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Investment Possibilities for 2019

Sectors to consider and trends to follow in the new year.

BY KAREN PERRI, CFP

As the new year approaches, a primary question is: “What will 2019 look like across the spectrum of investment possibilities?”

In short, it’s looking pretty good.

Let’s start with the results from the mid-term elections. A Democratic House will likely have a muted effect on equity markets since most legislation would be routine or need bipartisan support to pass. Morgan Stanley believes trade tensions will continue, while spending won’t change materially.

This is good for U.S. Treasury rates, which have priced-in the current deficit trajectory. However, it’s more challenging for the dollar, which could weaken as deficits expand into tightening global liquidity. The Blue Sweep in the House won’t immediately shift policy, but it could mellow trade protectionism and pave the way for rollbacks of

deregulation and fiscal stimulus – and raise expectations for a more progressive agenda a few years down the road.

What should an investor look to?

That depends upon your goals and risk tolerance. Different goals dictate different investments. Retirees may want a heavier focus on equities paying solid dividends. Saving for a child's college education? Consider opening a so-called 529 account, with the level of risk dependent upon how many years before the youngster becomes a freshman.

As the Baby Boomer generation reaches retirement age, there are growing opportunities in the elder care industry. Worldwide, the over-60 population is expected to rise to 2 billion by 2050, with increasing investment opportunities in companies that target this age group.

Other areas where growth seems reasonable include retirement living and home healthcare industries. For those investing in the elder health sector, diversified pharmaceutical and consumer stocks could provide ample investment opportunities if carefully researched beforehand.

Hi-tech investments and artificial intelligence may be another option for those with a longer time horizon and ability to tolerate more risk. The Department of Defense, responsible for the development of emerging technologies for the military, recently announced a \$2-billion investment to fund future development.

For those creating a legacy, certain emerging markets may be worth consideration over the long term.

Meanwhile, financial market corrections should be expected; thus diversification is essential, and investors should create a mixed portfolio. Holding multiple, non-correlated asset classes in a portfolio can limit negative exposure and set the stage for positive returns. It also is reasonable to expect interest rates to continue rising, which may impact investments.

There is no sure way to predict the future. However, 2019 may bring good news to many investors, specifically those who apply due diligence, manage their own level of risk, and don't succumb to emotion or rumors.

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