

Spring Newsletter 2025

The Camelback Wealth Management Group
at Morgan Stanley

Market Commentary From The Team

Written by Kyle Backus, CFP®, Executive Director, Financial Advisor at Morgan Stanley Wealth Management

Our MS Global Investment Committee (GIC) of late is focusing on Washington policy and its impact on growth. Deregulation and tax cuts are the headline to a growth story but leave little progress on the deficits. Uncertainty is one of the markets least favorite things, and the perception by the broad-based market and institutional capital is that we have entered one of these periods. We are opportunistic with the turmoil as these periods will provide opportunity.

As noted in our last quarterly letter, we have expected increased equity volatility in both directions due to the continued volatility in the 10-year treasury. While tightening monetary policy predicting the glidepath of short-term interest rates is generally easier as the long-term effect of higher rates hasn't had time to set in, so what the fed sets out to do is more likely to happen. We think it's going to be difficult to predict the move down in short- and longer-term rates as the move is likely to be forced at by some negative economic data or market activity. The soft-landing scenario appears less and less possible. Due to this, we extended duration in our portfolios earlier in the year which has served us well. This duration should also serve us well in if the economy slows as it will likely correlate with accommodative policy. We are seeing the continued impact of higher rates in the pricing of residential and commercial real estate, private equity, and other interest rate sensitive assets. We continue to watch for credit issues in these areas.

One area that is of particular interest to our team has been the significant deleveraging of hedge funds in the absolute return space especially in the last two weeks. It appears that big money has made a rotation from tech and higher beta names to high quality low beta stocks. Many have also reduced their overall positioning size which would dictate less conviction on their respective specialties. While this should not affect people's decisions on how they invest their long-term portfolios from an overall weighting to equities, fixed income, and alternatives, it may impact the sectors of the market and managers we are invested in.

In our asset allocations, we are big believers in hitting singles and doubles relative rather than catching a hot stock or falling knife, so our allocation has considerably outperformed through the first quarter as some of the higher beta names has taken a spill. Also, our duration in bonds was valuable with the move in interest rates and continues to be attractive. We continue to like balanced portfolios and encourage people to stay the course through the recent volatility. We expect to be opportunistic with high quality names that have taken an undue drawdown. We will also continue to use absolute return strategies, tax mitigation and deferral strategies, and our robust private equity offering.

At a local level, the M&A market is still hot, but has been tempered by economic uncertainty. Owners are actively seeking acquisitions or exiting in many areas, credit funds are still eager to lend, but private equity is slightly more skittish. We are also excited that we have onboarded several new products and strategies to help business owners defer or reduce the tax consequence of selling a business. What we have found is that many of these strategies have been helpful to not only business owners but other ultra-high net worth families as well and have made our asset allocation decisions considerably more flexible. We also are expecting to have some more strategies coming this year to potentially reduce income and capital gains.

Written on 3/20/25

Personal Notes

Dan earned his Certified Exit Planning Advisor (CEPA®) designation last month, enhancing the teams capabilities to guide business owners through the complexities of exit planning.



The team got together to share a dinner and enjoy some time outside of the office.

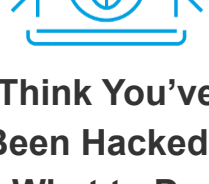


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Additional Tips to Prevent Fraud

Device Recommendations

1. Ensure any device you may use to conduct sensitive transactions has the most up to date antivirus software installed.
2. Ensure any device you may use to conduct sensitive transactions has the most up to date browser installed.
3. For sensitive sites, be sure to create a unique password to login. Do not use the same unique password across multiple logins/sites.

Email Recommendations

1. If possible, use an email domain that offers a multifactor authentication option to access.
2. Do not click on links or open attachments in unsolicited emails or text messages. Doing so may install malware on your device.
3. Avoid misdirected emails by checking the recipient list before sending. Make sure all content and attachments have been properly classified.

Phone Recommendations

1. Contact your phone provider and see if they offer a multifactor authentication option so your numbers cannot be forwarded without your consent.
2. Do not give any information out over the phone solicited by an incoming call to you from an unknown source. If a caller claims to be from a group, independently source a verified number for this entity and contact them to confirm the legitimacy of the call.

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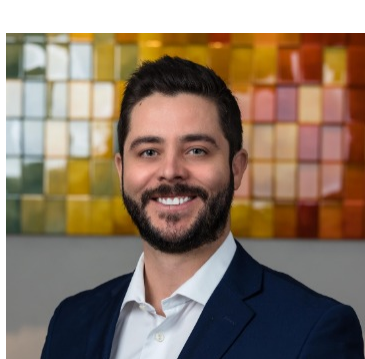
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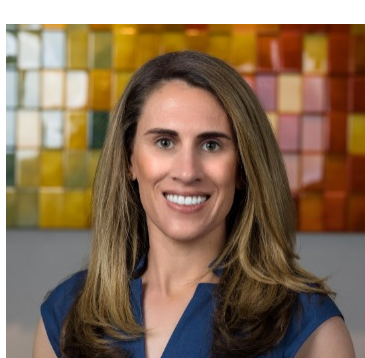
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**Wendy Woudenberg**

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Associate Vice President, Financial Advisor

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Pictured above from left to right: Aaron Supita, Investment Consultant, Susie Dionne, Business Development Associate, Brooke Ellerbe, Director of Business Strategy, Daniel E Marting, Managing Director, Kyle Backus, Executive Director, Wendy Woudenberg, Financial Advisor, Avi Frand, Registered Service Associate.

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