



The Compass Rose Group at Morgan Stanley

Quarterly Video Series

In an effort to keep all clients and colleagues updated on our thoughts and approach, we are very excited to announce the next edition of our New Quarterly Video Series, replacing the previous quarterly Zoom calls. Moving forward, these videos will be available for replay on our website by clicking the link below:

[Compass Rose Group 2024 Q2 Market Update](#)

Team in-house Portfolio Manager, Jake Tolk, and Alternative Investments Director, Will Reardon, provided the latest market data, refreshed clients on the election outlook, and revisited our 2024 market projections at the midpoint of the year.

[Watch Here](#)

Cardinal Directions - *Our Thoughts*

August 2024

As we enter the back nine of 2024, a few things to discuss. In December, we stated that stocks were positioned to have a good year, and we gave a bullish case of the S&P 500 rising over 20% (See our [December 14, 2023 client Zoom summary here](#)). As of July 22nd, 2024, the S&P is up 17.6%.¹ Our base case was for a double-digit return, with the possibility of still reaching our bull case outcome. At the time, we said that the return would be driven by earnings growth and Artificial Intelligence (AI) proliferation, as well as investors being drawn into the market after incorrectly being set up for a recession by many in the financial media over the last year or so.

Of note, the chart below² shows an equal weighted S&P 500 index in blue versus a capitalization weighted ETF in yellow. The blue line is representing all stocks in the S&P 500 if they were each held in equal weight, and the yellow gives the S&P 500 in its traditional form where the weightings are based on how large the companies are. You can see there is a wide difference between the two that started back in February of 2023 and has grown wider this year. This is from excess performance in the largest companies in the index. These largest companies have dominated AI investment and it appears they are being rewarded.



In summary, the market and economy have been performing well. With the fast rise of stocks, we would not be surprised to encounter some volatility in the short run, but longer-term projections are for more returns to be made. Cash on the sidelines should be deployed if liquidity is not needed, and conservative portfolios that are waiting to engage more aggressively should continue to be re-evaluated. This has been a strong market and you don't want to fight the bull. Waiting to engage often means buying at higher prices.

1. Source: Morgan Stanley Wealth Management, Capital Market Indices (July 22, 2024).
2. Source: FactSet financial data and analytics. Copyright 2024 FactSet. All rights reserved

Scheduling Your Next Portfolio Review

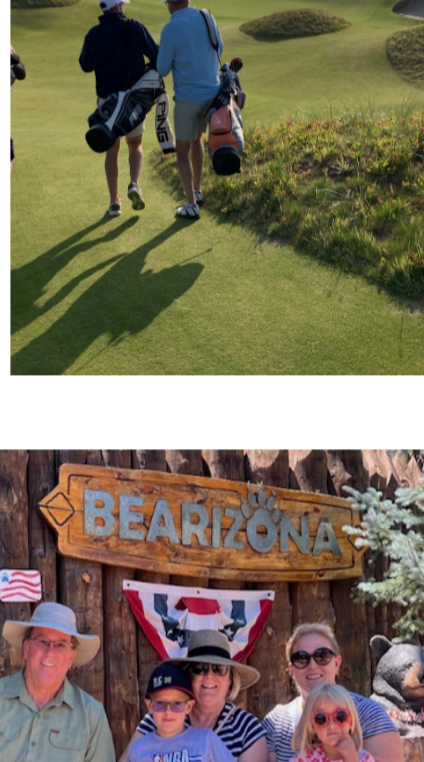
The Compass Rose Group operations team is continuing to find solutions to help provide efficient and effective levels of service to clients, including scheduling biannual portfolio review meetings.

In case you have not seen it yet, we are sending out an email every six months inviting clients to schedule time with their primary advisor. When you see "Scheduling Your Next Portfolio Review" in your inbox, simply open the message and click the button "Send Meeting Request" to generate an email to our scheduling team. The email will prompt you to fill in relevant information including your name, preferred day of the week, preferred time of day, and preferred location (i.e., in-person, via Zoom, or by phone). Once you hit send, a service associate will follow-up with a few options that meet your preferences.

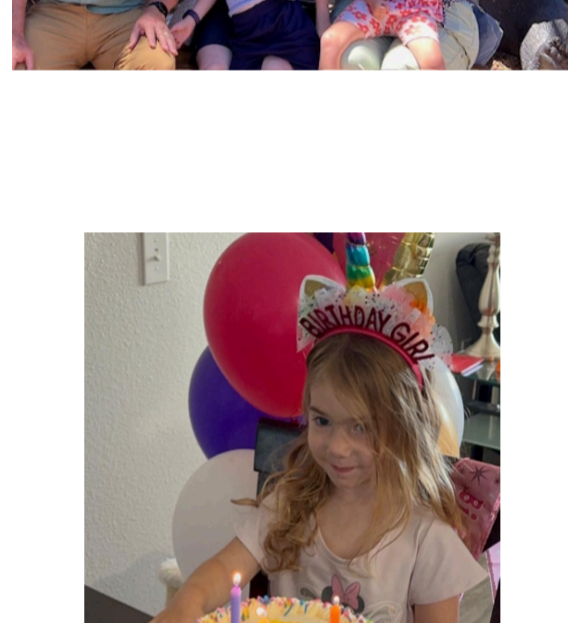
You can also schedule directly by calling Craig Jones, our Registered Client Service Associate, at 505-889-2826.

Personal Notes:

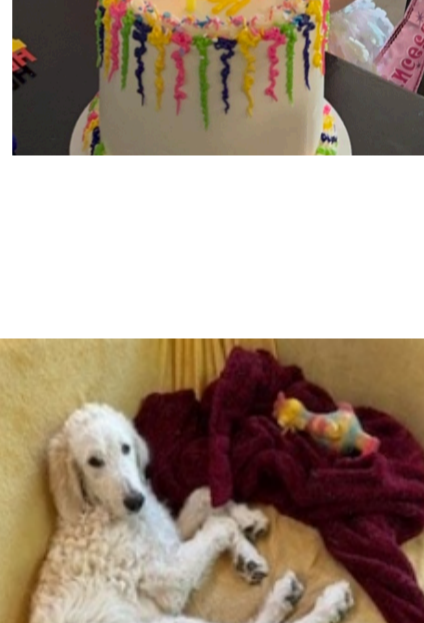
Will: So grateful to have been able to enjoy Bandon Dunes in Oregon once again. Truly a special place and the ultimate traditional golf experience if you're stateside. We enjoyed a few days with good friends playing as many rounds of golf as possible. Happy to be home and feeling refreshed.



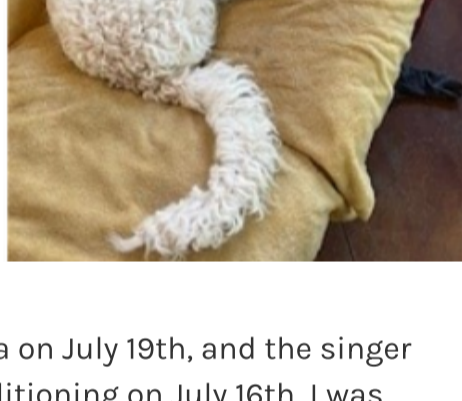
Tom: In Arizona, it's the time of year to enjoy the cool mountain air in Flagstaff. Recently, we took the family to Bearizona & Flagstaff Extreme Adventure. Stay cool if you can!



Lisa: My youngest grandbaby is three. I just cannot believe how fast they grow. I was a lucky gal to spend a week with my grandchildren in Henderson, NV during a heatwave with temperatures reaching 117 degrees. We spent much of our time indoors—just too hot for anything else. We visited a couple of arcades where the girls had a hoot of a time playing games. We were able to celebrate her birthday with a Freed's cake. Absolutely delicious. The best part is now that my son will be a Coast Guard recruiter in Nevada, I will be able to see them more often.

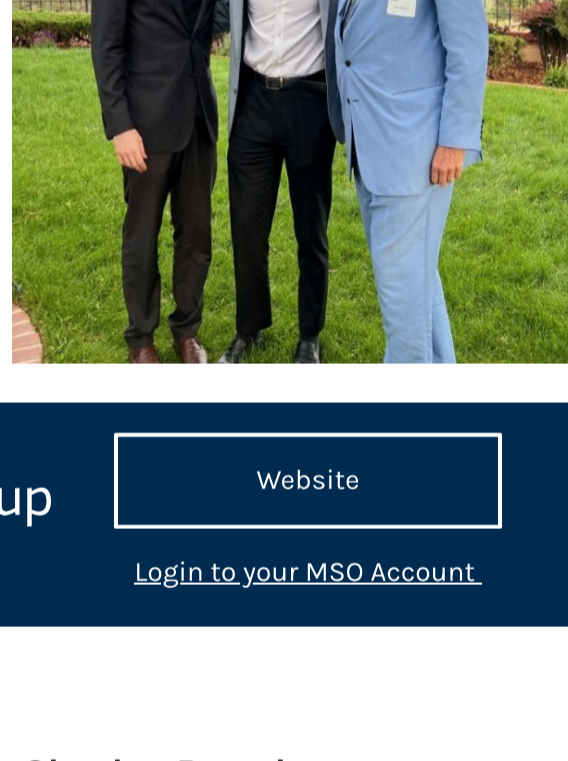


Rob: July has been a busy month for us. Pam and I are fostering a 7-month-old Goldendoodle puppy named Ollie (pictured), a sweet pup of boundless energy and great mischief. We hope to re-home him soon to a retired couple seeking a younger dog as a companion to their older Goldendoodle. Pam has managed two-day hikes so far this July, the first to Spirit Lake and the second just a few miles north of the Sipapu resort, as she works to finalize the route she is charting for The Santa Fe to Taos Thru Hike.



We took in La Traviata at the Santa Fe Opera on July 19th, and the singer playing Violetta was sublime. And after auditioning on July 16th, I was invited to join the Santa Fe Symphony Chorus for the 2024/25 season as a Baritone-Tenor.

Justin: Summer in Santa Fe is in full swing! We are enjoying all the social events in town—especially as the Santa Fe Opera season is underway. I also had the pleasure of attending a private Symphony reception at the Governor's Mansion with Will and Rob. A little rain couldn't stop us from enjoying some great music!

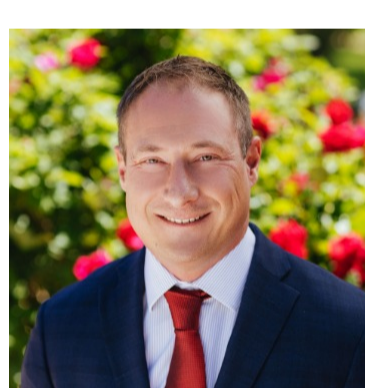


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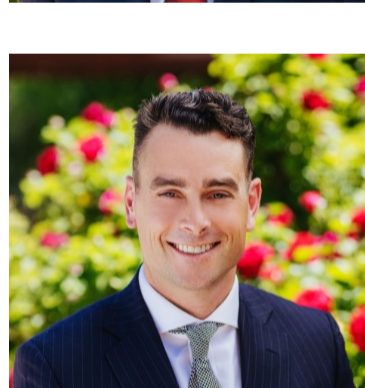
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Charles Reardon

Executive Director, Wealth Advisor

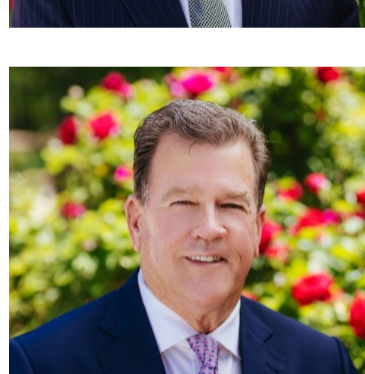
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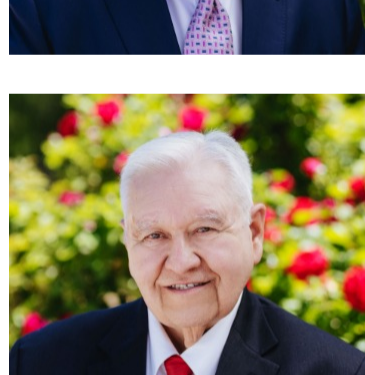
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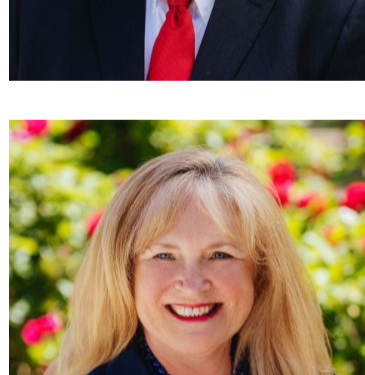
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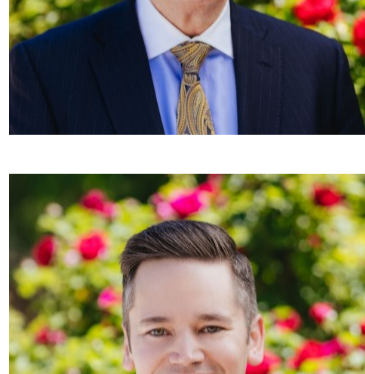
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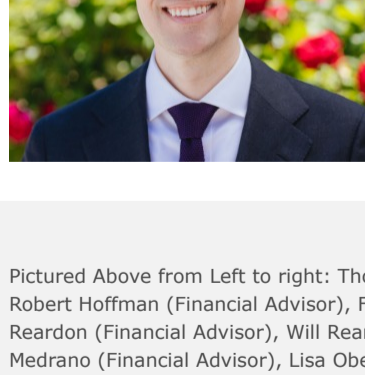
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Robert Hoffman

Vice President, Financial Advisor

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Justin Medrano, CIMA®

Financial Advisor

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Pictured Above from Left to right: Thomas Batson (Financial Advisor), Jesse Casaus (Client Service Associate), Robert Hoffman (Financial Advisor), Fallon Pease (Portfolio Associate), Jake Tolk (Financial Advisor), Charles Reardon (Financial Advisor), Will Reardon (Financial Advisor), JoAnn Trevino (Client Service Associate), Justin Medrano (Financial Advisor), Lisa Obeji (Financial Advisor), Kenneth Montoya (Financial Advisor).

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For index, indicator and survey definitions referenced in this report please visit the following: <https://www.morganstanley.com/wealth-investmentsolutions/wmir-definitions>.

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