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## **2013 Outlook by Jerry Pinsker**

Investing is about quantifying probabilities of outcomes and constructing portfolios that try to anticipate the different outcomes without betting the house on only one outcome.

Of all the predictions for the future, it's hard for a sane-thinking person to truly know which ones will come true. I believe in actively managing portfolios to potentially maximize long term returns at the same time attempting to minimize downward risk.

Global central banks are refocusing their efforts to jumpstart anemic growth. The global economy has moved from the emergency room to the recovery ward --- but unfortunately we are still in the hospital (racking up hefty medical bills).<sup>1</sup>

In this stage of recovery, the patient, the global economy, can still substantially improve or again marginally decline due to political miscalculation in Washington.

For the first seven months of 2012, equity markets were very volatile with dividend stocks performing particularly well even as the US and the world had below par economic growth.<sup>2</sup> In the fourth quarter the markets began to slow with the fear of the fiscal challenges in Washington.<sup>3</sup>

Policy remains the key force for financial markets and investment returns. 2013 could very well be a game of two halves. Initially, we could live through reverse stimulus of increasing taxes, spending cuts, and political crisis. However, three factors, improving housing market, rising energy production, and a manufacturing renaissance are long term factors which will eventually produce long term growth. <sup>4</sup>

<sup>1</sup> Blackrock Investment Institute "Slow Turn Ahead?" 2013 Investment Outlook, p 3

<sup>2</sup> Allianz Global Investors 2013: The Beginning of the End of the Great

<sup>3</sup> Blackrock Investment Institute "Slow Turn Ahead?" 2013 Investment Outlook, p 3

<sup>4</sup> Fidelity Investment "Get Your Portfolio Going"

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