

Active is: Anticipating what's ahead

2019 outlook: active selection is essential

An increasingly divergent global economy and political upheaval are contributing to rising market volatility, reinforcing the need to be active and selective.

2019 Outlook: active selection is essential

In the coming year, we expect to see lower correlations, higher volatility and lower returns, particularly for equities. Our 2019 outlook explores why active investing is likely to be essential.

[Outlook overview](#) [Four key themes](#) [Regional outlooks](#) [Five actions to consider](#)

To put our 2019 outlook into action, aim to be more active and selective. For example, make sure you don't write off entire regions or markets based on a single event such as Brexit. Rather, it's important to understand which stocks/sectors will be favoured based on specific scenarios.

Five actions to consider

1 Be selective

Don't write off entire regions or markets based on one event – Brexit, for example. It's important to understand which stocks/sectors will be favoured based on specific scenarios.

2 Guard against inflation

Globally, inflation pressures are rising as consumer prices increase; investors should consider equities, commodities and real estate as natural inflation hedges. Global equities and commodities still look well-positioned as a whole.

3 Keep searching for income

The hunt for income remains pressing in a world still experiencing low interest rates. Investment-grade and high-yield bonds in the US and Europe may be challenged in the coming year, though credit fundamentals are stable globally.

4 Look for contrarian ideas

Diversification as a strategy is not working as well, as QE has mispriced many asset classes; contrarian ideas and out-of-consensus themes may come into favour.

5 Search for alpha from disruption

Disruption of politics and technology is creating clear winners and losers globally; active research and

analysis can improve the chances of finding alpha.

[↓ DOWNLOAD FULL 2019 OUTLOOK](#)

Some or all the securities identified and described may represent securities purchased in client accounts. The reader should not assume that an investment in the securities identified was or will be profitable. The securities or companies identified do not represent all of the securities purchased, sold, or recommended for advisory clients. Actual holdings will vary for each client. FANG is an acronym widely used on Wall Street and among many investors; it stands for four high performing large cap technology companies – Facebook, Amazon, Netflix and Google (now Alphabet) – that are also household names. BAT is a similarly widely used acronym for three large cap tech companies in China: Baidu, Alibaba and Tencent.

Investing involves risk. There is no guarantee that active management will outperform the broader market. The value of an investment and the income from it will fluctuate and investors may not get back the principal invested. Past performance is not indicative of future performance. This is a marketing communication. It is for informational purposes only. This document does not constitute investment advice or a recommendation to buy, sell or hold any security and shall not be deemed an offer to sell or a solicitation of an offer to buy any security.

The views and opinions expressed herein, which are subject to change without notice, are those of the issuer or its affiliated companies at the time of publication. Certain data used are derived from various sources believed to be reliable, but the accuracy or completeness of the data is not guaranteed and no liability is assumed for any direct or consequential losses arising from their use. The duplication, publication, extraction or transmission of the contents, irrespective of the form, is not permitted.

This material has not been reviewed by any regulatory authorities. In mainland China, it is used only as supporting material to the offshore investment products offered by commercial banks under the Qualified Domestic Institutional Investors scheme pursuant to applicable rules and regulations.

This document is being distributed by the following Allianz Global Investors companies: Allianz Global Investors U.S. LLC, an investment adviser registered with the U.S. Securities and Exchange Commission; Allianz Global Investors Distributors LLC, distributor registered with FINRA, is affiliated with Allianz Global Investors U.S. LLC; Allianz Global Investors GmbH, an investment company in Germany, authorized by the German Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin); Allianz Global Investors (Schweiz) AG, licensed by FINMA (www.finma.ch) for distribution and by OAKBV (Oberaufsichtskommission berufliche Vorsorge) for asset management related to occupational pensions in Switzerland; Allianz Global Investors Asia Pacific Ltd., licensed by the Hong Kong Securities and Futures Commission; Allianz Global Investors Singapore Ltd., regulated by the Monetary Authority of Singapore [Company Registration No. 199907169Z]; Allianz Global Investors Japan Co., Ltd., registered in Japan as a Financial Instruments Business Operator [Registered No. The Director of Kanto Local Finance Bureau (Financial Instruments Business Operator), No. 424, Member of Japan Investment Advisers Association and Investment Trust Association, Japan]; and Allianz Global Investors Taiwan Ltd., licensed by Financial Supervisory Commission in Taiwan.

678043

Active is: Allianz Global Investors

Value. Shared.

Our firm	Insights	Capabilities
Why partner with us	Staying active	Alternatives
Leaders of our firm	2019 Mid-year Outlook	Equity
A brief history	Investment Forum	Fixed income
Sustainability	Outlook & commentary	Multi asset
Press centre	Investment themes & strategy	Advisory
Contact us	View from the Global Strategist	Research
Careers	Update Magazine	Our experts
	Why active?	Our products



Allianz Global Investors is comprised of the [AllianzGI Affiliated Entities](#) worldwide. Product availability will vary by jurisdiction.