



It's a good time to make sure portfolios are well positioned for the months and years ahead. (UBS)

# Three ways to navigate the current landscape for the months and years ahead

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**With stocks at new heights, interest rate expectations shifting, and political and geopolitical uncertainty still elevated, we outline three ways to navigate the current landscape for the months and years ahead.**

## 1. Equities

Reaching all-time highs in the equity markets might tempt some investors to cash out, but our analysis of the past 60+ years shows that S&P 500 returns in the 3, 6, and 12 months following an all-time high are basically the same as all other periods.

We also anticipate the macroeconomic and earnings environments to remain favorable, which supports staying invested in equities.

On the economic front, our base case is still for a soft landing, which should also support stocks. But given our view that growth will cool a bit from here, we also think it's important to be selective and stay focused on quality companies with strong balance sheets and consistent earnings.

## 2. Fixed Income

While inflation data could remain volatile, we believe the central theme holds: inflation is close to reaching the Fed's target, providing policymakers with space to cut rates further in the months ahead.

We acknowledge that the chances of a Fed skip have increased. But our base case continues to be that the Fed will cut rates in both November and December (25bp in each meeting), and each quarter next year.

As a result, we still believe US Treasury yields are headed lower, and see the 10-year US Treasury yield at 3.5% by June 2025. In this context, we believe high-quality fixed income segments remain attractive.

### 3. Diversifiers

In times of uncertainty, diversification remains a cornerstone of sound investing, especially with an election approaching and tensions flaring in the Middle East.

Gold stands out as our preferred diversifier, offering a hedge against geopolitical risks and inflation. Additionally, we continue to see alternatives as a core part of client portfolios.

Cooler temperatures, falling leaves, and pumpkins everywhere are all reminders that the home stretch of the year is upon us, and it's as good a time as any to review everything and prepare for what's ahead.

To learn more, read the full report [here](#), originally published 15 October, 2024.

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