Vantage Point

Vantage Point is **your trusted source** for carefully selected research and insights. In this series, our team of analysts curates a relevant report to help you navigate the ever-changing financial landscape with confidence.

Vantage Capital

PURPOSE-DRIVEN WEALTH MANAGEMENT

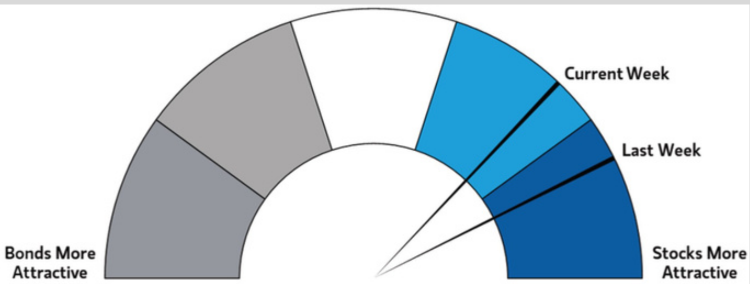
February 17, 2025: Morgan Stanley - Passing the Baton

Investment Strategy

KEY POINTS

- **Market leadership is shifting** beyond megacap tech, with financials, healthcare, and European equities gaining traction.
- **US economic resilience** is supported by bank lending and manufacturing, reinforcing the soft-landing scenario.
- **Cyclicals and real assets** such as energy infrastructure, residential REITs, and select hedge fund strategies offer diversification benefits.

Short-term Stock and Bond Indicator



Source: Morgan Stanley

SUMMARY

The market is shifting beyond megacap tech, with new leadership emerging. The soft-landing thesis remains intact, as Fed rate cuts support liquidity and boost bank lending. Manufacturing is recovering, with ISM indices returning to expansion after two years and inflation pressures are fading.

Earnings trends are shifting. The Magnificent Seven stocks still lead, but their growth is slowing, aligning with broader markets. Financials, mid-cap growth, healthcare, and European equities are gaining traction.

OUR VANTAGE POINT

At Vantage Capital, we see 2025 as a year of broadening market opportunities beyond the dominant growth stocks. With the Fed's monetary policy impact now filtering through the economy, **we favor a balanced approach** that includes cyclicals, defensive plays, and real assets. As equity leadership shifts, sector rotation strategies will be key.

We continue to focus on high-quality investments, income-generating assets, and structural growth themes. While risks remain, particularly from policy uncertainty, **we see this as an opportune time for active asset allocation**.

For a more detailed analysis and personalized investment strategies, please contact one of Vantage Capital's advisors.

OTHER REPORTS WE ARE WATCHING

- **UBS**: US Dollar - Stronger for longer? available here
- **Goldman Sachs**: Sweet spot, available here

WE'D LOVE TO HEAR FROM YOU, REACH ONE OF OUR ANALYSTS

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