

Level Set - Ten Questions with No Answers

Happy and Healthy New Year

As we write our 50th and last Level Set for 2024, we want to pause and wish all of you a Happy and Healthy Holiday Season and a Prosperous New Year.

The late, great Bryon Wien, former US Equity Strategist at Morgan Stanley and later at Blackstone, annually published his list of “Ten Surprises.” Honoring this tradition, we present our ten questions — with no answers for now. We will come back with our best answers to these questions and more in our 2025 year-ahead outlook and Zoom presentation on Monday, January 6th at 11 am EST. [Click here](#) to register if you haven’t already done so.

1. How can the market be both **extremely anticipatory** of cycles that inflect years in the future but also be **over-reactive to short-term data points** coming from earnings reports?
2. When in this interest rate cycle is it time to **fight the Fed**? And as an aside, why do so many investors both simultaneously hang on every comment from the Fed but also think they are making mistakes?
3. Where is the market most wrong about the potential impact of the **incoming administration’s policies** on earnings?
4. Will cheap stocks outperform in 2025, or said differently, **is there any market regime where the cheapest quintile is best**?
5. **Why do many investors lament the lack of breadth**, when so far this year 71 stocks in the S&P500 are up 40% or more, and 119 are up 30% or more?
6. Why do many allocators think **short selling is dead** when 77 stocks in the S&P500 are down 15% or more, in a market that is up over 24%?
7. How big will the **M&A** and spin-off cycle be?
8. Can **junk stocks outperform high-quality stocks** in a down tape?
9. Is it possible that Healthcare will be the best-performing sector in 2025?
10. Why does it seem like whatever unfolds is the worst possible outcome for the majority of long-short equity funds?

See you in 2025.

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Important Disclosures

Analyst Certification

The analysts, Adam Parker, Maxwell Arnold, Chang Ge, Colin Cooney and Ryan McGovern, responsible for the preparation of this research report certifies that: all the views expressed in this research report accurately reflect the research analyst's personal views.

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