

Outlook 2020: Late Stage Growth Supported by Consumers and Central Banks

In this issue of the Thinking Man, we offer our views of the global security markets in 2020. We are cautiously optimistic for next year, and expect modest economic growth accompanied by single-digit types of returns from risky assets. We believe rotation within asset classes toward value and quality will be a key theme in 2020.

Executive Summary: From a strong 2019 to an average 2020

Security prices rallied strongly across asset classes in 2019. Although some economic indicators pointed to a slowdown of the global economy, especially in the manufacturing sector, a strong labor market continued to boost consumption, effectively putting a floor to economic growth. The fears of a recession were put to rest by a renewed dovish stance by the Federal Reserve Board (Fed), European Central Bank (ECB) and other central banks, which reignited the bull market during the second half of the year.

As we look forward to 2020, our base case scenario is for a modest increase in global economic growth. Overall, we expect the current global low interest rate environment to continue to support growth. We believe the slowdown in global manufacturing seen in 2019 is bottoming out, and expect the continuation of dovish monetary policies by central banks to drive a rebound of global Purchasing Managers' Index (PMI) in 2020.

While we are in the late stages of the economic cycle, we do not expect a recession to materialize in 2020. Global consumption remains a strong engine of growth, and we expect this trend to continue.

Even as assets look pricey overall, valuations are not overly extended, in our view. For example, the S&P 500 trades at 19x earnings, which is somewhat higher than its historical average, but well below the records highs in the 25-30x range. As Professor Robert Schiller recently mentioned in a meeting hosted by Barclays, the Schiller CAPE ratio¹ is currently at 30, above its median of 16, but still 50% below its peak of 45 in the late 1990s.

The Thinking Man's Approach



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- Even as we enter the second decade of the current cycle, we do not anticipate a recession despite the maturity of the current economic expansion.
- Our base case scenario is for a modest pick-up in global economic growth that will support asset prices.
- However, as a result of the extraordinary returns of 2019, we expect average, mid-single digit returns for investments portfolios in the coming year.
- With a limited upside potential protecting the downside from unforeseen risks becomes much more relevant.
- We expect a shift toward quality which leads us to favor issuers with strong balance sheets and high credit ratings.

For more on how we are positioning our portfolios, please contact your investment advisor or ideas@bigsurpartners.com

¹ The CAPE ratio is a valuation measure that uses real earnings per share (EPS) over a 10-year period to smooth out fluctuations in corporate profits that occur over different periods of a business cycle. The CAPE ratio, using the acronym for cyclically adjusted price-to-earnings ratio, was popularized by Yale University professor Robert Shiller. It is also known as the Shiller P/E ratio.



Overall, we expect an environment that favors being invested as opposed to remaining in cash. We believe asset returns in 2020 will be substantially lower than in 2019. We view the upside potential for risky assets in 2020 being limited to single-digit returns with a higher probability of downside risk than in 2019.

- **We remain Overweight Equities and Underweight Fixed Income**, as the equity earnings yield relative to fixed income yield favors equities, in our view.
- **Within Equities**, we expect the rotation into value stocks that started in late 2019 to continue, a trend that will likely benefit international stocks, especially continental Europe and the U.K. We also favor high dividend-paying stocks, given the valuation support from the dividend.
- **Within Fixed Income**, we avoid government bonds given extended valuations and low to negative yields. In a broadly expensive fixed income world, we prefer short-term credits with lower sensitivity to changes in interest rates. We see select opportunities in Emerging Markets corporate bonds, although selectivity is paramount at this late stage of the cycle.
- **Within alternatives**, we are rotating toward higher quality investments with defensive characteristics. We continue to build our portfolio by selectively adding defensive sectors in Real Estate (e.g. student and senior housing), Real Estate-backed debt, as well as select Private Equity managers with proven track records.
- Given that we are at a late stage of the economic cycle, we also recommend owning hedge assets in portfolios in order to provide some buffer to risky assets. In today's world of negative yielding bonds, we view U.S. Treasuries as the most efficient asset to provide portfolio protection. Portfolio insurance² is also desirable, given cheap hedging costs in an environment of low equity volatility and option pricing.

With this in mind, we believe that there are three major risks for the stability of the market in 2020. The first is continuation of the trade conflict between the U.S. and China. The second, is the presidential election in the U.S. Finally, we could expect liquidity events during the year.

BigSur Partners Asset Allocation

Asset Class/Type	Outlook				
	Strong UW	Underweight	Neutral	Overweight	Strong OW
Cash					
Fixed Income					
Government Bonds					
Corporate Bonds					
Hybrids & Perpetuals					
Hybrids & Perpetuals					
Equities					
US Equity					
International Equity					
Alternative Investments					
Hedge Funds					
Real Estate					
Private Debt					
Private Equity					
Real Assets					
Commodities (Oil, Hard and Soft)					
Gold and Gold Miners					

Source: BigSur Wealth Management LLC Investment Committee

Please find additional details on our outlook views below.

² Portfolio insurance is a hedging strategy used to limit portfolio losses when stocks decline in value without having to sell the security.



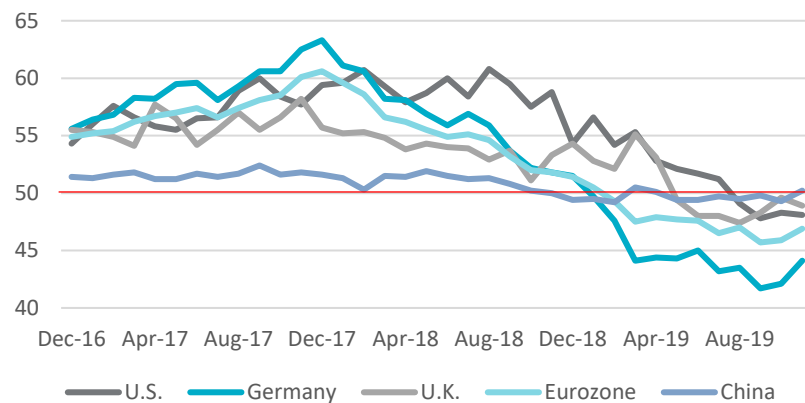
1. Macroeconomic Landscape

From a macroeconomic perspective 2019 was a year filled with events that shaped the bull market, and led us to the current investment landscape. During the year we witnessed a mini industrial recession in many of the developed economies, with manufacturing PMIs declining below 50 (signaling a contraction).

The decline in global PMIs coupled with the inversion of the U.S. yield curve, sounded the alarms for a potential recession. However, an improvement has started recently and a continuation in the recovery is anticipated for 2020 (see chart 1). Despite the manufacturing slump, global economic growth remained resilient during the year aided by a strong labor market that

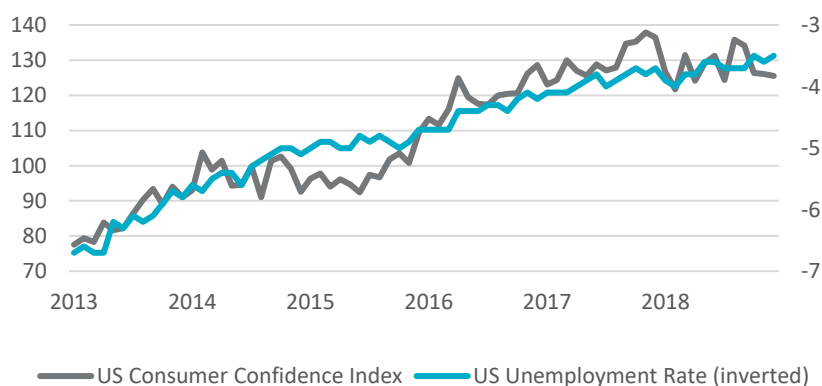
has sustained a healthy consumption activity (see chart 2). Approximately 70% of the U.S. GDP comes from consumption, and China is looking to imitate this model, in which the economy becomes much more service oriented. Our previous [Thinking Man](#) addressed these changes in China, specifically how a large millennials population and an increase in wealth in tertiary cities is driving consumption in the country. As long as the labor market and consumption remains strong, it is highly unlikely that the global economy

Chart 1: Manufacturing Purchasing Managers' Index



Source: Bloomberg

Chart 2: Labor Market and Consumer Confidence



Source: Bloomberg

will enter into a recession in 2020. Furthermore, the continuation of the rebound in the industrial sector is likely to enhance the growth prospects during the year.

As a consequence of the slowdown in economic activity, the Federal Reserve and ECB had a major reversal in monetary policy, against previous expectations of a

continuation of rate hikes. The Fed cut rates 3 times in 2019 and signaled no rate hikes for 2020 (the Fed's Dot Plot released after the interest rate decision on December 11 anticipates one rate hike for 2021 and one for 2022.) The ECB also lowered its benchmark rate at the end of the summer and announced that it would resume its asset purchasing program³. Even as the Bank of Japan and Bank of England maintained

³ Asset purchasing program or quantitative easing is a monetary policy whereby a central bank buys predetermined amounts of government bonds or other financial assets in order to inject liquidity directly into the economy.



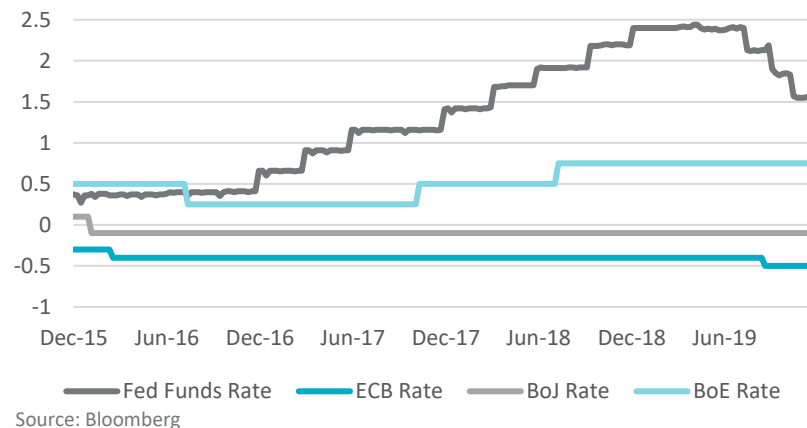
interest rates during the year, they have expressed their willingness to use all the tools at their disposal to support economic growth in case of a slowdown (see chart 3). This renewed dovish tone supports our case for moderate economic growth during the year which should continue to support the bull market.

One of the major unresolved headwinds for the market during the year was the escalation of trade tensions between the U.S. and China, which led to a massive

slowdown in global trade. The decrease in trade and subsequent decline in production helped push the manufacturing sector into a recession, which nearly pushed all industry-oriented economies, such as Germany, into one. Even as the conflict was centered around the two countries, its consequences had a global reach. The phase one agreement that was announced during December 2019 and, expected to be ratified in January 2020, as well as other subsequent agreements to be reached during 2020 are likely to have positive effects on global trade, as tariffs get reduced and the flow of goods normalizes, boosting growth in ailing sectors and economies.

Finally, after a 2019 in which earnings declined globally, except in the U.S. the consensus forecast is for earnings to rebound in 2020. We expect the stock market in the U.S. to be driven mostly by increasing earnings per share (EPS), and whether they meet or exceed analysts' forecasts. This should be the case for international stocks as well, with the added benefit of potential multiple expansion.

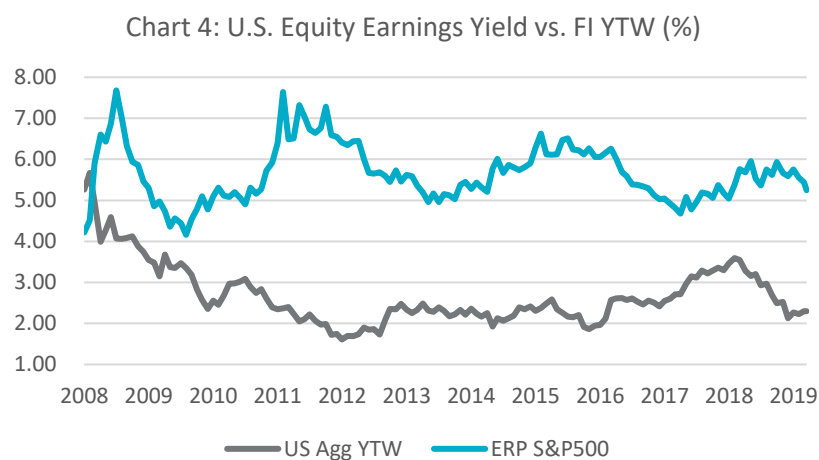
Chart 3: Global Central Bank Rates (%)





2. Asset Allocation and Asset Class Views 2020

As the year comes to an end the S&P500 stock index is currently trading at an earnings yield of 5.2%, which is slightly above historical averages. The number compares favorably to the U.S. fixed income average yield to worst of 2.3%⁴, which is the lower end of historical numbers (see chart 4). After an end of 2018 where the gap between the yields of two asset classes had narrowed, the



trend reverted and equities now look relatively more attractive to fixed income securities. This difference in yield or expected return explains our decision to maintain our overweight in equities, and underweight in fixed income.

Equities

Table 1: U.S. Key Ratios			
	2018	2019 YTD	2020 est.
S&P 500 change	-6.20%	27%	5%
S&P 500 P/E	15.4	19.3	19
S&P 500 EPS Growth	23.70%	8.10%	10.00%
US GDP Growth	2.90%	2.30%	1.90%
10-year Treasury Yield	2.68%	1.90%	2.00%

Source: Bloomberg and Barron's consensus of Strategists

2019 has been a stellar year globally for equities (see table 1), with the U.S. market being the top performer. The return has been achieved despite the fact that the economic cycle is currently in its 10th year, there were some signs of a global economic slowdown especially in manufacturing, and the U.S. and China continued with their trade dispute. The performance was led during the first half of the year by the recovery of the stock market from the declines of late 2018. The renewed dovish stance by the Fed, ECB and other developed central banks during the summer, helped boost the rally during the second semester, pushing the U.S. equity market to new all-time highs.

Valuation are now richer than they were one year ago, making it more difficult for the market to repeat the 2019 performance in 2020. Nonetheless, we remain bullish on the equity market, where we forecast single digit returns. As the upside looks more limited than in prior years, investing in quality companies that can better protect the downside has become much more relevant.

⁴ Measured by the Bloomberg Barclays U.S. Aggregate Index



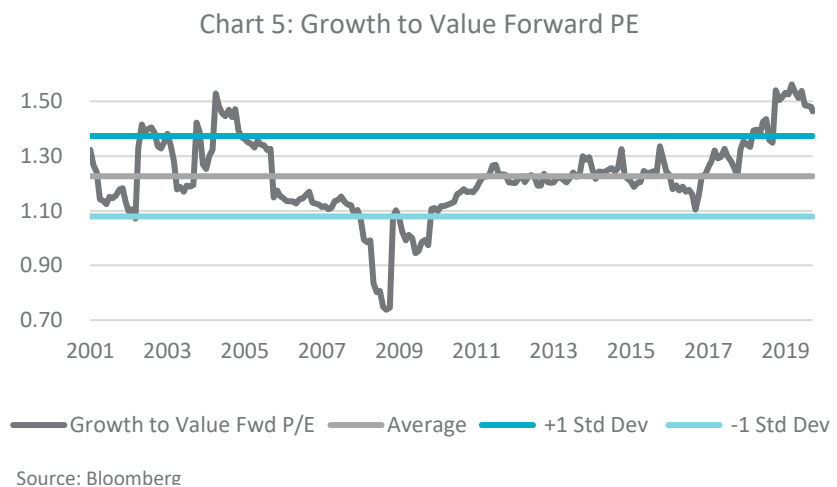
With this in mind we believe there are four main themes that we believe should play out in the equity market during 2020, which are as follows:

1. Favor value over growth
2. Favor international over U.S. stocks
3. Favor small / mid-caps over large cap stocks
4. Favor high dividend paying stocks

Favor value over growth

As a result of an impressive growth in the technology sector and fueled by low interest rates, momentum stocks have almost constantly outperformed value stocks over the last decade. However, as the current cycle continues to mature, and the economy started to show some signs of weakness, investors started taking profit from growth stocks and switching into value during the last

quarter of 2019. Currently, growth stocks are trading 17% above their 20 year average price to earnings ratio (P/E), while value stocks are trading only 9% above its historical⁵. More importantly, the P/E premium of growth to value stocks is at historical highs, and although it has been recently decreasing, it should continue to normalize in 2020 (see chart 5). We expect this gap to continue closing during 2020 as investors continue to increase their exposure to value stocks.



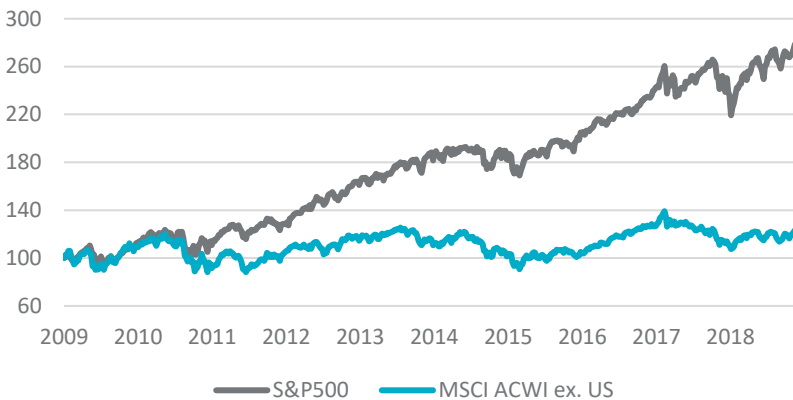
Favor international over U.S. stocks

In line with the outperformance of growth stocks, the U.S. market has also been the top performer during 2019 as well as during most of the decade. On average, the U.S. has historically commanded a valuation premium with respect to the other regions. However, as the U.S. market has rallied and other international markets have lingered, the valuation gap has increased considerably. Since the end of the financial crisis, the U.S. market has almost tripled, while international stocks have had a modest return to say the least (see chart 6). As a result, the U.S. market has started to look expensive not only from a historical point of view, but also relative to other developed countries and emerging markets. As investors have started shifting into value stocks, they have also started investing in international markets, looking to boost the potential returns of their portfolios. We also expect this trend to continue during 2020, where

⁵ JPMorgan Guide to the Markets
<https://am.jpmorgan.com/us/en/asset-management/gim/adv/insights/guide-to-the-markets/viewer>



Chart 6: U.S. vs International Equities (normalized)



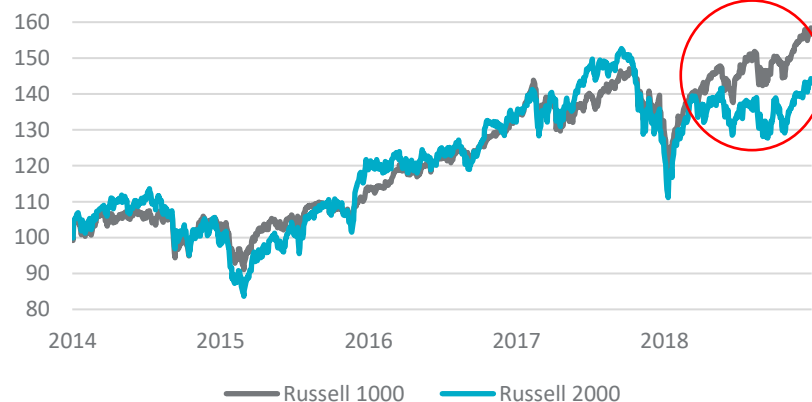
we favor investments in continental Europe and the UK. As a matter of fact, some analysts believe that European stocks are on the cusp of a major structural breakout (through the 2000, 2007, and 2015 highs), with Japan even challenging its nearly 30-year high⁶.

Favor smaller / mid-cap stocks over large caps

Most of the equity rally during this market cycle has been led by technology mega cap stocks. As these companies have become expensive, we believe smaller caps provide an interesting alternative in 2020, taking into account not only that they are relatively cheaper, but also that they are more isolated from global capital flows. Even as small cap stocks have had a great performance in 2019, year to date as of the first week of December their performance is almost 5% lower than that of large caps. Additionally, small caps stocks are still almost 7% below their all-time high reached in August of 2018, just before the market downturn at the end of 2018. Historically, small and large caps' performance has been highly correlated.

However, the strong correlation has weakened over the last year (see chart 7). This decoupling means that small cap stocks fell more than large caps during the 2018 correction, and have had a slower rebound since, hence providing a larger upside potential. As fears of a global slowdown continue to dissipate, the return gap between large and small cap stocks should continue to close, providing an interesting alternative for investors to increase the expected return on their portfolios.

Chart 7: Large vs. Small Caps (normalized)



Source: Bloomberg

Favor high dividend paying stocks

As mentioned previously, we expect single digit returns for stocks during 2020. With low expectations for returns and capital appreciation, dividend becomes an important component of total return. High dividend stocks also provide better downside protection. Although our base case scenario is for a recession free 2020, we do expect volatility to pick up, especially as a result of political uncertainties in

⁶ https://www.strategasrp.com/Research_Archive/PDF?strResearchProductID=tYK6mXeMtITk8UB%2BVhcJhw%3D%3D&search=JOAN%20JETT%20



the U.S., mainly the presidential election. Finally, as rates remain low, investors seeking for yield will continue to explore non-traditional fixed income proxies such as high dividend yielding stocks. We believe that investors should focus on high dividend stocks, especially those that historically have exhibited constant dividend growth and whose dividend represents at least 50% of the expected total return. These stocks should constitute an important portion of investors' equity allocation not only to receive the stable dividend payout, but also as a buffer against increased bouts of volatility.

Fixed Income

2019 was expected to be a bad year for fixed income assets in general, as the Fed, ECB and other developed central banks were committed to continuing with their hawkish posture, gradually continuing to raise rates, and putting an end to asset purchase programs. However, a slowdown in global economic growth, coupled with deflationary pressures, caused the central banks to make a U-turn, injecting liquidity in the economy and decreasing reference interest rates⁷. As a result, what was expected to be a continuation of 2018, ended up being a spectacular year for fixed income securities, as interest rates dropped globally.

However, as fixed income assets rallied during 2019, they end the year being much more expensive than at the end of 2018. We do not anticipate any further massive interest rate movements by the Fed or other developed market central banks, so we believe that rates should remain expensive stabilizing around the current levels, potentially increasing over the first half of 2020, as economic growth starts to rebound, and investors divest from safe haven assets. As a matter of fact, after its meeting in December, the guidance given by the Fed was that it expects to maintain rates at its current level during all of 2020. Hence, we expect low single digits returns for fixed income assets on average during 2020. With limited expected upside, protecting the downside becomes much more relevant.

With this in mind we believe there are three main investing themes for fixed income securities during 2020, which are as follows:

1. Underweight government bonds
2. Favor low duration credits
3. Continue the search for yield, but with a focus on quality

Underweight government bonds

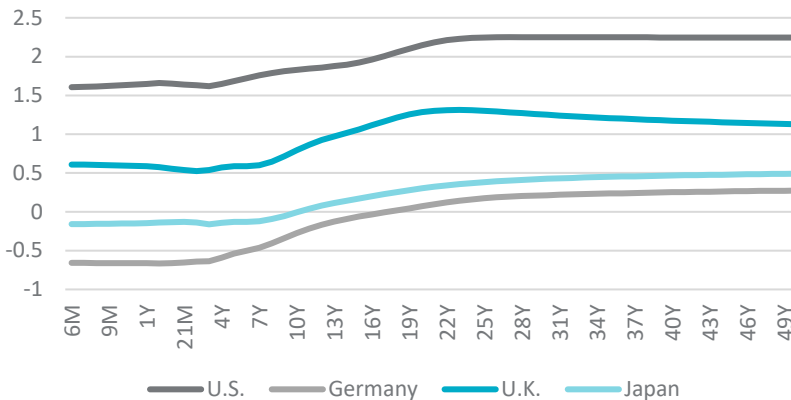
With a renewed dovish stance by the Fed and other central banks, and an increase in appetite for riskless assets during the spring and summer, government bond yields fell sharply during the year, causing global negative yielding debt to top \$17 trillion and the U.S. yield curve to briefly invert. However, as the fears of a recession started to dissipate, the yield curve in the U.S. has slightly steepened and the negative yielding debt fell to over \$11 trillion. Even as rates rebounded from the lows of the year, we still close the year with government bond rates near all-time lows; for the 10 year reference, Treasuries are yielding around 1.8%, German Bunds are yielding -0.25%, UK Gilts are yielding 0.8% and the Japanese Treasury is

⁷ The reference rate of a central bank refers to the target interest rate that banks charge other banks for lending them money from their reserve balances on an overnight basis.



yielding just below 0% (see chart 8). There is no case to be made for buying negative or close to zero yielding debt, hence our recommendation to remain underweight the sub-asset class. However, as mentioned at the beginning of the document, regardless of the low current yields, we still believe that holding treasuries is relevant as a hedge against a risk-off event in the market.

Chart 8: Global Yield Curves (%)



Source: Bloomberg

in its yield during 2020 would drop the total return of the investment to 0%. Further, even as yield curves have steepened, they remain fairly flat, providing a low rate pick-up incentive for investors to buy the long end of the curve. It is also important to mention that the negative correlation between equities and fixed income appears to have weakened significantly. In 2018 both asset classes had negative performance and in 2019, both asset classes rallied. So as fixed income securities lose their hedging properties against equity downturns, we recommend the short end of the yield curve where prices and returns are far less sensitive to movements in interest rates, which will better protect an investor's total portfolio.

Continue the search for yield, but with a focus on quality

As interest rates fell during the year, and remain at historical lows, investors have been pushed out of their zone of comfort into higher yielding debt and non-traditional fixed income assets. However, these shifts have also pushed spreads near historical lows, not necessarily remunerating investors for the risk taken. As we are currently in the late part of the cycle, we expect volatility to pick up from the muted levels seen in 2019. Many investors that have been pushed into these riskier assets may not have the stomach to withstand increased bouts of volatility, selling their positions and causing a snowball effect. We recommend buying quality issuers that might not have the highest yield, but will certainly perform better on moments of market stress. From a regional

Favor low duration credits

One consequence of the low rate environment we are currently in, is that the interest rate carry offered by fixed income securities is not as appealing as in the past, so small yield increases can completely wipe out the interest income. For example, if an investor were to buy a 10-year Treasury, a 25 bps increase

Chart 9: Option Adjusted Spreads (%)



Source: Bloomberg



perspective, we believe there is still value in emerging markets credit, especially in Asia as trade tensions continue to dissipate and a potential phase one deal is reached. In Latin America, apart from Argentina, economic growth should continue to rebound guided by Mexico whose credits have been severely punished, and Brazil. From a sub-asset class perspective, we believe there is still some value in high yield, especially in the U.S. Even as spreads remain at historical lows, the carry is still particularly attractive in today's low-yielding world (see chart 9). However, based on the previous theme, we prefer short duration securities even as some yield might be left on the table. Finally, we still remain overweight hybrid and perpetual securities that continue to be attractive from a risk/return perspective.

Alternatives

Similar to the other assets classes discussed previously, we remain positive on alternative investments, but believe it has become much more relevant to be selective of new investments, taking into account the stage of the cycle.

In **Private Equity (PE)**, market valuations remain in the upper end of historical averages. The combination of stretched valuations with political and macroeconomic uncertainty, has made it increasingly difficult for General Partners (GPs) to deploy capital efficiently. As a consequence, the PE industry has reached very high levels of dry powder. More liquidity and few attractively priced assets have increased competition. This does not only bring valuations even higher, but also makes it very difficult for PE funds to deploy capital in an effective and timely way. Taking into consideration the conflict of interest that GPs face, in which they have to “put money to work”, even when deal multiples are too high, the probability of capital misallocations significantly increases. We recommend selectivity choosing new private equity investments and looking for the most efficient GPs that deploy capital at reasonable valuations.

We believe **Private Debt (PD)** is a good alternative compared to more traditional income-producing investments in the public space, where \$11.3 trillion worth of bonds are currently trading with negative yields. Current PD yields hover around 9% on average, compared to an average yield of 2.3% in the U.S. public market. Even after accounting for the illiquidity premium, PD yields remain attractive. However, considering that the bull market cannot run forever, we advocate for investments in defensive sectors using the highest quality GPs, with the most optimal track records and the lowest default rates. It is also important to select funds who lend high in the capital structure (such as senior secured loans), and have leverage to negotiate tight covenants and ensure principal protection.

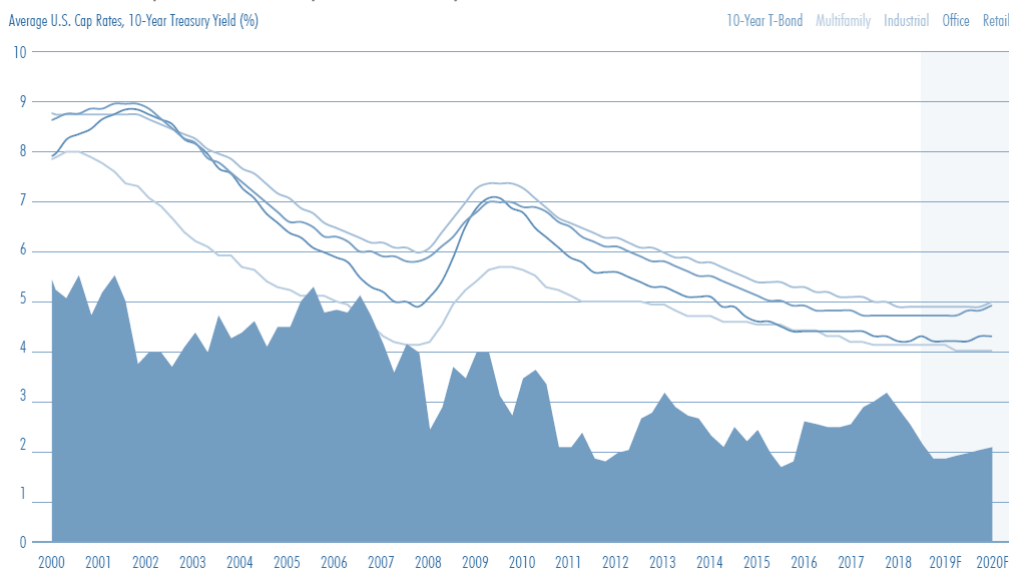
On the **Venture Capital** front, 2019 was the year when the bubble created by Softbank and other investors started to deflate. Valuations had become massively stretched with companies providing few financial results. Going forward, as companies are remaining private for a longer period of time, investors are likely to start demanding financial results similar to the ones of their public peers. We see that later stage strategies drive GPs to overpay in order to gain participation in unicorns, which as mentioned are remaining private for longer, and are having a difficult time maintaining their high valuations. This was the case with WeWork, where late stage investors got seriously impacted after the failed IPO attempt revealed serious flaws in the business model. As a result, we recommend focusing on managers whose focus is on more mature companies with value creation and consolidation opportunities in software, data and technology-enabled solutions, and whose funds have invested through recessionary periods.



Finally, on the **Real Estate** side, low absolute rates generally have a positive effect on property values, and the minimum increase in the 10-Year treasury yield anticipated for 2020 will help limit the cap rate increases and keep the spread about 300 bps above the risk-free rate (see chart 10). Extreme cautiousness is warranted as we go past the tenth year of the economic cycle expansion, where we expect cap rates to increase slightly for retail, hospitality, office and industrial sectors. As appreciation in property value slows, the return should be lower in 2020 than in the early years of the cycle. However, income return will remain steady, making U.S. commercial real estate an attractive and reliable option for both domestic and international investors looking to strengthen their portfolios at the outset of a year that is expected to have geopolitical and economic turbulence. As such, we believe demographic-based real estate offers the most attractive risk-adjusted returns with high single digit current yields. As an example, while employment growth has eased, hiring has been particularly robust in the health services sector. The need for healthcare professionals is driven by demographics, where about 5 million people will turn 75 over the next five years, exacerbating the need for medical services, increasing the demand for hospitals, urgent care centers, senior housing facilities, and medical office space. Also, the 21-month stretch with an unemployment rate at or under 4 percent has contributed to accelerated household formation and greater wage growth. The added housing demand has helped reduce the national average multifamily vacancy rate to 3.7 percent as of September, a nearly 20-year low. Thus, we believe multifamily is positioned for continued favorable performance in 2020.

In terms of real estate markets, employment growth has been favoring smaller cities. The pace of job creation will ease going forward as the labor market nears full capacity. Because there are more open positions than people available for hire, employers are implementing new recruiting strategies, including adding jobs in secondary and tertiary markets to tap underutilized labor pools. This trend has helped tighten office and multifamily vacancies in these metropolitan areas. With construction in smaller cities still limited, supply and demand trends will deliver elevated rent increases. Investors targeting secondary and tertiary markets will benefit from space demand created by these staffing shifts.

Chart 10: Cap Rates vs 10-year Treasury Yield



Source: CBRE Research, U.S. Federal Reserve Board, CBRE Econometric Advisors, October 2019.



3. Potential Risks and Final Comments

After an outstanding year in 2019, we enter 2020 with a much more positive outlook than was the case a year ago. At this time, we are not seeing any of the typical signs of a U.S. recession for 2020. However, we believe all risks for next year should be seen through the lens of the continuation of the U.S. - China trade conflict, of the U.S. presidential election, and of a potential liquidity crunch. Each of these events has the potential to have a major influence on markets in 2020, and are hard to anticipate.

U.S. China trade conflict

The world's two largest economies have been embroiled in a trade war for more than a year, with multiple rounds of tariffs and counter-tariffs affecting nearly all goods traded between the two countries. The impact of those levies is not particularly large for an economy of the size of the U.S., but the damping effect on corporate confidence and investment has been felt. This fall, U.S. stocks have ridden a wave of optimism for a preliminary deal. If the trade war were to linger or re-escalate, the global economy could soft-land leading to a more gradual, "L-shape" type of recovery, as opposed to a "U-shape" that is expected.

U.S. elections

One of the major events of 2020 is the U.S. presidential election. As we have a little less than a year to go, the market has not paid much attention to it, and as of the time of this writing seems to be discounting either a Trump reelection, or a win by a Democratic moderate such as Joe Biden. A potential Warren or Sanders presidency seems highly unlikely and does not seem to be priced in. This would be the worst-case scenario for the stock market where we could potentially see a 20% correction if Warren or Sanders were to win. Such a sell-off would come mainly from the likely dismantling of the deregulation and supply-side economic policies introduced by the Trump administration. However, as unlikely as this scenario might appear, it is important to keep it on the radar and adapt the investment portfolio as needed.

Liquidity Risks

As we have seen even in the repo market during 2019, there could be unexpected market disruptions and liquidity crunches. When we look at how global investors are typically positioned today, with a high concentration of illiquid investments, a liquidity crunch can affect more the mega-cap stock darlings, since they represent the most easily disposable component of a client's portfolio.

Finally from a geopolitical perspective, we believe we are slowly undergoing a structural shift in the world order, transitioning from a world with one super-power to one dominated by two: the U.S. in the West, and China in the East. The next century may well be defined in part by the tension between the American dream and the Chinese dream. While President Trump is approaching a Phase One solution to the trade war, we believe a holistic solution will take long to resolve. At stake is a quest for global dominance, which in our view will be fought as a strategic technology war. We see potential for a technology "de-coupling" of the two countries which would have gradual, but profound implications for supply-chains and corporate revenues. However, we don't see immediate investing implications from this theme in 2020, but, at the same time, it represents a shift that should consolidate over the next decade.



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