#### As forces ranging from rising rates to trade disputes have raised the stakes for global markets and investors, our investing leaders step back for big‑picture views of what these may portend for equity, fixed income, and real assets and other alternative markets.

#### No one is very positive, comfortable, or constructive about the US equity market, which leads me to think it’s probably not yet time for it to come unwound. Investors have questioned whether the factor will ever return to its former glory.

#### It was another interesting year for equities in which the US markets continued to show robust growth for most of 2018 even as volatility picked up and other areas such as emerging markets tended to struggle. This section zeros in on equities for 2019, including a roundtable discussion about the important emerging markets area.

### Searching for opportunities, with an eye on the long term. Until the stock market volatility late in the year, US stateside was the place to be in 2018 for small‑cap and mid‑cap stocks, we observed. Worries about blowback from protectionist measures can prompt investors to focus on companies with less global reach. US tax cuts positioned smaller companies to benefit disproportionately, compared with larger companies that can pay up to 40% of taxes overseas. Also contributing was the long‑running US economic expansion. While small‑ and mid‑caps experienced volatility along with other asset classes in late 2018, the focus for managers in 2019 is on discovering opportunities in the pullback and keeping an eye on the long term.

#### Fixed income markets in 2019 could very well continue to be marked by some of the same forces from 2018 — divergence in growth between the US and the rest of the world, the effect of rising interest rates, and other vulnerabilities exposed by the receding tide of central bank policy.

#### As 2019 dawns, some of the more traditional asset classes such as equities and fixed income may be late in the cycle, leading some investors to focus more on investments in physical assets like real estate, infrastructure, commodities, and natural resources. Here, we examine a wide range of real assets and alternatives, and what they might bring for 2019.

#### As we enter 2019, inflation has been starting to pick up around the world, with prices rising in the US, across the European continent, and in many emerging markets. Meanwhile, the US bull stock market has entered a second decade, a record length, and the economic cycle in several markets looks fairly extended. Amid that backdrop, 2019 might be a time when many institutional investors take a fresh look at the role of real assets in a diversified portfolio.

#### Infrastructure appears relatively well positioned amid rising inflation, as many assets can charge prices wholly or partly linked to inflation. We believe fewer broad trends can be easily exploited in the REIT market, although secular growth stories exist.

In our view, real estate markets are underpinned by three key criteria – access to talented human capital, high quality transport, and an ability to innovate through technology. In addition, we score high on what we believe to be the best prerequisite for anchoring these trends to a location/city: The combination of highest quality of life with attractive job opportunities in a thriving, future oriented economy. Smart cities that offer tax breaks and incentives to companies have a clear competitive edge in securing key industries for their economic basis.