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.

PURPOSE-DRIVEN WEALTH MANAGEMENT

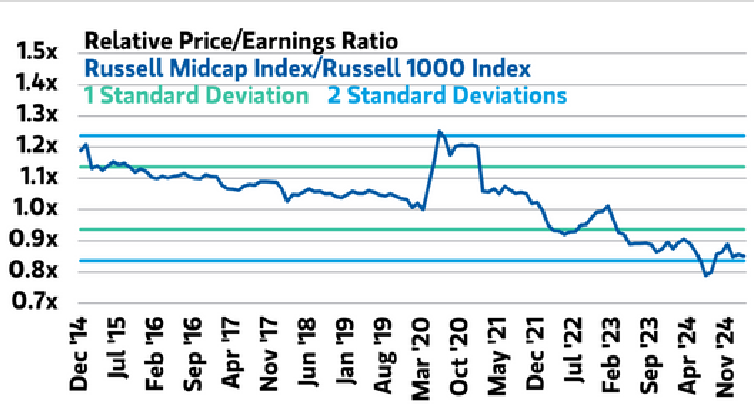
May 04, 2025: Morgan Stanley - Everything, Everywhere, All at Once

Maintaining diversification and active management

Key Points

- **Stagflation Risks Rise:** Slowing growth with sticky inflation pressures has pushed out rate cut expectations
- **Equity Positioning:** Favor midcap quality stocks, healthcare, and financials over broad beta exposure
- **Credit View:** Investment-grade credit still offers value, but spreads may widen moderately in coming months

Midcap stocks trade at attractive valuations versus Large Cap stocks



Source: Morgan Stanley and Bloomberg

Summary

Morgan Stanley's latest strategy report reflects a **cautious stance** amid a shifting macro landscape. US economic growth is losing momentum, with Q1 GDP weaker than expected and consumer confidence declining.

Meanwhile, **inflation**—especially in services—remains sticky, which has led to a meaningful repricing in Fed rate expectations. The market now only anticipates one rate cut this year.

Equity volatility has risen, credit spreads are drifting wider, and investors are showing signs of risk aversion. As such, Morgan Stanley recommends maintaining a defensive bias with a focus on quality across both equities and credit.

OUR VANTAGE POINT

At Vantage Capital, we remain focused on quality, liquidity, and diversification as key pillars of portfolio construction. The recent macro data points to a slower growth path, while inflationary pressures—particularly in services—remain persistent. In our view, this combination reinforces the case for **cautious positioning** - buy staying invested.

Overall, we believe the opportunity set remains **attractive for disciplined investors** who focus on income generation, capital preservation, and selective upside in stronger segments of equity markets.

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

OTHER REPORTS WE ARE WATCHING

- **Goldman Sachs**: Bear Market Anatomy, available here
- **Bridgewater Associates**: Investing in a New World, available here

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

VANTAGE-CAPITAL.COM