

Asset Class Dashboard

A snapshot of our macro and asset class views.

● Negative ● Slightly Negative ● Neutral ● Slightly Positive ● Positive

- **Risk-On/Risk-Off**

The market panic from early April has cleared. The cyclical outlook is balanced with expectations for slower, but still positive, growth in the year ahead. Expensive stock valuations are offset by positive price momentum.
- **U.S. Large-Cap Stocks**

U.S. stock valuations are more expensive than most other international markets. Earnings growth remained robust in the first quarter, but we believe consensus expectations are currently at the upper end of plausible outcomes.
- **U.S. Small-Cap Stocks**

Small-cap stocks are trading at their biggest discount to large cap since the dot-com boom, and earnings growth is expected to accelerate through the rest of the year.
- **U.S. Treasuries**

With 10-year Treasury yields approaching 4.5%, Treasuries are starting to look attractive. We'd look to add duration closer to 4.9% on the 10-year. A pickup in inflation is a key risk to monitor. We prefer TIPs over nominals.
- **U.S. Corporate Bonds**

U.S. credit spreads are historically tight and unattractive for this volatile, policy-driven macro environment.
- **European Stocks**

Bank lending has increased in an encouraging sign the economy may be stabilizing. Fiscal stimulus is another key positive for the region, while valuations are attractive.
- **UK Stocks**

The UK has been facing economic headwinds, and the earnings outlook is subdued. Valuations are fair.
- **Asia-Pacific Stocks**

Asia-Pacific earnings are sensitive to trade policy and tariffs could be a headwind to Japanese stocks given their reliance on exports. We think current valuations are appropriate for the market.
- **Emerging Market Stocks**

Emerging market stocks are cheaper than developed markets, suggesting downside risks to growth are already priced in. Chinese corporate fundamentals have been improving despite the challenging macro backdrop.
- **Real Estate/Infrastructure**

Listed infrastructure is a powerful defensive asset class amid ongoing stock market volatility. Valuations for both REITs and infrastructure continue to look more attractive than traditional stocks.
- **U.S. Dollar**

The U.S. dollar continues to look expensive relative to many major currency pairs, which suggests the balance of risks are to the downside. We think it is too early to declare that U.S. exceptionalism is over.
- **Private Equity**

We see a growing opportunity set in non-U.S. markets, including Japan, Asia ex-China and the Middle East. At the sector level, advanced manufacturing, AI, defense and defense tech have been areas of focus.
- **Private Credit**

European direct lending looks attractive, offering lower loan-to-value and higher spreads than the U.S. market. Special situations and asset-based lending are other key areas of focus for our investment strategy.

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