In today’s late-cycle US monetary tightening phase, we recommend a variety of actions to prepare portfolios for the coming year and beyond.

We do not expect the next US recession and global downturn to begin in 2019.

In September 2018, the US successfully concluded a revised trade agreement with South Korea, and then with Canada and Mexico.

The trade war came as a shock to markets in 2018, alongside the strong growth and monetary tightening that we expected. We consider the implications for investors looking ahead.

We consider trade to be critical to the outlook for how corporate profits might perform.

In the coming year, the US and China may also clash over currency policy.

Investing more in cheap asset classes and less in expensive ones can help improve risk-adjusted returns over time. But doing so requires a disciplined approach.

Buying undervalued markets and reducing exposure to expensive ones has proven incrementally profitable – provided the portfolio remains fully invested.

Market timing in a late-stage bull market may sound like a good idea. But experience suggests that there is no ‘right time’ to time the markets.

We see many wise and prudent steps you can take to preserve and create value.

There is compelling evidence against aggressive attempts to time the markets.

Strategic asset allocation is crucial to the performance and risk-exposures of portfolios over time. We review our methodology’s long-term outlook for returns.

Aligning your investment activities with personal values and interests can help enable you to seek financial gain while serving the greater good.

Investing with Purpose does not require you to sacrifice returns nor is it a philanthropic endeavor.

Technology and innovation are strengthening investment processes and adding new dimensions to the evaluation of IwP opportunities.

IwP adds an important new dimension to how we can work with you to understand your goals and objectives.

We enter 2019 with a small overweight to global equities, focused upon certain European and emerging markets, and with a small underweight to global fixed income.

After a difficult 2018, we see Asian assets returning to form in 2019, with emerging markets benefiting from attractive valuations and continuing, but slower regional growth.

Japanese valuations are low among developed markets, while earnings expectations are conservative.

China will likely remain the more interesting local currency fixed income market in 2019.

Later in 2019, EM currencies may get some respite.

With regional growth set to continue, we see upside potential for certain European equities and the single currency.

European HY bank loans also remain an attractive source of higher current income.

Modest growth and reasonable valuations point to an economic rebound in Latin America in 2019, but not on the scale of the post-2016 rally. With political, commodity and trade issues complicating matters, it is a good time to be an opportunistic investor.

We see few fundamental reasons to reduce exposure to Latin America.

We believe Brazilian equities can outperform over the coming year.

The oil sector should continue to benefit in Mexico, Brazil, Colombia, and Argentina.

Our favored Latin American sectors for 2019 are energy and financials.

We see Latin America as an attractive component of global fixed income portfolios.

In 2019, we expect a better nominal regional exchange rate performance, albeit with continued volatility.

With the US economic expansion poised to become the longest on record, we get even more selective in our approach to equity and fixed income, while also encouraging US-biased investors to go global.

Rising rates can create challenges for fixed income.

Rising rates have made cash more valuable once more. Our favored opportunities stress quality, selectivity, and diversification.

The higher future cash flows that many US fixed income assets now offer can help offset price falls in the event of more rate hikes or widening credit spreads.

The current environment for CLOs continues to look attractive. CLO managers are still able to lock in debt financing at competitive rates and then capture a favorable spread over their financing rate.

Today’s late-cycle conditions are a good time to seek to safeguard your assets. They also offer opportunities for doing so.

In today’s mature bull market, you need not choose between ongoing upside potential and protecting your assets.

Strategies that provide a payment at maturity can be customized according to your specific needs.

Today’s late-cycle conditions present a compelling reason for integrating payment at maturity strategies as core holdings within your portfolio.

Late-cycle conditions call for smarter use of leverage rather than abandoning it altogether.

We also recommend that investors consider hedging their loan exposures.

While we believe in global diversification at all times, it is of critical value in today’s environment.

Unstoppable trends are transforming how we live and do business, with profound long-term implications for your portfolio. We explore three of these themes and how to position your wealth to take advantage of them.

By contrast, failing to position portfolios appropriately risks both missing out on potential growth opportunities.

The powerful economic transformation of EM Asian countries has much further to go. But investors generally remain underexposed to the region’s attractive growth potential.

The aging of the world’s population presents a major challenge for society and opportunities to boost your portfolio’s immunity.

The advance of digital technologies continues to revolutionize business and improve our daily lives, with profound implications for your portfolios.

The benefits of digital disruption to customers are all around us.

Google estimates that all human data from pre-history to 2003 was roughly 5 exabytes.

The transformation of road transport may also involve a revolution in how vehicles are used and owned.

We see blockchain’s characteristics as adaptable to multiple uses across the economy and society.

While the potential benefits of blockchain are diverse, they are likely to take time to be realized.

We believe that replacing and complementing human labor with robotic labor is not only desirable, but essential.