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- 2 Outlook 2012 It's What You Pay, Round II** Our emphasis last year was on paying the right price. 'It's What You Pay' is the cornerstone of how we deliver low-volatility portfolios. While systemic risks may be less pronounced, we anticipate 2012 crosswinds will provide opportunities to buy value.
- 3 2011 "The ride was messy"** Last year was another year of gyration – we said it would be messy. The big surprise of 2011 was bonds. We delivered on limiting volatility while cash flow grew 11-13%.
- 4 The final innings of the Secular bear** We have used the 17-year stock market cycle chart as a road map. With the understanding that crisis is a process, not an event, we are in the final innings of the current cycle.
- 8 Shifting Perceptions of Risk** 'It's What You Pay' is as much about identifying fundamental value as it is about realizing where risk perceptions are at extremes. Given the low level of interest rates, return expectations, and volatility, bond markets represent risk.
- 12 The zero-rate world** Traditional asset allocation models are being challenged by systemically low interest rates. Those reliant on pension income will be forced to live on less. Developed government bonds are no longer the sea-anchors – a portfolio approach to income growth is required and corporate 'Autonomies' will be the winners.
- 15 Technology Focus – Mobility Has Won** We have been consistent in our message on technology for several years. 2012 marks the year mobility takes over. The areas of Cloud Computing, Social Networking, and Big Data Intelligence will drive future growth and build the third generation of computing platforms out to 2020.
- 20 The Final Word – US Energy Independence?** This will be a front-page story sooner rather than later. The shale revolution has the potential to disrupt the global supply map. This has far-reaching implications for geopolitics, economics and the US trade balance. Those areas positioned to take advantage of the natural gas glut should be winners - natural gas engine technologies and the leaders of the LNG revolution.
- 22 2012 Tactics** Our 80/20 equity discipline; focus on global 'Autonomies', not geographies; Emerging Markets influence is important for cash flow growth; fixed income stance is opportunistic – be active.
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