

Contents

- 2 Outlook 2013
A Moody, Grungy
& Defiant Year** Markets have come a long way since 2009. The ride has come with ups and downs, perceived crisis and real crisis. In 2013, the 21st century becomes a teenager. As we look forward, markets have some teenage qualities and so we expect a moody, grungy & defiant year. We take you through the progression to adulthood.
- 3 2012
Strength from
abroad** Crosswinds did provide opportunities. Our value-first focus shifted portfolio weights to the US, China, and ASEAN assets. Income continued to grow as dividend growth and attractive yields moved to the forefront.
- 4 The final innings
of the Secular
Bear** We continue to use the 17-year stock market cycle chart as a road map. The deleveraging process is most advanced in the US but remaining crosswinds are likely strong enough to force range-bound markets.
- 7 Implications of a
G-Zero world** Competitive devaluation of currencies and continued quantitative easing programs have internalized economic policy. Stress resilience as an investment characteristic: value over brand; productivity, focused growth, long term decisions.
- 11 Shifting
Perception of
Risk** The thirst for yield has driven prices of perceived safety higher and yields lower. There has been an unwitting stretch for yield. Keep duration short to preserve capital and be positioned for opportunities.
- 18 Declining Cost
of Capital** Companies have improved financial flexibility thanks to the thirst for yield and quantitative easing. This is positive for future growth prospects.
- 20 Technology
Focus** The Internet of Things. The progression of mobile networks and the explosion of data means everyday objects are becoming intelligent. Technology is in the foreground of every industry.
- 24 2013 Tactics** Remain active. In equities, stress resilience of business models and entering themes at attractive valuation. In fixed income, keep duration short and focus on value-for-income. It's What You Pay will pave the way.
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