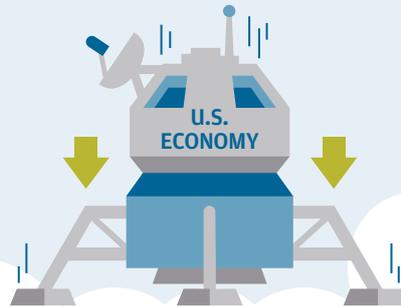


MARKET INSIGHTS

2019 INVESTMENT OUTLOOK: PILOTING PORTFOLIOS THROUGH LATE-CYCLE UPS AND DOWNS

**1** DESPITE 2018 TURBULENCE, THE U.S. ECONOMY IS HEADING FOR A SOFT LANDING IN 2019

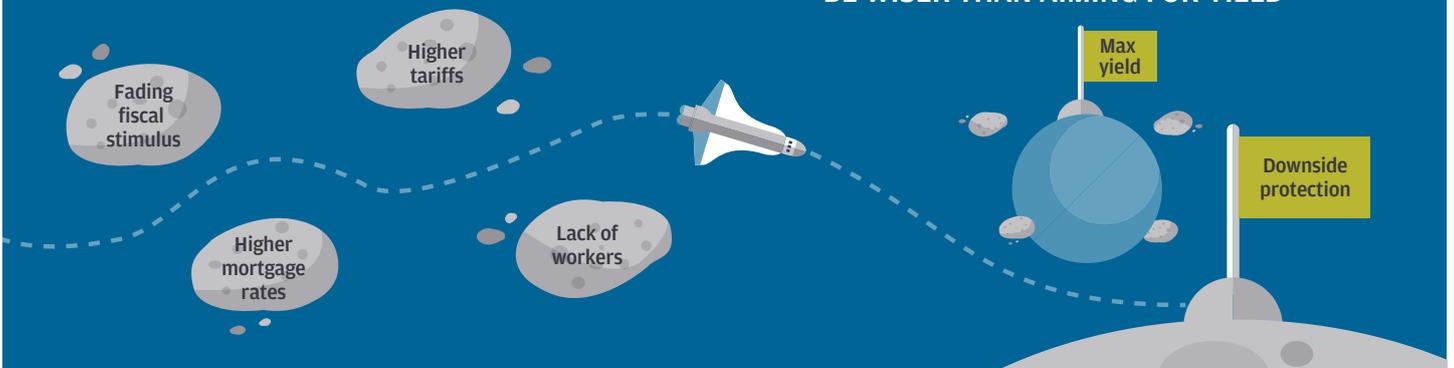


**FACTORS HELPING A SOFT LANDING**

- Unemployment** near 50 year low
- Inflation** still low and steady
- Cautious and mild **Fed tightening**
- U.S. economy enters 11<sup>th</sup> year of **expansion** in mid-2019

**2** OBSTACLES ON THE PATH AHEAD SHOULD SLOW, BUT NOT STALL GROWTH

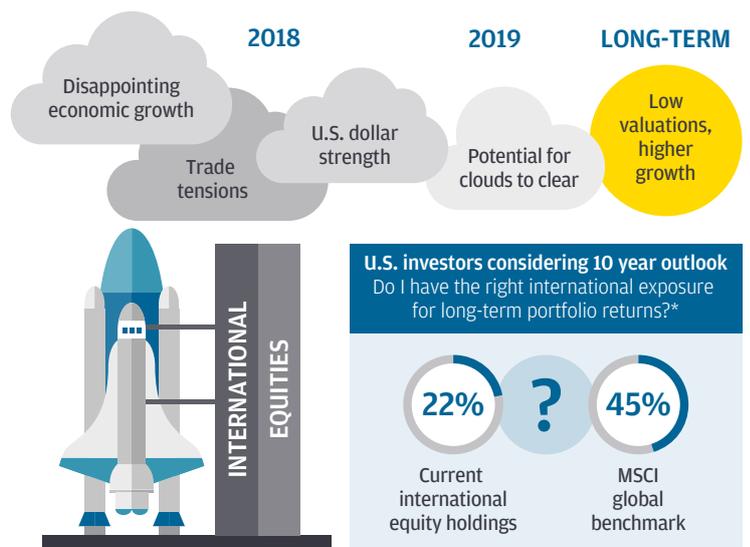
**3** NAVIGATING FIXED INCOME PORTFOLIOS TOWARDS DOWNSIDE PROTECTION MAY BE WISER THAN AIMING FOR YIELD



**4** FOR U.S. EQUITIES, LATE-CYCLE PRESSURES SUGGEST PREPARING FOR MORE VOLATILE CONDITIONS

**5** CLOUDS CONTINUE TO DELAY TAKE-OFF FOR INTERNATIONAL EQUITIES, BUT CLEARER SKIES COULD BE AHEAD

LANDING CONDITIONS	
<p><b>SCENARIO 1</b></p> <p>Rising interest rates putting pressure on:</p> <p>Company profit margins Earning growth Valuations</p> <p><b>Investor response</b> Balance portfolio exposure by focusing on sectors historically deriving a greater share of total return from income</p>	<p><b>SCENARIO 2</b></p> <p>Fed pauses tightening mid-year or U.S.-China sign trade agreement:</p> <p>Boosting stock market Potentially extending economic expansion</p> <p><b>Investor response</b> Hold stocks that benefit from higher interest rates or strong global growth</p>

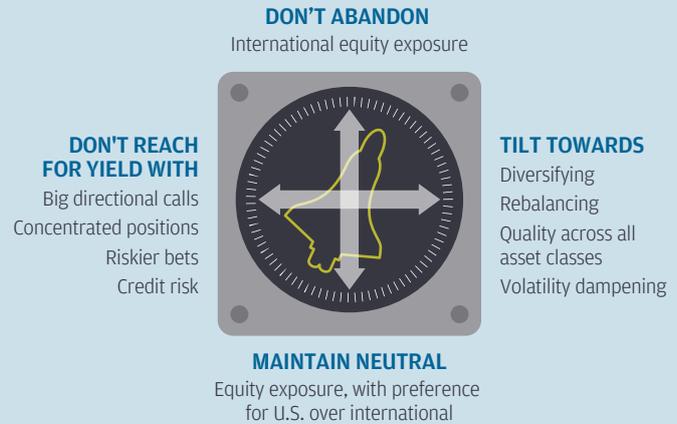


## MARKET INSIGHTS

### 6 OVERALL, THE RISK OF DIVERSION FROM THE EXPECTED LATE-CYCLE PATH REMAINS HIGH



### 7 BY ADJUSTING COURSE AS THE LANDSCAPE SHIFTS, INVESTORS CAN MAINTAIN HEIGHT TO REACH THEIR LONG-HAUL DESTINATION



#### NEXT STEPS

For more information, contact your J.P. Morgan representative.

\* Source: Federal Reserve, MSCI, J.P. Morgan Asset Management.

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