

# INVESTMENT PERSPECTIVES

December 2016

It's that time of year when professional investment managers provide investors with an outlook for future economic growth and for future investment performance. Of course, no one can know the future; but, knowing what professional investment managers are thinking may help us live through the inevitable ups and downs that investing brings.

**J.P. Morgan Asset Management** recently issued their 2017 Long-Term Capital Market Assumptions. This is the 21<sup>st</sup> consecutive year that they have issued this report. Here is a summary of some of the information presented in the current report:

- ▶ Economic growth in both the developed and emerging markets is likely to continue to slow in the coming years.
- ▶ This slowing of economic growth may help keep interest rates lower than normal for some time. The Federal Reserve, the European Central Bank and the Bank of Japan may not start to normalize interest rates until three years into the future and it may take another four years to return to a normal level of interest rates.
- ▶ Expected returns for the global equity markets and for the global bond markets reflect the global economic slow-down and also reflect the fact that equity valuations are relatively high today.
- ▶ J.P. Morgan Asset Management coined the phrase, several years ago, that “6% is the new 8%” to describe our new world order. “Many of today’s money managers came of age at a time when 8% was considered an appropriate, and achievable, return from a balanced portfolio with moderate risk tolerance.” Today, an achievable return from such a balanced portfolio, with moderate risk tolerance, may be 6%.

As an LPL Investment Advisor Representative, as your investment advisor representative, I am committed to doing everything I can to help you pursue optimal investment results. Although no particular investment strategy can guarantee success, I believe that by implementing an investment strategy that incorporates the ownership of quality investments and which also incorporates investment risk management provides a real opportunity for investment portfolios to participate in positive investment trends while working to minimize losses during market declines.

I would like to take this opportunity to wish all of you a very Merry Christmas and a Happy New Year!

Thomas J. Dobransky, AIF, Investment Advisor Representative, LPL Financial

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