

Chris Hyzy:

This is Chris Hyzy, Chief Investment Officer for the September Viewpoint titled “Invitation To Buy Through The Growth Cycle.” With equity markets currently at or close to all time highs, bond markets relatively come and foreign exchange markets exhaling a bit, we are heading into the last four months of the year on a high note. The economic landscape has slowed somewhat, while the policy arena continues to tighten its grip. Moreover, the Federal Reserve’s communication out of the August 22nd Jackson Hall meeting was applauded by investors as they beat up risk assets with the view that interest rate cuts are coming sooner rather than later.

As the lumberjacks do say, “We still have some wood to chop here,” inflation is above trend, while the employment data is producing mixed signals. We view the last four months of the year as an invitation to buy long term equity market exposure on weakness, and use growth investment themes to increase tactical positioning through the new growth cycle.

We highlight the “alive five” as reasoning for our bullish stance on this owl-type bullish market that continues to look around 360-degrees for confirmation that growth is about to reaccelerate into 2026. The alive five are number one, corporate profit growth is solid and looks set to reaccelerate into and through 2026. Number two, financial conditions are on the perch of getting easier. Three, dry powder or cash across the industry landscape is at or close to record levels. Four, investor sentiment is still overly bearish relative to the positive fundamental backdrop. And five, the broad equity market is suddenly inviting other areas to join this advance. Equity market rebalancing has been developing, and now small capitalization shares are catching up, in addition to more cyclical areas.

For these reasons, we believe any weakness in the broader equity markets is actually an invitation to buy through and into the new growth cycle, specially if you have excess cash exposure while the Fed is inching closer to cutting rates. Investors with a core diversified multi-asset portfolio should consider adding to it as rates drop and growth reaccelerates. Investors addition to the core portfolio, adding to long-term growth themes as a compliment also makes sense in our view.

We believe we are in the early stages of a super cycle in aerospace and defense spending, particularly modern innovative defense technology. We also believe the infrastructure build out in generative artificial intelligence, known as GAI, is continuing and accelerating, and the advancement of power generation and utility infrastructure is also moving forward at an accelerated rate.

Finally, another acceleration in cyber security spending in large capital investment and management of data centers are all driving private sector overall growth. We expect this to continue in the years ahead.

That will do it for today, thanks for listening.

Operator:

Please see important disclosures provided on this page.

END