the S&P GSCI Softs Index included the following commodities: coffee, sugar, cocoa, and cotton.

Spain 10-Year Government Bonds—Spain Benchmark 10-Year Datastream Government Index.

The **Thomson Reuters Convertible Global Focus USD Hedged Index** is a market weighted index with a minimum size for inclusion of $500 million (US), 200 million euro (Europe), 22 billion yen, and $275 million (Other) of convertible bonds with an equity link.

U.K. 10YR government bonds—U.K. Benchmark 10-Year Datastream Government Index. For the following Datastream government bond indexes, benchmark indexes are based on single bonds. The bond chosen for each series is the most representative bond available for the given maturity band at each point in time. Benchmarks are selected according to the accepted conventions within each market. Generally, the benchmark bond is the latest issue within the given maturity band; consideration is also given to yield, liquidity, issue size and coupon.

The **US Dollar Index (DXY)** is an index of the value of the United States dollar relative to a basket of foreign currencies, often referred to as a basket of US trade partners' currencies.

The **Chicago Board Options Exchange (CBOE) Market Volatility (VIX) Index** shows the market's expectation of 30-day volatility.

IMPORTANT INFORMATION

There is no guarantee that any investment strategy will work under all market conditions, and each investor should evaluate their ability to invest for the long-term, especially during periods of downturn in the market.

A separately managed account may not be appropriate for all investors. Separate accounts managed according to the particular strategy may include securities that may not necessarily track the performance of a particular index. Please consider the investment objectives, risks and fees of the Strategy carefully before investing. A minimum asset level is required. For important information about the investment managers, please refer to Form ADV Part 2.

The views and opinions and/or analysis expressed are those of the author or the investment team as of the date of preparation of this material and are subject to change at any time without notice due to market or economic conditions and may not necessarily come to pass. Furthermore, the views will not be updated or otherwise revised to reflect information that subsequently becomes available or circumstances existing, or changes occurring, after the date of publication. The views expressed do not reflect the opinions of all investment personnel at Morgan Stanley Investment Management (MSIM) and its subsidiaries and affiliates (collectively "the Firm") and may not be reflected in all the strategies and products that the Firm offers.

Forecasts and/or estimates provided herein are subject to change and may not actually come to pass. Information regarding expected market returns and market outlooks is based on the research, analysis and opinions of the authors or the investment team. These conclusions are speculative in nature, may not come to pass and are not intended to predict the future performance of any specific strategy or product the Firm offers. Future results may differ significantly depending on factors such as changes in securities or financial markets or general economic conditions.

This material has been prepared on the basis of publicly available information, internally developed data and other third-party sources believed to be reliable. However, no assurances are provided regarding the reliability of such information and the Firm has not sought to independently verify information taken from public and third-party sources.

This material is a general communication, which is not impartial, and all information provided has been prepared solely for informational and educational purposes and does not constitute an offer or a recommendation to buy or sell any particular security or to adopt any specific investment strategy. The information herein has not been based on a consideration of any individual investor circumstances and is not investment advice, nor should it be construed in any way as tax, accounting, legal or regulatory advice. To that end, investors should seek independent legal and financial advice, including advice as to tax consequences, before making any investment decision.

Charts and graphs provided herein are for illustrative purposes only. **Past performance is no guarantee of future results.**

The indexes are unmanaged and do not include any expenses, fees, or sales charges. It is not possible to invest directly in an index. Any index referred to herein is the intellectual property (including registered trademarks) of the applicable licensor. Any product based on an index is in no way sponsored, endorsed, sold, or promoted by the applicable licensor and it shall not have any liability with respect thereto.

This material is not a product of Morgan Stanley's Research Department and should not be regarded as a research material or a recommendation.

The Firm has not authorized financial intermediaries to use and to distribute this material unless such use and distribution is made in accordance with applicable law and regulation. Additionally, financial intermediaries are required to satisfy themselves that the information in this material is appropriate for any person to whom they provide this material in view of that person's circumstances and purpose. The Firm shall not be liable for, and accepts no liability for, the use or misuse of this material by any such financial intermediary.

This material may be translated into other languages. Where such a translation is made this English version remains definitive. If there are any discrepancies between the English version and any version of this material in another language, the English version shall prevail.

Eaton Vance is part of Morgan Stanley Investment Management. Morgan Stanley Investment Management is the asset management division of Morgan Stanley.

DISTRIBUTION

This material is only intended for and will only be distributed to persons resident in jurisdictions where such distribution or availability would not be contrary to local laws or regulations.

MSIM, the asset management division of Morgan Stanley (NYSE: MS), and its affiliates have arrangements in place to market each other's products and services. Each MSIM affiliate is regulated as appropriate in the jurisdiction it operates. MSIM's affiliates are: Calvert Research and Management, Eaton Vance Management, Parametric Portfolio Associates LLC, Parametric SAS, and Atlanta Capital Management LLC.

This material has been issued by any one or more of the following entities:

EMEA

This material is for Professional Clients/Accredited Investors only.

Dubai International Financial Centre: This information does not constitute or form part of any offer to issue or sell, , any investment products in the UAE (including the Dubai International Financial Centre and the Abu Dhabi Global Market) and accordingly should not be construed as such. The content of this report has not been approved by or filed with the UAE Central Bank, the Dubai Financial Services Authority, the UAE Securities and Commodities Authority or the Financial Services Regulatory Authority.

Abu Dhabi Global Market ("ADGM"): This material is sent strictly within the context of, and constitutes, an Exempt Communication. This material relates to (strategy) which is not subject to any form of regulation or approval by the Financial Services Regulatory Authority of the Abu Dhabi Global Market (the "FSRA").

SAUDI ARABIA

This financial promotion was issued and approved for use in Saudi Arabia by Morgan Stanley Saudi Arabia, Al Rashid Tower, Kings Sand

The views and opinions expressed are those of the Portfolio Management team as of August 2026 and are subject to change based on market, economic and other conditions. Data sourced from Bloomberg as of July 31, 2026 unless otherwise stated. **Past performance is not indicative of future results.**

Street, Riyadh, Saudi Arabia, authorized and regulated by the Capital Market Authority license number 06044-37.

US

NOT FDIC INSURED. OFFER NO BANK GUARANTEE. MAY LOSE VALUE. NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY. NOT A DEPOSIT.

LATIN AMERICA (BRAZIL, CHILE COLOMBIA, MEXICO, PERU, AND URUGUAY)

This material is for use with an institutional investor or a qualified investor only. All information contained herein is confidential and is for the exclusive use and review of the intended addressee and may not be passed on to any third party. This material is provided for informational purposes only and does not constitute a public offering, solicitation, or recommendation to buy or sell for any product, service, security and/or strategy. A decision to invest should only be made after reading the strategy documentation and conducting in-depth and independent due diligence.

ASIA PACIFIC

Hong Kong: This material is disseminated by Morgan Stanley Asia Limited for use in Hong Kong and shall only be made available to "professional investors" as defined under the Securities and Futures Ordinance of Hong Kong (Cap 571). The contents of this material have not been reviewed nor approved by any regulatory authority including the Securities and Futures Commission in Hong Kong. Accordingly, save where an exemption is available under the relevant law, this material shall not be issued, circulated, distributed, directed at, or made available to, the public in Hong Kong. **Singapore**: This material is disseminated in Singapore by Morgan Stanley Investment Management Company, Registration No. 199002743C. This material should not be considered to be the subject of an invitation for subscription or purchase, whether directly or indirectly, to the public or any member of the public in Singapore other than (i) to an institutional investor under section 304 of the Securities and Futures Act, Chapter 289 of Singapore ("SFA"), (ii) to a "relevant person" (which includes an accredited investor) pursuant to section 305 of the SFA, and such distribution is in accordance with the conditions specified in section 305 of the SFA; or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA. This material has not been reviewed by the Monetary Authority of Singapore. **Australia**: This material is provided by Morgan Stanley Investment Management (Australia) Pty Ltd ABN 22122040037, AFSL No. 314182 and its affiliates and does not constitute an offer of interests. Morgan Stanley Investment Management (Australia) Pty Limited arranges for MSIM affiliates to provide financial services to Australian wholesale clients. Interests will only be offered in circumstances under which no disclosure is required under the Corporations Act 2001 (Cth) (the "Corporations Act"). Any offer of interests will not purport to be an offer of interests in circumstances under which disclosure is required under the Corporations Act and will only be made to persons who qualify as a "wholesale client" (as defined in the Corporations Act). This material will not be lodged with the Australian Securities and Investments Commission.

JAPAN

For professional investors, this material is circulated or distributed solely for informational purposes. For non-professional investors, this material is provided in connection with Morgan Stanley Investment Management (Japan) Co., Ltd. ("MSIMJ")'s business with respect to discretionary investment management agreements ("IMA") and investment advisory agreements ("IAA"). This does not constitute a recommendation or solicitation of transactions nor offers any particular financial instruments. Under an IMA, with respect to the management of client assets, the client prescribes basic management policies in advance and commissions MSIMJ to make all investment decisions based on an analysis of the value, etc. of the securities, and MSIMJ accepts such commission. The client shall delegate to MSIMJ the authorities necessary to make such investment decisions. MSIMJ exercises these delegated authorities accordingly, and the client shall not make individual instructions. All investment profits and losses belong to the clients; principal is not guaranteed. Please consider the investment objectives and nature of risks before investing. As an investment advisory fee for an IAA or an IMA, the amount of assets subject to the contract multiplied by a certain rate (the upper limit is 2.20% per annum (including tax)) shall be incurred in proportion to the contract period. For some strategies, a contingency fee may be incurred in addition to the fee mentioned above. Indirect charges also may be incurred, such as brokerage commissions for underlying securities. Since these charges and expenses vary by contract and other factors, MSIMJ cannot present the rates, upper limits, etc. in advance. All clients should read thoroughly the Documents Provided Prior to the Conclusion of a Contract carefully before executing an agreement. This material is distributed in Japan by MSIMJ, Registered No. 410 (Director of Kanto Regional Finance Bureau (Financial Instruments Firms)), Membership: the Japan Securities Dealers Association, the Investment Management Association of Japan and the Type II Financial Instruments Firms Association.

RO 5826779 Exp. 31/08/2027 13/08/2026 26Q30255_KC_0826 A4