

## PERSPECTIVES AND POSITIONS

By James F. Dykstal, CFA, Portfolio Manager, October 2019

This is a summary of our views on the economy and markets as shared with discretionary clients.<sup>1</sup>

## ECONOMIC AND MARKET OUTLOOK

- U.S. GDP Growth continue to expect steady GDP growth of close to 2% through 2019 and into 2020.
- Inflation headline inflation (including food and energy) remains below 2% due to energy prices remaining low.
- Employment/Wages unemployment steadily decreased since last recession and is now at its lowest point in 50 years, with wage growth picking up in September.
- Consumer Spending/Confidence strong labor market continues to support consumer spending growth.
- Interest Rates Fed poised to lower interest rates for third time this year. Rates fell further as the Fed cut rates twice.
- Global Growth/Trade developed economies slowing and uncertainty leads to more volatility. Emerging markets most attractive on relative basis. China and tariffs continue to be headwind.
- Fixed Income yield curve signals further drop in Fed rates. Credit spreads will remain tight.
- Equities expect small cap stocks and emerging market stocks to rebound due to valuations in the coming year.
- Alternatives real estate and hedge funds add value to portfolios in 3<sup>rd</sup> quarter.

## **TACTICAL POSITIONS**

The following is our current Model Portfolio Positioning Summary:

Asset Allocation	Equity Class & Style	Fixed Income Class & Duration
Total Equities • • • • •	Growth • • ● • • Value	Short • ● • • Long
Total Fixed Income • • • • •		
Total Alternatives • • • • •	Large Cap	Investment Grade • • • ● •
Cash & Cash Altern. • • • •	Small Cap • • • ● •	High Yield • ● • • •
	International • • • •	Bank Loans • ● • • •
Alternatives Allocation	Emerging Mkts.	Emg. Mkt. Debt • • • ● •
Real Estate • • • • •		
Commodities • • • •	Significant 당 Underweight Underweight E	Significant qual Weight Overweight Overweight
Hedge Funds • • ● • •	Underweight Underweight E	dual weight Overweight Overweight

If you would like to receive more detailed information on our discretionary consulting services, please contact Tom Woolwine, President, DMS, LLC, a DeMarche Affiliate, at <a href="mailto:twoolwine@demarche.com">twoolwine@demarche.com</a> or 913.384.4994.

<sup>&</sup>lt;sup>1</sup> Provided by our affiliate, Discretionary Management Services, LLC