

## Spring Newsletter 2026

The Camelback Wealth Management Group  
at Morgan Stanley

## Market Commentary From The Team

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The second quarter has been a reminder that markets don't need a recession to become unstable. A credible supply shock and a reason to reprice risk can do the job all on their own. With the Iran conflict feeding directly into energy, shipping, and inflation expectations, investors have watched oil and equities swing sharply on each incremental headline tied to the Strait of Hormuz. Public reporting in mid-to-late April has also underscored how quickly this moved from "geopolitical concern" to tangible disruption in the shipping lanes, including incidents involving ships fired on and seized in the strait. Alongside that, the macro backdrop is not standing still either. The market is digesting a meaningful transition at the Federal Reserve, with reporting that Jerome Powell's term as Chair expires on May 15, 2026, and that Kevin Warsh has been formally nominated to succeed him.

Our Morgan Stanley Global Investment Committee (GIC) has begun turning more attention to the geopolitical risks tied to the Iran conflict, with the most immediate concern being the energy and supply-chain shock that shows up quickly through oil, freight, and inflation expectations. A big part of the market's sensitivity here is simply the plumbing of global energy. In normal times, roughly one-fifth of the world's oil moves through the Strait of Hormuz, so when that corridor is constrained, markets don't wait around for "perfect clarity." They price in risk right away. Recent reporting has pointed to sharply reduced ship traffic through the strait, driven not just by physical risk, but by the real-world constraints that come from shipping behavior, routing decisions, and insurance availability.

We've also seen mixed messaging about whether Hormuz is "open," but the practical question for markets is whether commercial shippers and insurers treat it as reliably transitable. That can be much harder to restore than a headline, even if tensions temporarily cool. In other words, we continue to expect intermediate-term risk to remain elevated: prices can pull back on optimistic updates, but the risk premium can return quickly if incidents recur or the insurance market stays restrictive.

From a portfolio standpoint, the point is not to predict tomorrow's headline. The point is to recognize what supply shocks typically do next. They don't just raise a commodity price; they push into transportation costs and input costs, complicate the inflation picture, and tighten financial conditions at the margin.

We've certainly seen markets rebound off the early April weakness, but the broader setup still feels headline-sensitive. When energy is the transmission mechanism, markets can reprice quickly, especially if the shock starts showing up in inflation data and then bleeds into rate expectations.

**AI: it's in every meeting now, and it's changing what "defensible" means**

We're also actively monitoring how more advanced AI is changing the underwriting conversation. Practically speaking, I have not sat in a management meeting or an investment banking meeting lately where the question isn't asked in some form: will this business still be defensible in five years if AI compresses margins, automates workflows, or changes pricing power?

That theme is showing up well beyond "tech," because AI is increasingly a horizontal capability rather than a standalone sector. For private markets, this becomes very real very quickly. Private equity doesn't want to pay peak multiples for cash-flow streams that can be automated away. Private credit lenders are increasingly being forced to underwrite business model durability, not just leverage ratios. And software exposure is being re-rated in many underwriting discussions, not necessarily because "software is bad," but because buyers and lenders are now mapping out how quickly AI could change the competitive moat.

**Liquid markets: the opportunity set is improving, and international still matters**

On the liquid side, we've been presented with a growing number of opportunities to rotate into companies that were priced too high for too long, and that are now being forced to re-earn their valuation. We're also maintaining meaningful exposure outside the U.S., where valuations and cycles can diverge and where different parts of the world can offer a better risk/reward setup at the margin.

**Rates and duration: a Fed transition is now part of the macro**

Looking forward, one of the major macro variables is the Federal Reserve leadership transition. Public reporting indicates Jerome Powell's term as Chair ends May 15, 2026, and that the White House has formally nominated Kevin Warsh to succeed him.

That transition matters because markets are constantly trying to handicap how aggressively the Fed prioritizes inflation versus growth, how quickly the balance sheet is unwound (or not), and how rapidly the rate path could shift. We still like duration as a portfolio component, but we are watching the data and the Fed path closely, because if the inflation impulse from energy persists, the "easy cuts" narrative can get delayed.

**Local / business-owner lens: M&A is active, and AI diligence is spreading**

At a local level, M&A activity still feels fairly robust. At the same time, the uncertainty around AI is creating new diligence questions, even for businesses that aren't traditionally viewed as tech. Many traditional businesses have gotten a bit of a pass so far, but our expectation is that this will keep spreading. Buyers are underwriting customer concentration, pricing power, labor leverage, and whether AI changes the competitive moat.

Finally, we continue to be impressed by the number of planning vehicles that exist, and that are being created, to help business owners avoid, defer, or manage taxation around liquidity events. The opportunity set is real, but so is the complexity, and our team is well positioned to guide clients through it as the landscape continues to evolve.

## Introducing our Newest Team Member

**Shannon Long**

Registered Client Service Associate

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We're pleased to welcome our newest team member, Shannon Long, a Registered Client Service Associate who serves as a key point of contact for clients and helps keep our day-to-day operations running smoothly.

What Shannon enjoys most about the role is building genuine, personal relationships with clients. She values the opportunity to support individuals and families through both the rewarding moments and the more challenging seasons that come with long-term financial plans. That commitment to clients is what motivates her to keep learning and improving in the field.

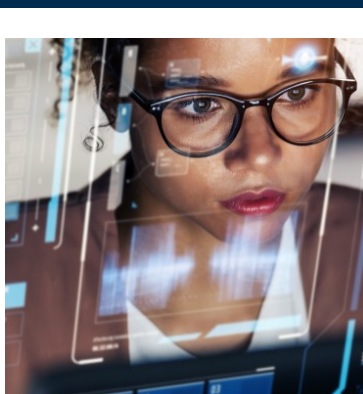


Originally from St. Louis, Missouri, Shannon remains closely connected to family back home and enjoys spending time together supporting her nieces and nephew at concerts and athletic competitions, as well as attending various charity auctions.

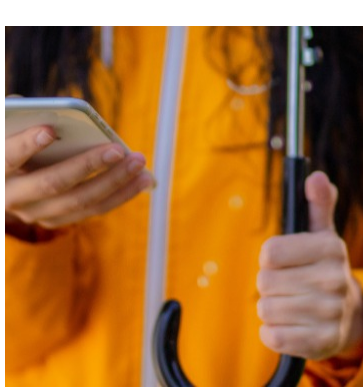
Outside the office, Shannon often spends her time reading and curating a personal home library. She particularly enjoys hunting for original editions of her favorite novels at estate sales and antique shops.

A former college athlete, Shannon is also a strong supporter of women's sports and tries to catch Phoenix Mercury games whenever possible.

## Spring Insights

**AI and Jobs: Limited Disruption So Far**

AI adoption is rising, but its impact on the labor market remains narrow, echoing past innovation cycles that ultimately expanded employment over time.

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