



SALES AND MARKETING ROUNDTABLE #266

Morgan Stanley's Wealth Management Perspectives

with Ryan Young

Thank you to everyone who attended our latest Sales and Marketing Roundtable!

NOTE: To provide anonymity during the Roundtable discussion, participants and their communities will not be identified.

ABOUT OUR GUEST

This week on Varsity's Roundtable, we were joined by Ryan Young, Vice President and Financial Advisor with the SY Group at Morgan Stanley. Ryan unpacked the latest market forces impacting the senior living space, including inflation dynamics, employment trends, and how economic policy may influence both investment and development outlooks.

He also shared Morgan Stanley's perspectives on potential market scenarios for the rest of 2025, offering a deeper understanding of equity performance, sector valuations, interest rate shifts, and the global economic landscape.



FRESH PERSPECTIVES

- **NEW LEGISLATION DEMANDS NEW STRATEGY** – Policy shifts like the "big beautiful bill" could impact Medicaid reimbursements, labor costs, and philanthropy. Organizations need to assess how these changes will affect reserves and start adapting now—before financial pressures hit home.
- **DIVERSIFICATION ISN'T JUST SMART—IT'S CRITICAL** – A handful of tech giants are driving market performance, but that kind of concentration is risky. For nonprofits and institutions, a well-balanced portfolio offers a safer path through uncertainty.
- **RESERVES NEED TO BE STRESS-TESTED** – With rising costs, potential funding cuts, and donor fatigue, organizations should model out their reserves over the next 10–20 years. The goal: ensure long-term sustainability while staying true to your mission.
- **MARKET VOLATILITY IS HERE TO STAY** – We've seen three bear markets in five years—two of them short but dramatic. The lesson? Financial planning must account for fast-moving downturns and equally swift rebounds.
- **TARIFFS COULD STIR UP SURPRISE INFLATION** – Businesses are bracing for the ripple effects of delayed tariffs. While inflation hasn't hit hard yet, it's likely coming. The challenge is predicting when and where it shows up.
- **RATE PRESSURE IS HITTING SENIOR LIVING HARD** – High interest rates are making it tough to invest in or expand senior living facilities. Relief could come if rates drop, but for now, real estate and healthcare remain under financial strain.

LINKS & CONTACT INFO

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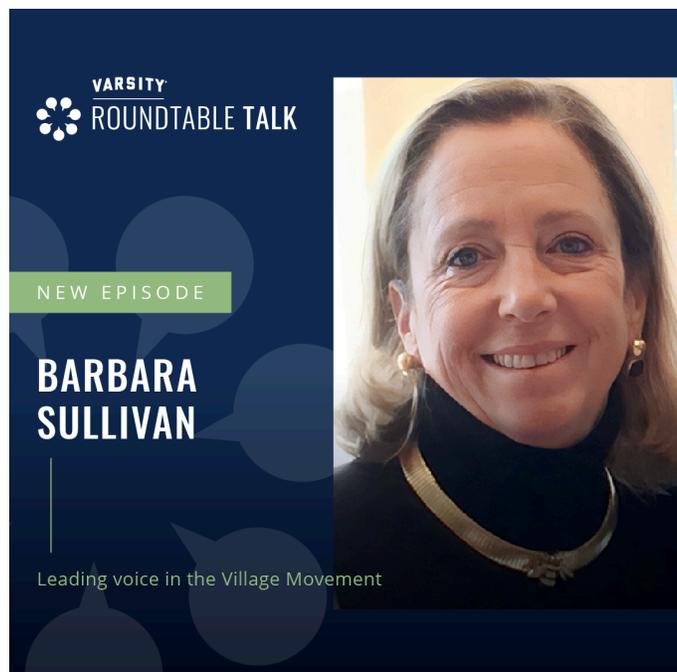
COMING UP ON VARSITY'S ROUNDTABLE!

Please join our next Roundtable gathering on Thursday, July 24 at 12 p.m. ET, 11 a.m. CT and 9 a.m. PT. We'll be joined by Zack Collevecchio, Senior Data Analyst from WildFig and Pavone Group. Zack will discuss how AI is transforming SEO and pay-per-click (PPC) advertising.

NEW ON VARSITY'S PODCAST, ROUNDTABLE TALK

The most recent episode of Varsity's podcast, Roundtable Talk, features a conversation with Barbara Sullivan, National Director of the Village to Village Network. With a background in long-term care and nonprofit leadership, Barbara has been a key force behind the village movement, which helps older adults age in place with community support.

Podcast host Derek Dunham and Barbara discuss how villages serve the "missing middle," the vital role of volunteers, and creative partnerships with senior living, healthcare, and faith-based groups. Barbara also shares how villages combat social isolation and her vision to expand the movement nationwide. Check it out on the [Roundtable Talk page](#) of the Varsity website!



1. “One Big Beautiful Bill Act” (OBBBA) Pertinent Overview
2. Highlight: Reserves & Benevolent Fund Impact
3. Strategic Considerations
4. Market Outlook and Policy Impact
5. Symposium Invitation

Ryan kicked things off by sharing that he works between two teams—one focused on institutional investments and the other on private wealth—so he’s familiar with CCRCs and in-home care clients. His goal for the session was to dig into what he calls the “big beautiful bill” (officially the One Big Beautiful Bill Act) and pull out some useful, timely insights.

Ryan will highlight key pieces that could impact CCRCs and in-home care organizations. Much of the info is state-specific, so more research would be needed for the nitty-gritty. But overall, he framed the conversation around how these changes could affect things like reserve spending, benevolent funds and long-term financial planning, with a deeper dive into that last piece to come.

1. Medicaid Reform: Tighter Eligibility & Reduced Access
2. Labor & Staffing Pressures
3. Healthcare Reimbursements
4. Tax Reform for Nonprofits
5. Reserves & Benevolent Fund Management Risks

One of the big takeaways Ryan shared was around Medicaid reform. Specifically, tighter eligibility and likely reimbursement cuts in the 12–15% range, though this varies by state. With the move toward block grants, state budgets could be squeezed even more, and creative tax strategies (like speed cameras) might crop up to help fill gaps.

He also flagged concerns around labor and staffing, especially with immigration shifts and increased competition for workers, particularly in sectors like veteran services. There’s also potential for a dip in philanthropic giving due to higher SALT deductions, something not-for-profits should keep an eye on. Add in rising inflation and budget stress, and Ryan encouraged everyone to consider how all of this might affect reserve use and financial planning.

1. Tighter Medicaid may increase financial strain on residents.
2. Block grants could limit federal funding, forcing states to lower provider reimbursement.
3. Weakened giving incentive with income-based caps on deductibility.
4. Copays and uncovered services raise out-of-pocket costs.



Pressure for Higher Reserve & Benevolent Fund Utilization

Ryan emphasized that the real question is how these changes will impact each organization and how leaders are preparing to respond. Between tighter Medicaid rules, financial strain on residents, and shifting reimbursement responsibilities to the states, organizations may feel more pressure to tap into reserves or benevolent funds. Add in reduced giving incentives, and it's clear that smart planning and adaptability will be key moving forward.

1. Audit Medicaid eligibility workflows to avoid gaps in resident care.
2. Evaluate labor models and immigration compliance risks.
3. Seek State-specific funding considerations.
4. Stress-test budgets & reserves.
5. Strengthen resident aid/benevolent fund policies to prepare for greater demand.

With all these moving parts, Ryan encouraged everyone to start asking the big question: what do we do now? While nobody has a crystal ball, he recommended a few practical steps, starting with auditing your Medicaid eligibility workflow to avoid care gaps and mapping out how residents might be affected. He also suggested reviewing workforce and immigration compliance, just in case those changes impact hiring.

Most importantly, he emphasized stress-testing your budgets and reserves over a 10–20 year window. That includes factoring in potential increases in expenses, reduced philanthropic giving, and the ripple effects on benevolent funds. The message was clear: start planning now, even if the full picture isn't clear yet, so you're better positioned to adapt as things evolve.

Wealth Management Perspectives



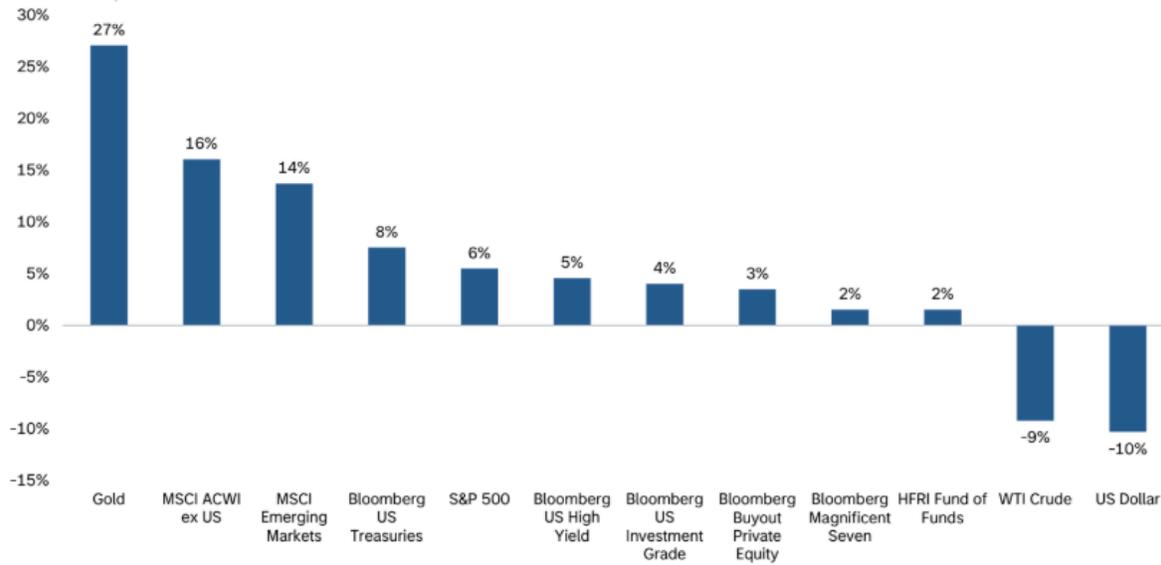
To put things into perspective, Ryan took everyone back to early 2020 and the onset of COVID. Since then, instead of the usual one bear market every four to five years, we've seen three in just five. Much of the market's rollercoaster ride—both the downturns and the rebounds—has been driven by big tech stocks.

He pointed out that while the headlines often focus on the S&P 500, most of that movement has been concentrated in just a handful of companies. For example, during the 2022 downturn, the tech giants lost over 40%, while the other 493 companies in the index were only down about 6.5%. That trend of tech driving the market continues into this year.

A Wild First Half of 2025

FIRST HALF OF 2025 YEAR-TO-DATE PERFORMANCE BY ASSET CLASS

AS OF JUNE 30, 2025



Source: Morgan Stanley Wealth Management GIO, Bloomberg.

Past performance is no guarantee of future results. Estimates of future performance are based on assumptions that may not be realized. This material is not a solicitation of any offer to buy or sell any security or other financial instrument or to participate in any trading strategy. Please refer to important information, disclosures and qualifications at the end of this material.

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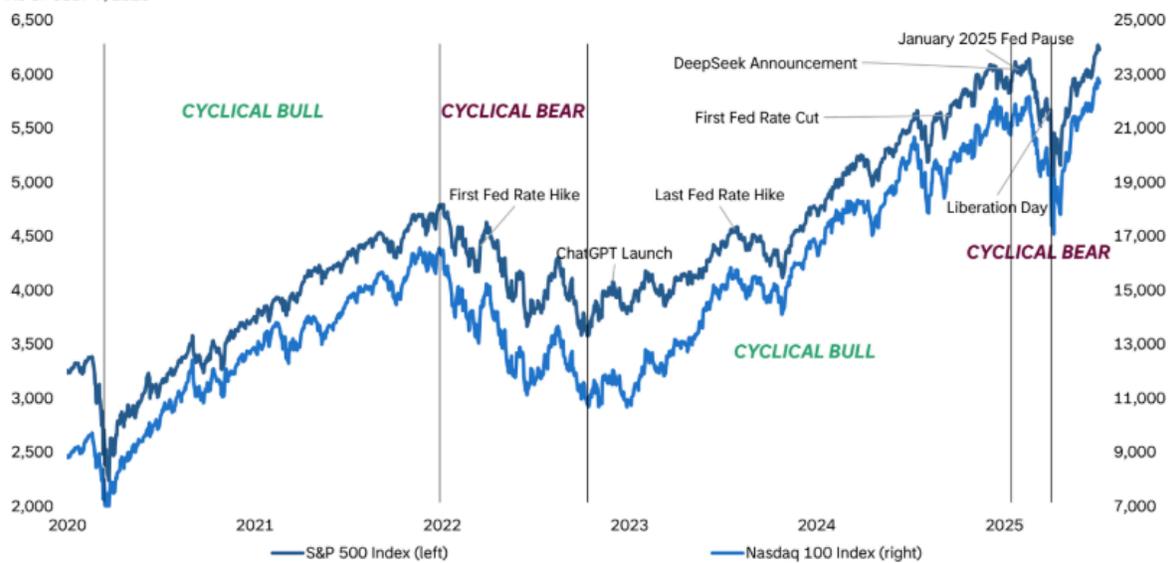
Looking at the markets this year, Ryan noted that the S&P 500 hit another all-time high but that's , only part of the story. Gold has seen a strong run-up, often a sign that investors are nervous about economic conditions ahead. Meanwhile, international markets are quietly making a comeback, outperforming the U.S. through the first half of the year for the first time in over a decade.

All of this, Ryan said, underscores a growing case for diversification, especially for organizations managing reserves or benevolent funds. With the likelihood of needing to tap into those funds increasing, it may be time to reassess investment strategies beyond the usual tech-heavy U.S. market focus.

The Post “Liberation Day” Bear Market Was Short-Lived: Round-Trip Has Been Extreme; New Bull?

S&P 500 INDEX VS. NASDAQ 100 INDEX

AS OF JULY 7, 2025



Source: Morgan Stanley Wealth Management GIO, Bloomberg.

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Ryan wrapped up his market overview by highlighting the three bear markets we've experienced in just five years—2020, 2022, and earlier this year. While the 2022 downturn lingered for several months, the other two were sharp but short-lived, with markets rebounding to new highs within just a few months.

The takeaway? Volatility is the new normal, and these quick swings—both down and up—emphasize the need for flexible, forward-looking financial planning, especially for organizations that may rely more heavily on reserves in the near future.

NASDAQ and Mag 7 Have Led the Rebound

EQUITY PERFORMANCE

AS OF JULY 7, 2025



Source: Morgan Stanley Wealth Management GIO, Bloomberg.

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S&P 500 CURRENT AND HISTORICAL VALUATIONS

AS OF JULY 7, 2025

Sector	Performance Year-to-Date	Forward P/E at 52-Week High	Forward P/E on April 8	Current Forward P/E	25-Year Average
S&P 500	5.9%	22.3x	18.1x	22.3x	16.6x
Nasdaq 100	8.0%	27.1x	20.8x	27.1x	21.9x
Bloomberg Magnificent Seven	0.8%	31.1x	22x	28x	28.1x
Information Technology	8.5%	29.9x	21.1x	29.8x	20.1x
Industrials	12.6%	24.4x	19.4x	24.4x	17.2x
Financials	8.9%	17.5x	14.7x	17.5x	12.9x
Materials	7.6%	21.4x	17.4x	21.1x	16.4x
Consumer Staples	5.7%	22.3x	20.4x	22.2x	17.6x
Consumer Discretionary	-4.1%	27.7x	20.8x	25.9x	20.2x
Communications	9.3%	17.8x	16.1x	18.5x	15.6x
Health Care	-2.4%	20x	16.0x	16.4x	16.4x
Utilities	7.9%	18.8x	16.3x	17.7x	15.3x
Real Estate	1.6%	39.6x	33.0x	36.8x	39.8x
Energy	0.6%	15.1x	12.5x	15.2x	24.8x

Ryan pointed out that much of the market's movement lately has been driven by the "MAG 7"—mega-cap tech stocks like Nvidia, Google, Apple, Tesla, Meta, and others. These companies are so large that they now make up over 30% of the S&P 500 index, which creates a concentration risk. In other words, if just a few of them take a hit, it can drag down the entire index.

He compared this to the dot-com bubble, where overreliance on tech stocks led to major losses. For organizations relying on reserve or benevolent funds, that's a big concern. If you're heavily invested in those same stocks and the market drops, it could directly affect your ability to cover expenses or provide support. Ryan stressed the importance of diversification and regularly reviewing asset allocation to manage that risk, especially as policy changes could increase your need to dip into those reserves.

Multiple Expansion Driving Gains in Mega Caps

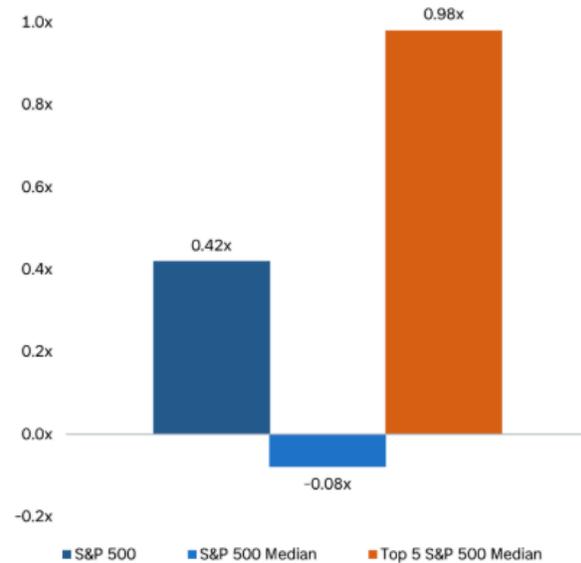
FORWARD PRICE-TO-EARNINGS MULTIPLE

AS OF JUNE 30, 2025



YEAR-TO-DATE CHANGE IN FORWARD PRICE-TO-EARNINGS

AS OF JUNE 30, 2025



Source: Morgan Stanley Wealth Management GIO, Strategas.

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Ryan wrapped things up by explaining a key concern with today's market: stock prices—especially for big tech—are rising faster than the companies' earnings. While these aren't bad companies (in fact, they have strong balance sheets and solid cash flow), that disconnect between price and performance adds risk.

He wasn't predicting a crash, but flagged that this imbalance could lead to a tech sell-off or a catch-up from the rest of the market. Either way, his main message was clear: stay diversified. Especially for nonprofit and institutional clients, chasing tech-heavy gains can be risky, and managing that exposure thoughtfully is critical in today's environment.

With Median Stock Materially Underperforming

EQUAL-WEIGHTED S&P 500 INDEX RELATIVE TO MARKET CAP-WEIGHTED S&P 500 INDEX

AS OF JULY 7, 2025



Source: Morgan Stanley Wealth Management GIO, Bloomberg.

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Ryan pointed to how the rest of the S&P 500—the “other 493” companies—have significantly underperformed since 2022, while just seven mega-cap tech stocks have done most of the heavy lifting. That kind of imbalance reinforces his earlier point: the market’s recent gains aren’t as broad-based as they might seem, which is all the more reason to stay diversified.

New Bull Market Thesis: Inflation Risk Overblown

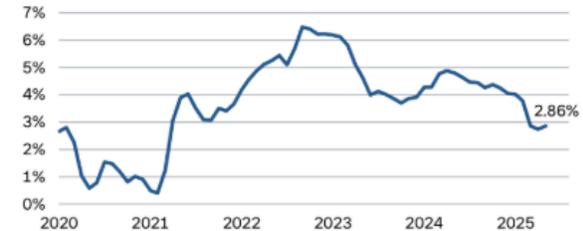
WTI CRUDE OIL FUTURES, AUGUST 2025 EXPIRY

AS OF JULY 7, 2025



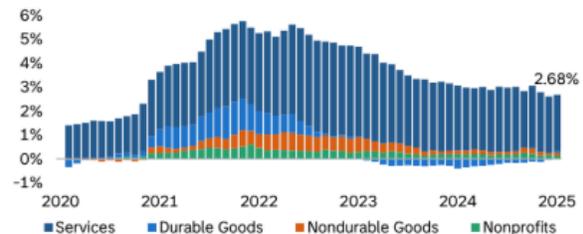
SUPERCORE CPI, YEAR-OVER-YEAR CHANGE

AS OF MAY 31, 2025



CONTRIBUTIONS TO US CORE PCE, YEAR-OVER-YEAR CHANGE

AS OF MAY 31, 2025



Source: Morgan Stanley Wealth Management GIO, Bloomberg.

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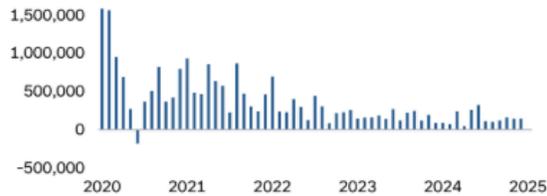
Looking ahead, Ryan pointed to tariffs as a big unknown. Although implementation keeps getting delayed, companies have already started frontloading inventory to get ahead of them, which has affected GDP growth and may be keeping inflation in check—for now.

At the same time, the government is in a tight spot. It needs to refinance \$9.2 trillion in debt this year, and lower interest rates would help—but the Fed hasn't cut rates yet. That's because the economy is still relatively strong: unemployment is low, jobless claims are improving, and inflation pressure from tariffs remains a concern. So, while a rate cut could come soon, a major shift doesn't look likely just yet.

Fed Is Boxed in... Unemployment Anchored

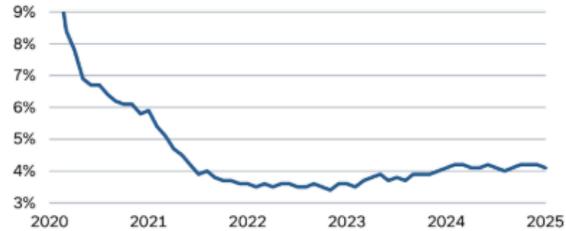
US EMPLOYEES ON NONFARM PAYROLLS, MONTHLY CHANGE

AS OF JUNE 30, 2025
2,000,000



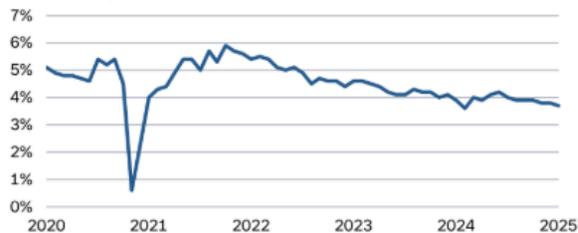
U-3 US UNEMPLOYMENT RATE

AS OF JUNE 30, 2025



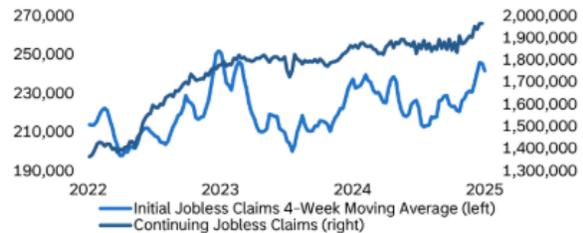
AVERAGE HOURLY EARNINGS, YEAR-OVER-YEAR CHANGE

AS OF MAY 31, 2025



US INITIAL AND CONTINUING JOBLESS CLAIMS

AS OF JUNE 27, 2025



Source: Morgan Stanley Wealth Management GIO, Bloomberg.

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Ryan closed by highlighting the current strength of the job market and why that, along with inflation concerns tied to tariffs, has the Fed holding off on rate cuts. While inflation hasn't clearly shown up yet, he noted it's coming. We just don't know where it'll hit or who will feel it first: U.S. consumers or global markets.

Bringing it all full circle, Ryan urged attendees to think carefully about how new legislation, economic uncertainty, and market volatility could impact their organizations—especially in the CCRC and in-home care space. His advice? Get ahead of it. Review and adjust reserve strategies now to avoid tough decisions later that could affect care or services. As he put it, protecting your mission is the top priority.

SAVE THE DATE

Wednesday, October 22, 2025
7:30 am – 1:00 pm

The Maryland Club
1 East Eager Street, Baltimore, MD 21202

Hosted by
The J.K. Meek Group
at Graystone Consulting

<https://graystone.morganstanley.com/the-j-k-meek-group-at-graystone-consulting>

Graystone Consulting
from Morgan Stanley

17th Annual Fall Investment Symposium
We will be joined by guest speakers such as Joe Zidle, Chief Investment Strategist at Blackstone, to discuss Current Market Trends. See upcoming invitation for more details.

<p>James K. Meek, CIMA® Managing Director, Wealth Management Institutional Consulting Director</p> <p>Allan D. House Vice President, Wealth Management Institutional Consultant</p> <p>Paul D. Gladkowski Financial Advisor</p>	<p>Russell M. LaGreca, CFP®, CIMA®, CRPS® Senior Vice President, Wealth Management Institutional Consultant Corporate Retirement Director</p> <p>David P. Murphy Senior Vice President, Wealth Management Portfolio Management Director Financial Advisor</p>
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Before wrapping up, Ryan shared a save-the-date for his team’s annual fall symposium, happening Wednesday, October 22, from 10:30 AM to 1 PM (ET) in Baltimore with a free Zoom option for virtual attendees. This year’s lineup includes some exciting topics, including a session on humanoid robots and the future of technology.

QUESTIONS

CAN YOU EXPLAIN BEAR MARKET?

Ryan explained that a bear market is when the S&P 500—a key index tracking the 500 largest U.S. companies—drops 20% or more from its peak. It's a sharp market decline, but it's not the same as a recession.

While a recession is defined by negative economic growth (measured by GDP), a bear market doesn't always mean the economy is in recession. For example, 2022 saw a bear market without a formal recession, even though GDP dipped for two quarters.

WHAT ARE YOUR THOUGHTS ON HEALTHCARE STOCKS AND SENIOR LIVING?

Ryan explained that commercial real estate, including senior living, is feeling pressure from high interest rates, particularly when it comes to new acquisitions. Because this sector is closely tied to long-term interest rates, any future rate cuts could provide some relief.

He also pointed out that while short-term rates have been rising, long-term rates (which affect real estate financing more directly) have remained relatively stable. Still, with no major rate cuts on the horizon, that financial pressure is likely to stick around for a while, making it a tough environment for healthcare and senior living investments.