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**Investing for This Cycle and the Next:
How to Prepare for the Forces that are
Reshaping the Global Economy**

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CHIEF GLOBAL STRATEGIST & HEAD OF THE BARINGS INVESTMENT INSTITUTE

SEPTEMBER 2019

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Are We Ready?

U.S. STOCK MARKET SINCE 1930

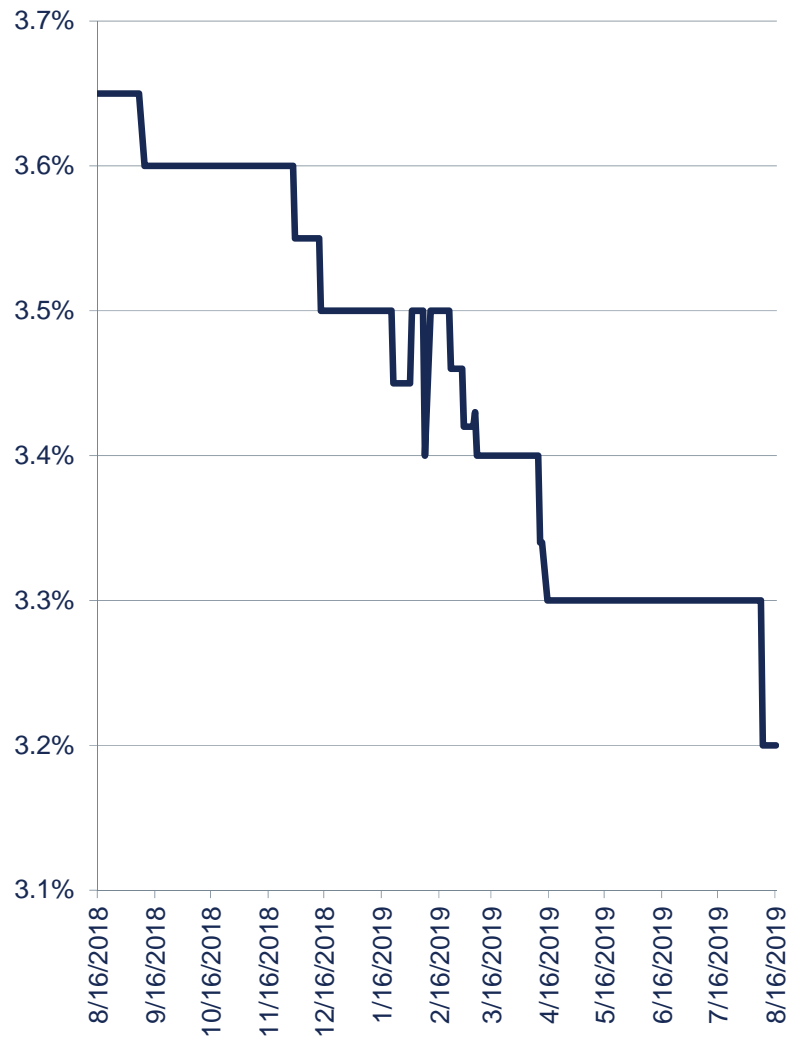


Source: Macrotrends.net. As of August 16, 2019.

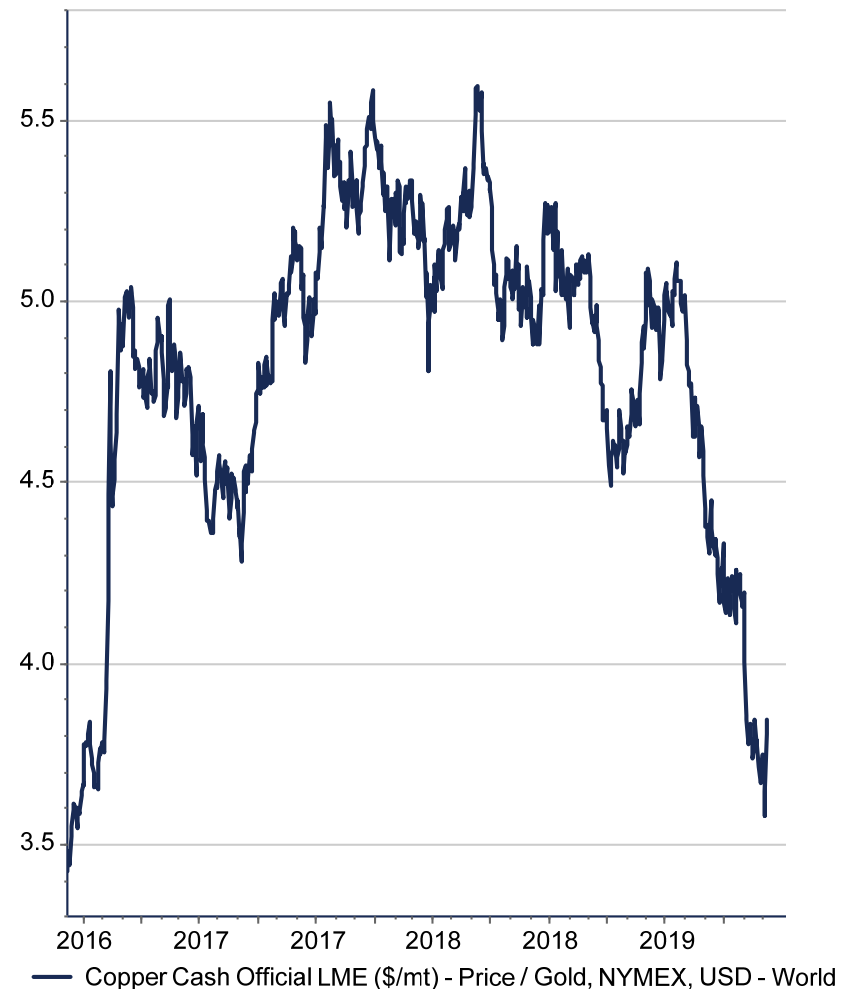
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Global: Slowing Growth

2019 WORLD GDP GROWTH FORECAST SURVEY



COPPER/GOLD RATIO

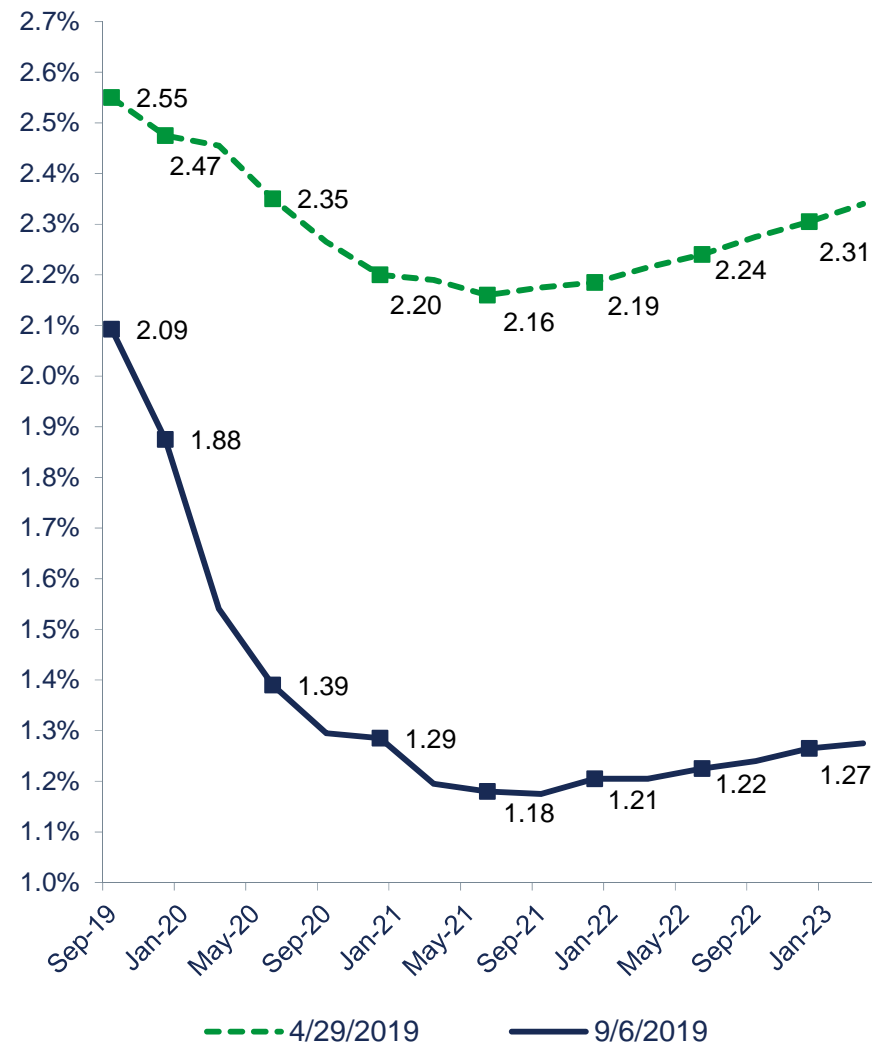
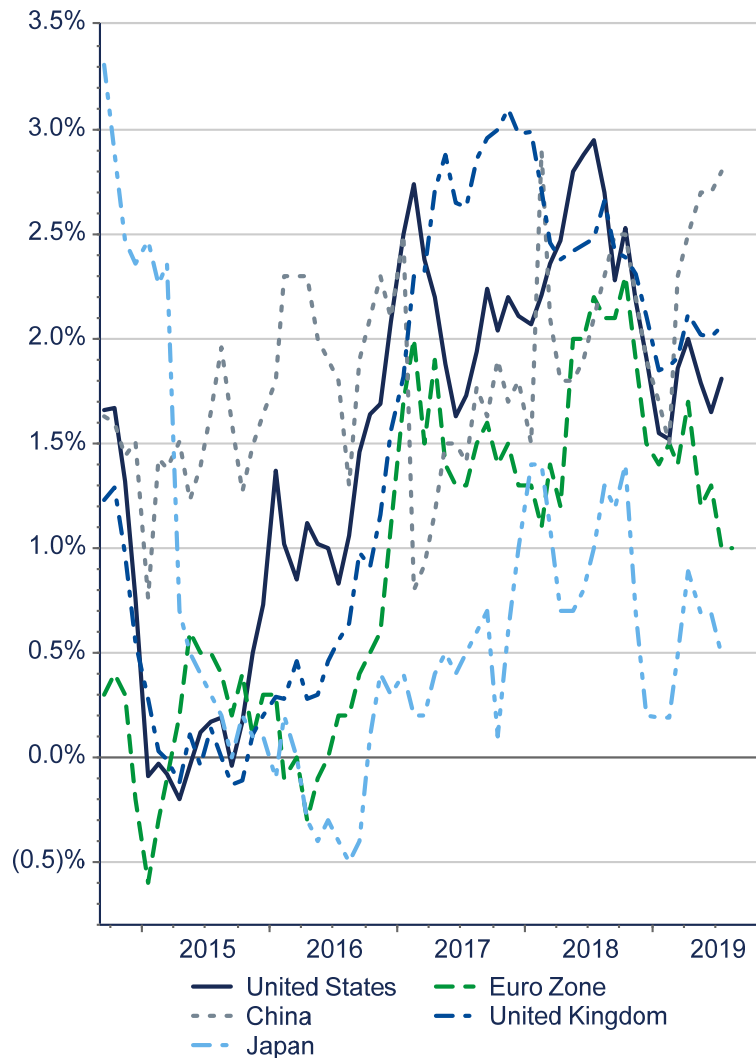


Source: Bloomberg, FactSet. As of September 6, 2019.

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Global: Dovish Expectations

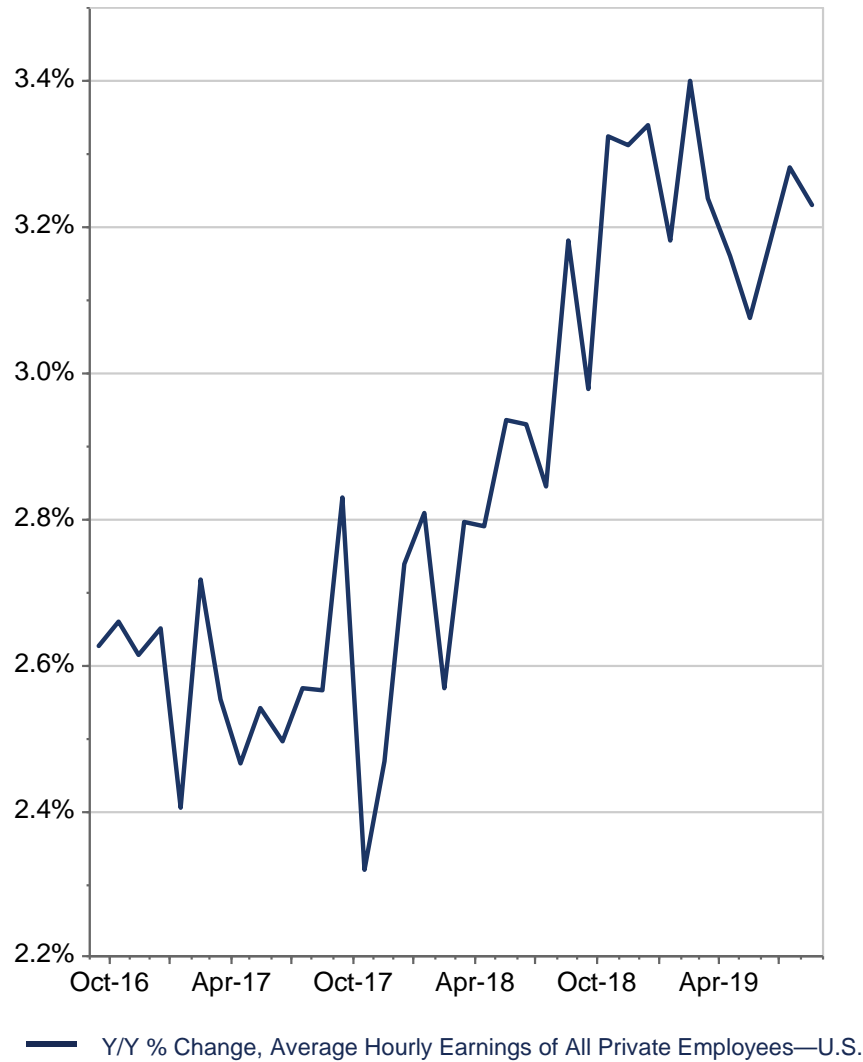
GLOBAL INFLATION—CPI Y/Y % CHANGE



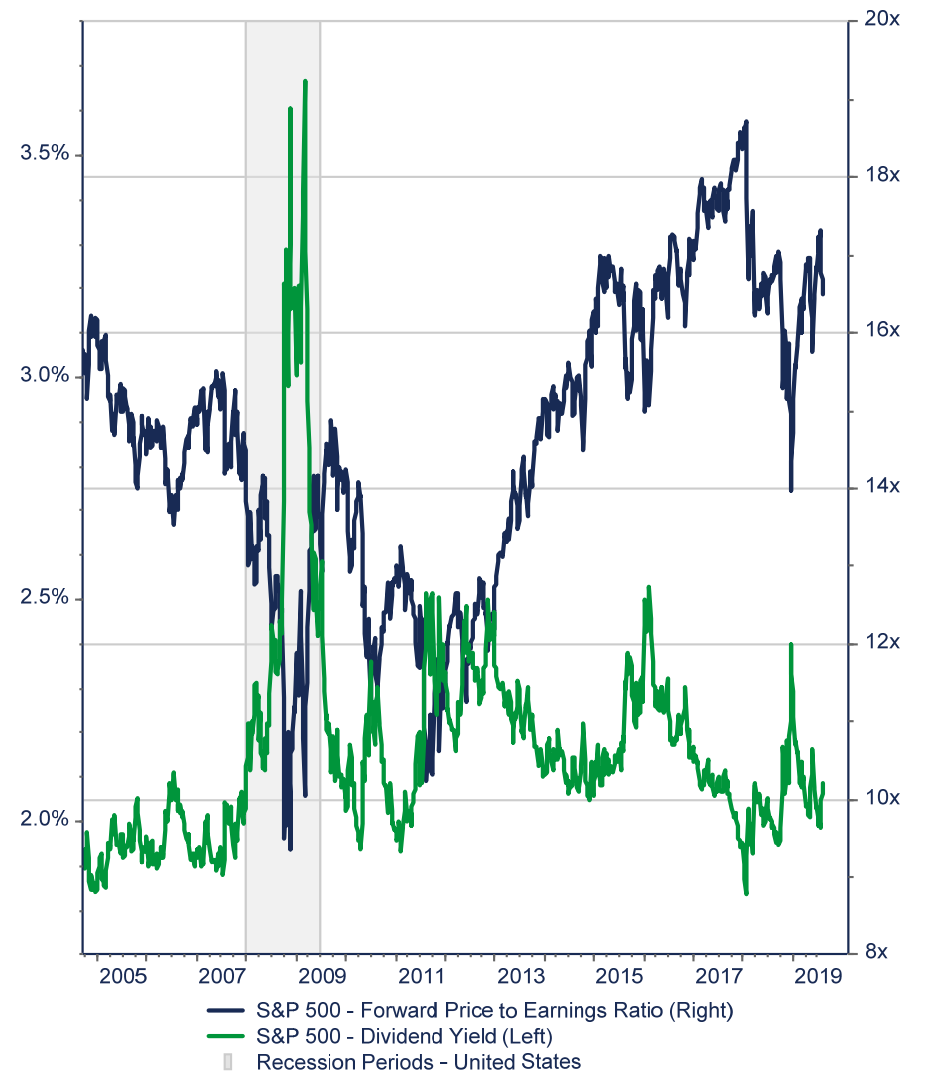
Source: Bloomberg, FactSet. As of September 6, 2019.

U.S.: Growth & Resilience

WAGE GROWTH



S&P 500 12-MONTH FORWARD EPS & DIVIDEND YIELD

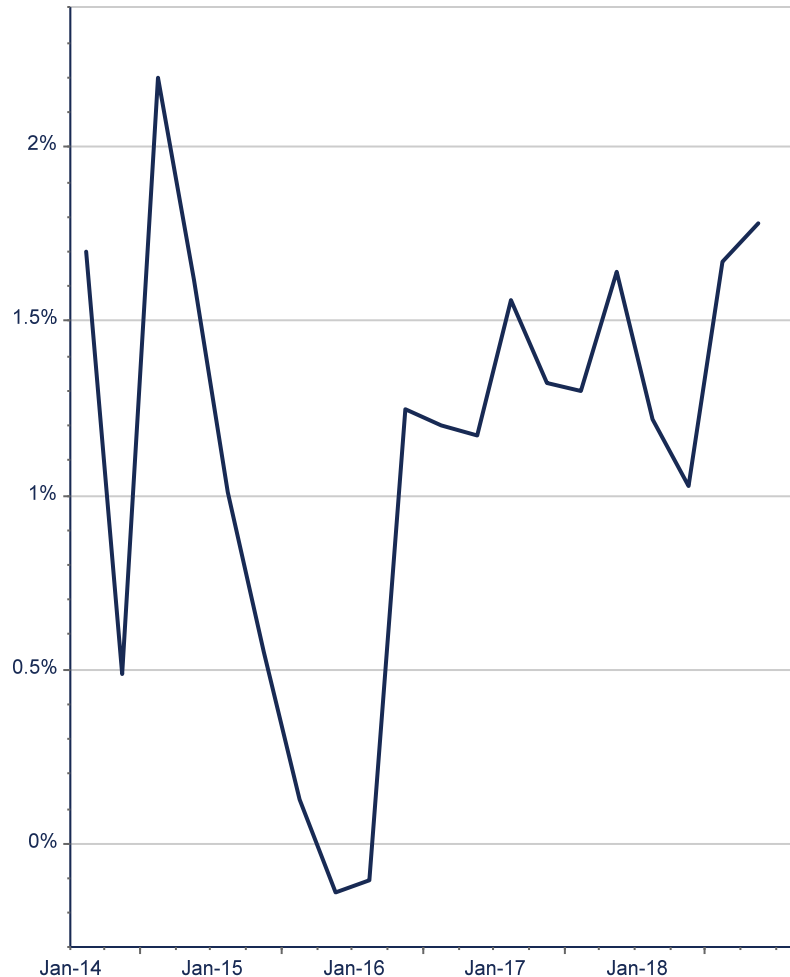


Source: FactSet. As of September 6, 2019.

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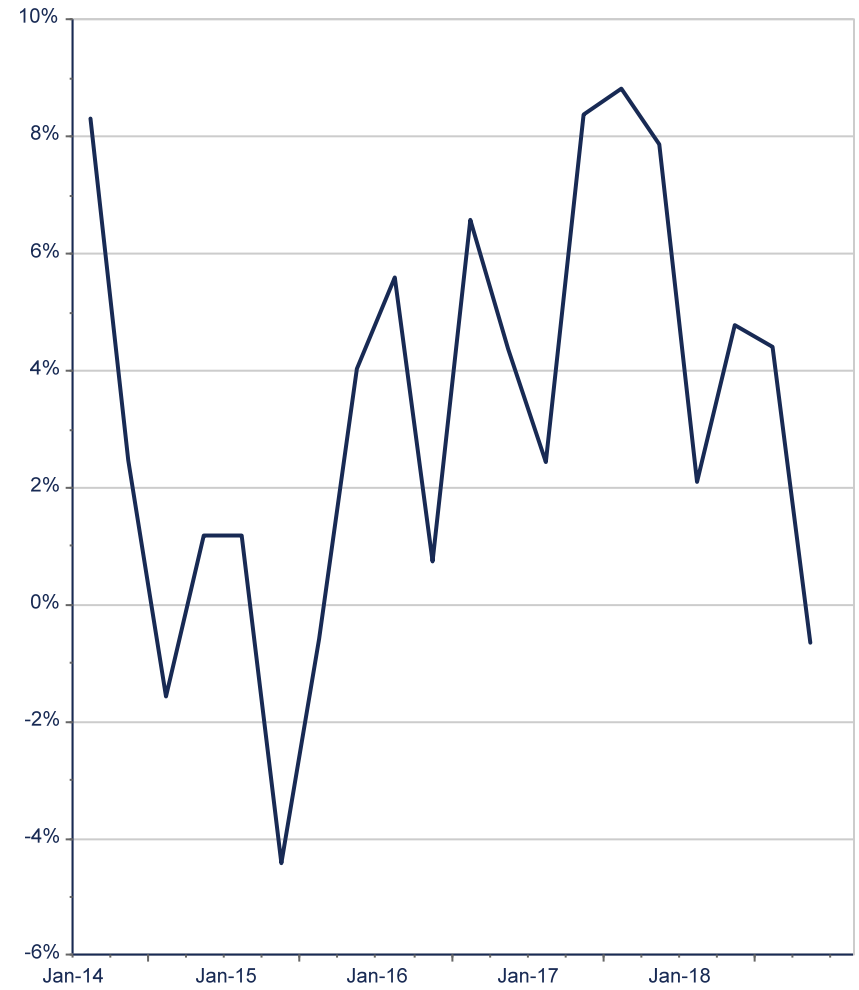
U.S.: Productivity & Investment

U.S. PRODUCTIVITY ANNUAL GROWTH



— Labor Productivity (Output per Hour) Nonfarm Businesses All Persons Index, 2009=100, SA, Index—U.S

U.S. GROSS PRIVATE FIXED NON-RESIDENTIAL INVESTMENT



— Private Domestic Investment, Fixed Investment, Nonresidential, Bil Chained 2012 \$, SAAR, Bil USD

Source: FactSet. As of September 6, 2019.

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Europe: Inflation & Rates

GERMAN 10-YEAR BREAKEVEN



EURO AREA AGGREGATE NEGATIVE YIELDING DEBT

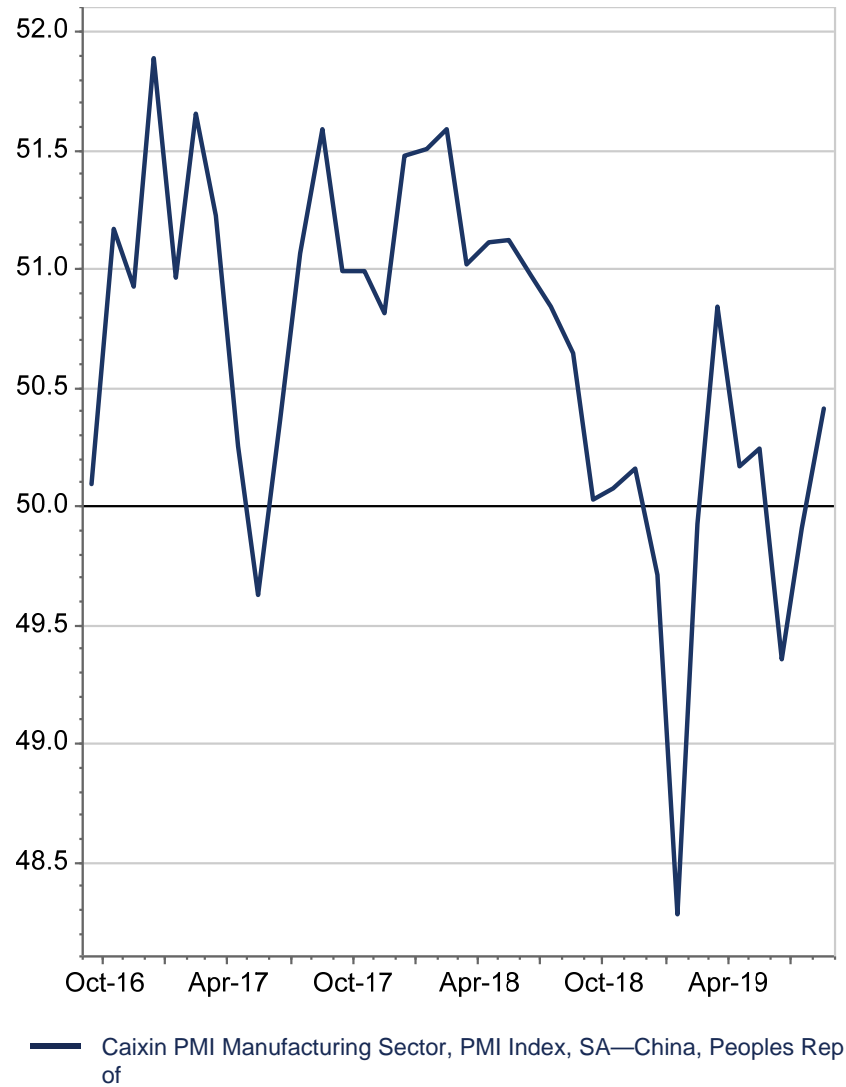


Source: Bloomberg. As of September 6, 2019.

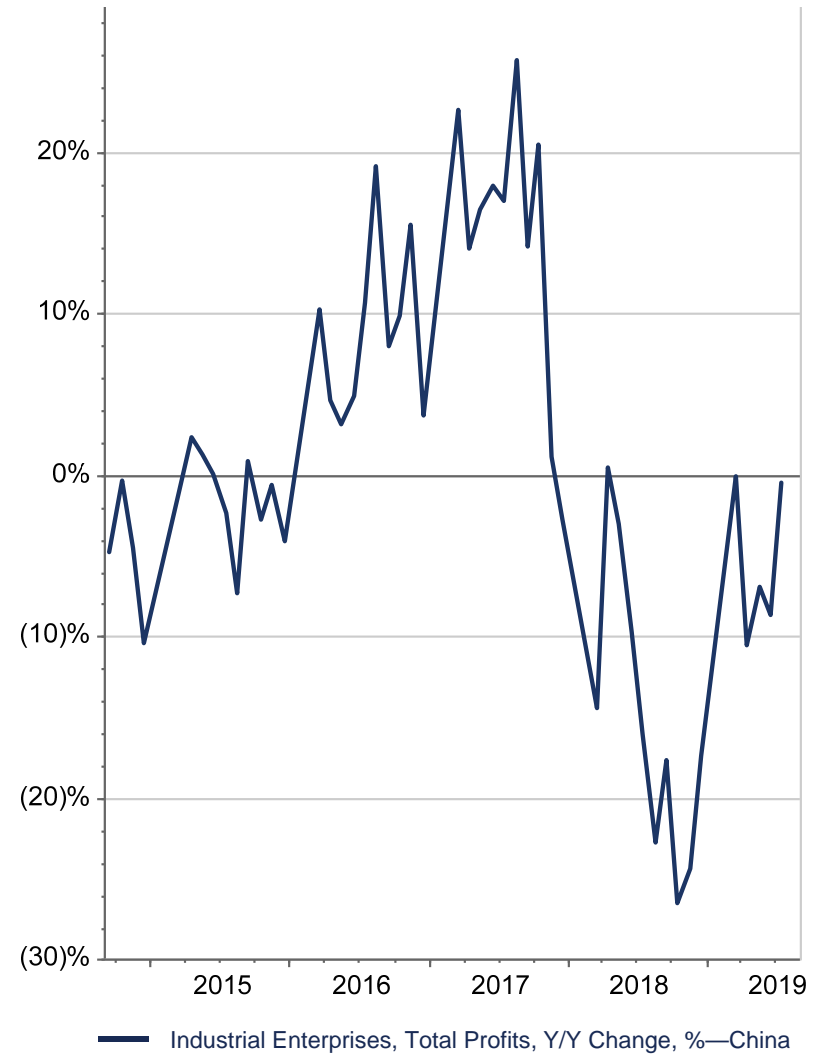
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China: Growth & Profits

CHINA CAIXIN MANUFACTURING PMI



CHINA INDUSTRIAL PROFIT GROWTH



Source: FactSet. As of September 6, 2019.

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Three Forces Shaping the Next Cycle

LIQUIDITY, TECHNOLOGY AND POLITICS

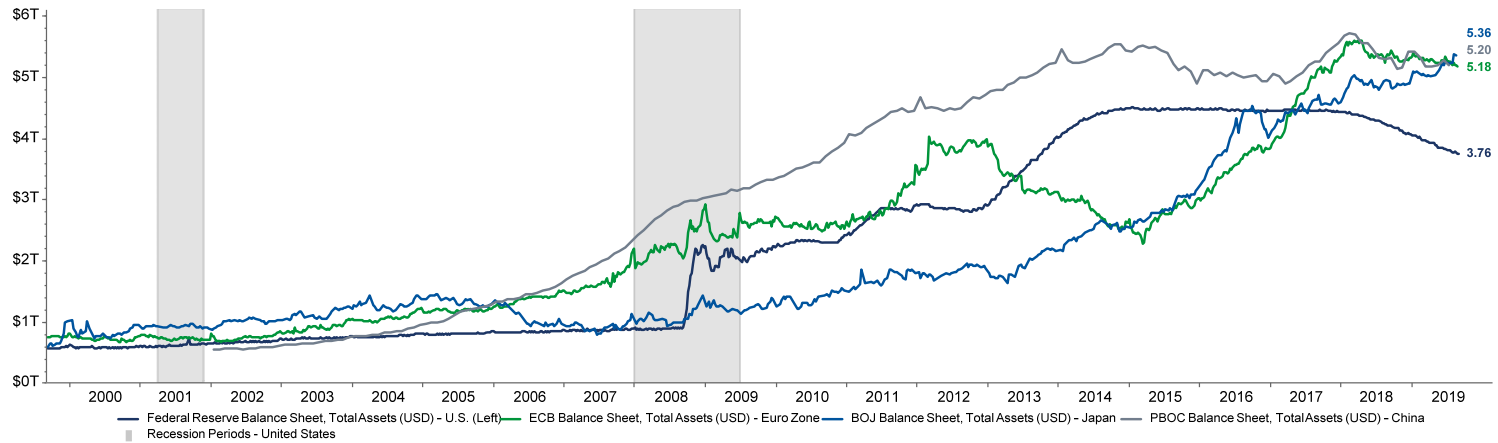


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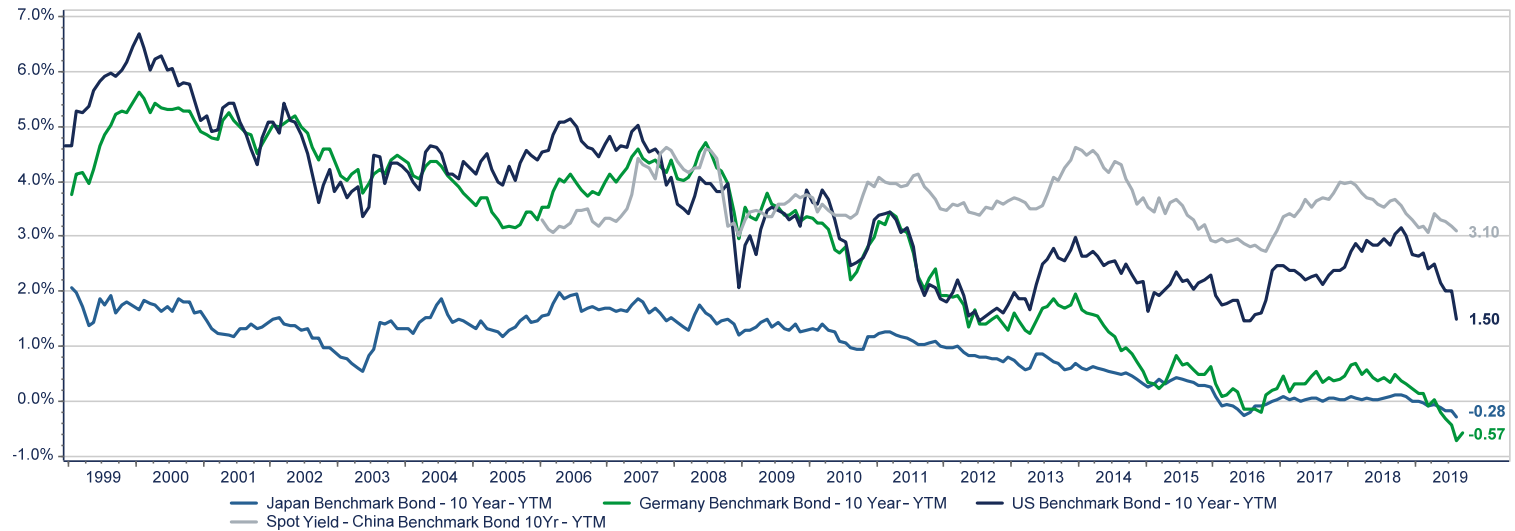
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Liquidity: Quantitative Easing & Quantitative Tightening

CENTRAL BANK TOTAL ASSETS



GLOBAL BENCHMARK INTEREST RATES

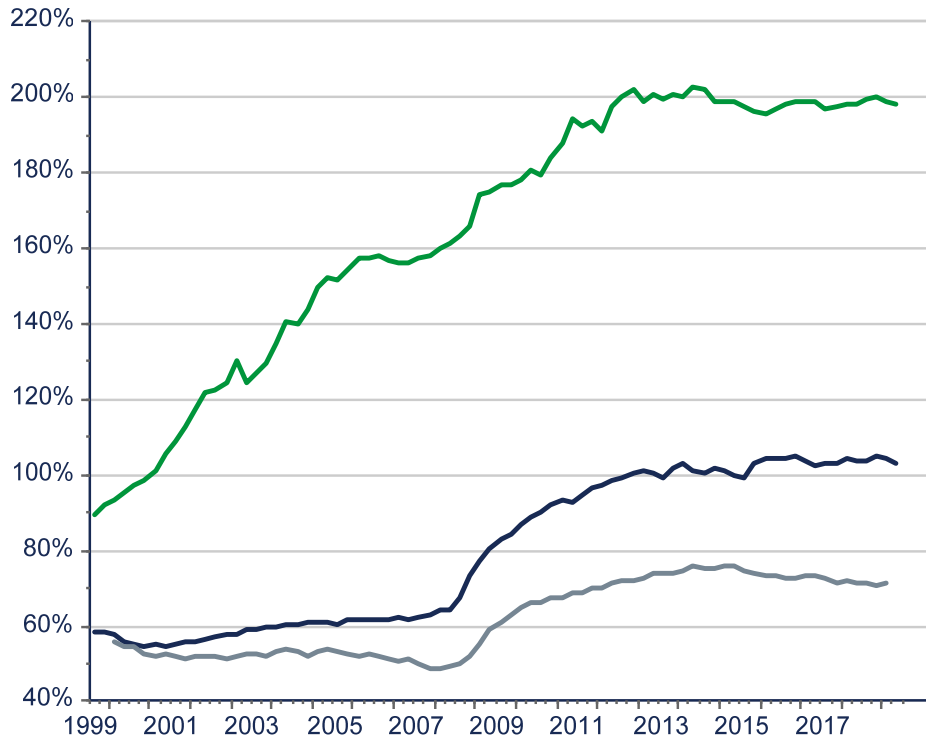


Source: FactSet, Bloomberg, BEA. As of August 9, 2019.

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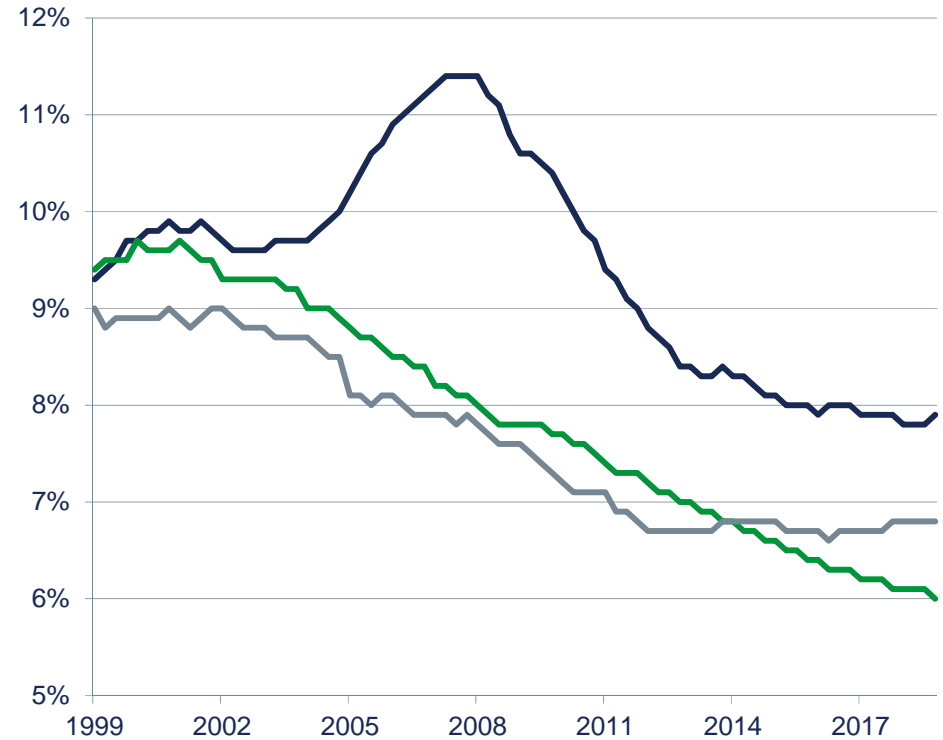
Liquidity: Rising Levels of Debt

GOVERNMENT DEBT AS A % OF GDP¹



- Federal Debt, Total Amount Outstanding as % of GDP—U.S.
- Central Government Debt to GDP Ratio, %—Japan
- Government Consolidated Gross Debt, Central Government, % of GDP—EU28

HOUSEHOLD DEBT SERVICE RATIO²



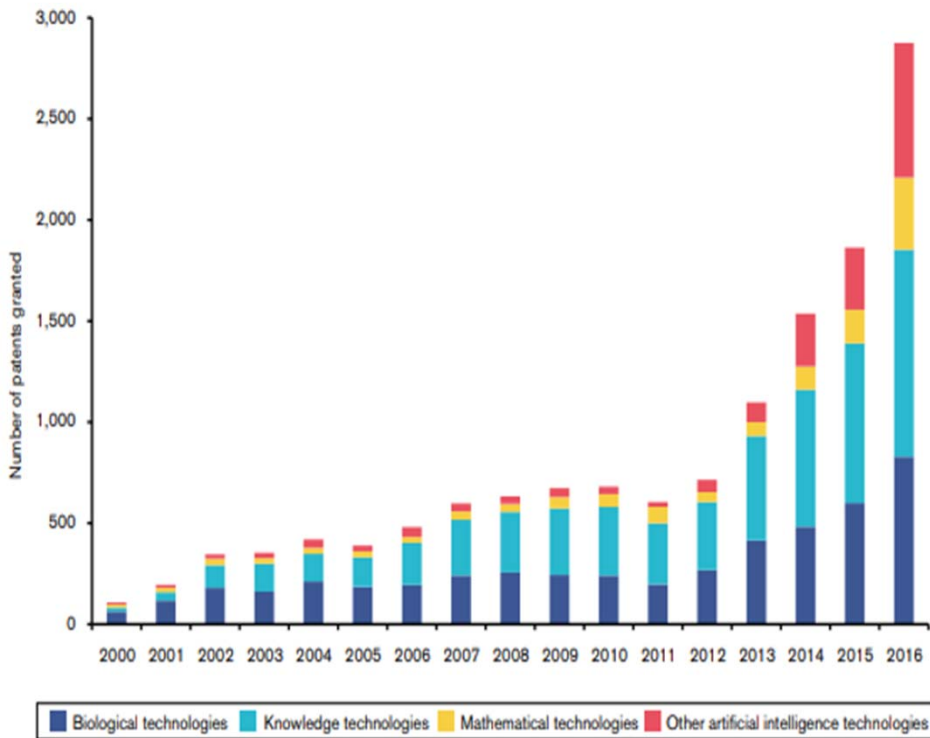
- U.S.—Debt Service Ratio of Households and NPISHs (%)
- Germany—Debt Service Ratio of Households and NPISHs (%)
- Japan—Debt Service Ratio of Households and NPISHs (%)

1. Source: U.S. Treasury, Eurostat, BoJ, Factset. As of September 6, 2019.

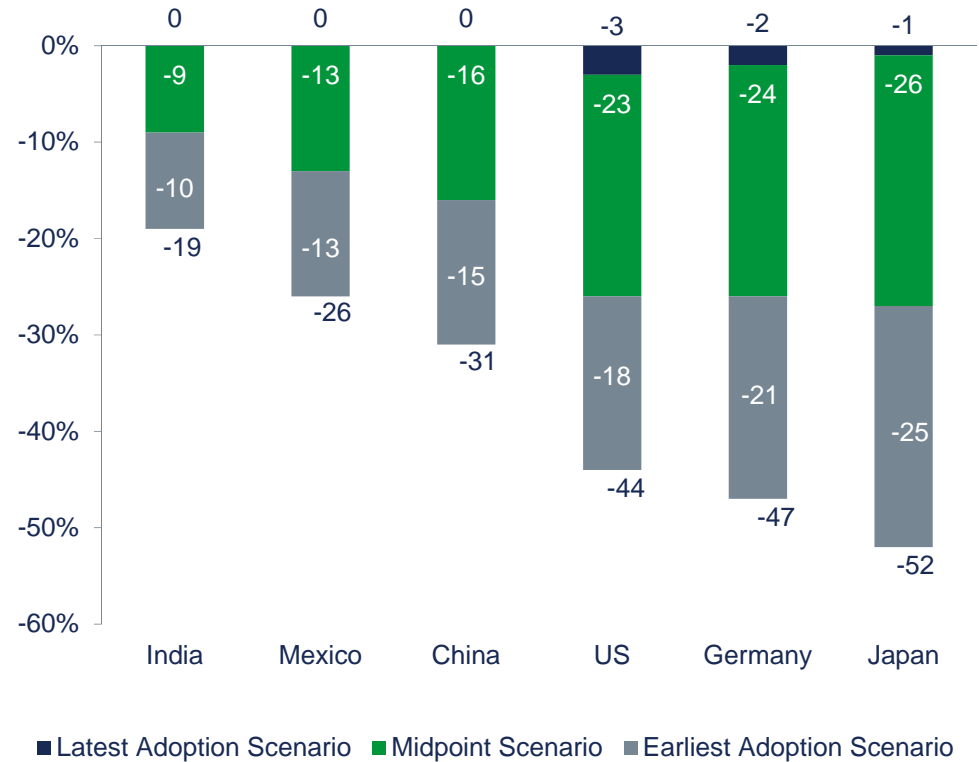
2. Source: BIS, Haver. As of December 31, 2018.

Technology: Disruption

ARTIFICIAL INTELLIGENCE PATENTS¹



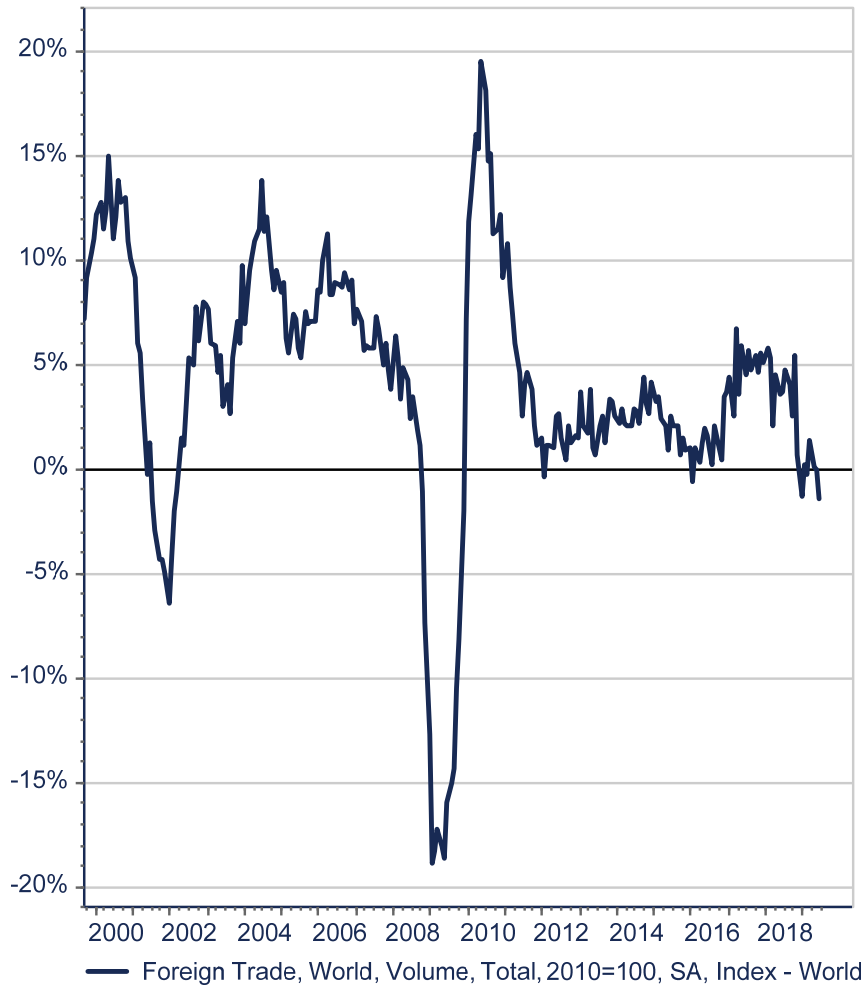
AUTOMATION AND EMPLOYMENT BY 2030²



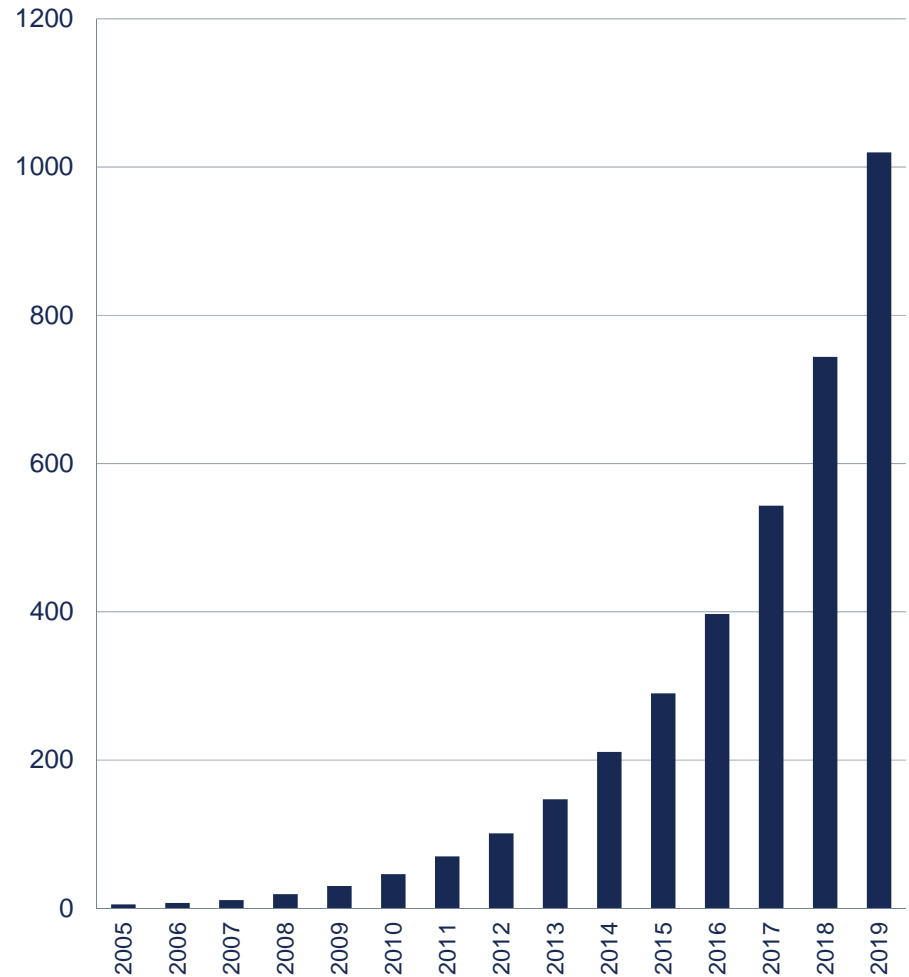
1. Cisco Systems and World Development Indicators.
 2. McKinsey Global Institute (Jobs Lost, Jobs Gain: Workforce Transition in a Time of Automation. Dec 2017)

Technology: Digital Trade

WORLD TRADE VOLUME GROWTH (Y/Y)

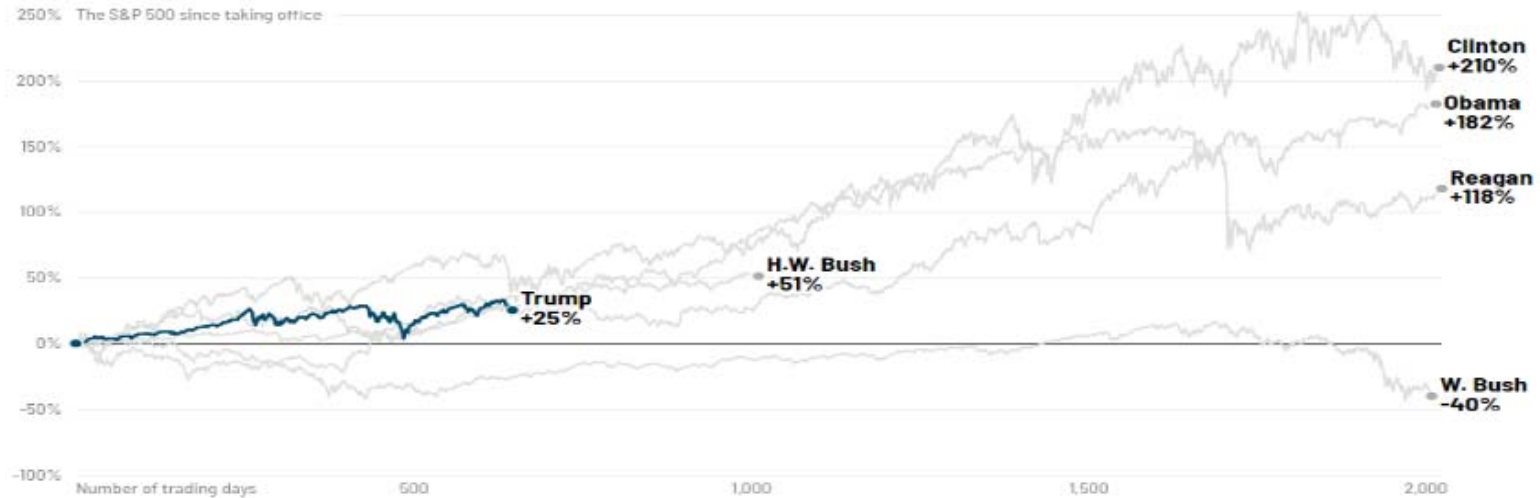


CROSS BORDER BANDWIDTH (TERABITS/SEC)

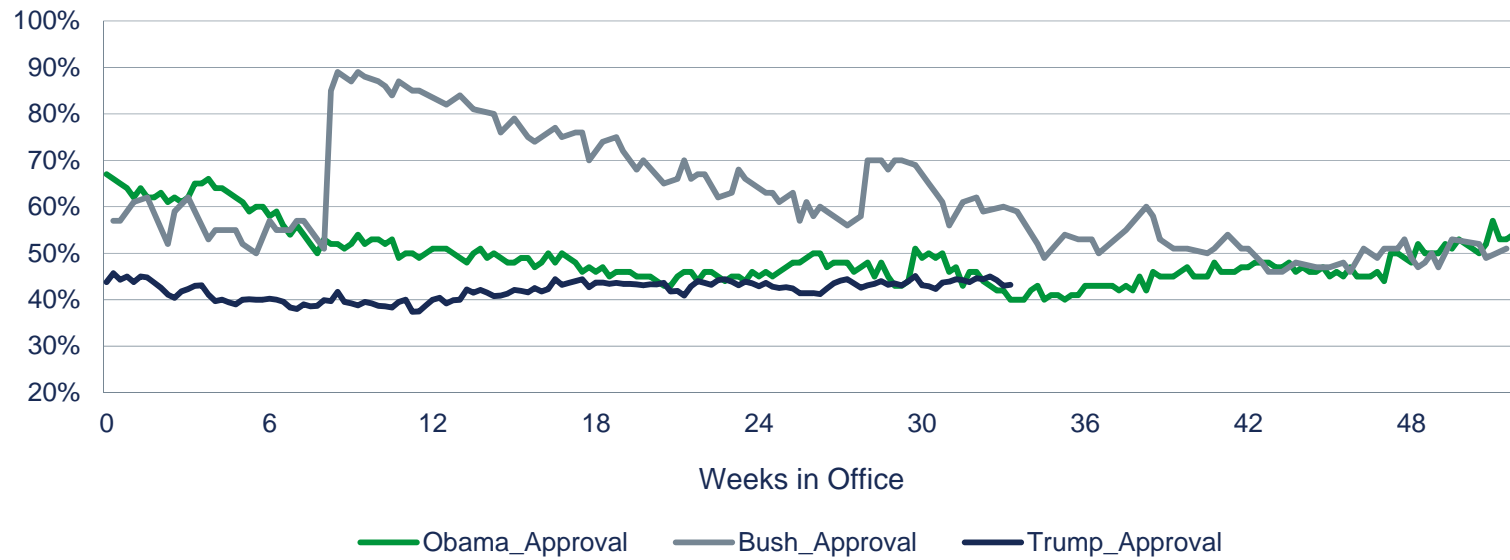


1. Source: FactSet, Bloomberg, BEA. As of May 31, 2019.
 2. TeleGeography Forecast; McKinsey Global Institute. As of January 1, 2017. Estimates begin 2017.

THE S&P 500 SINCE TAKING OFFICE



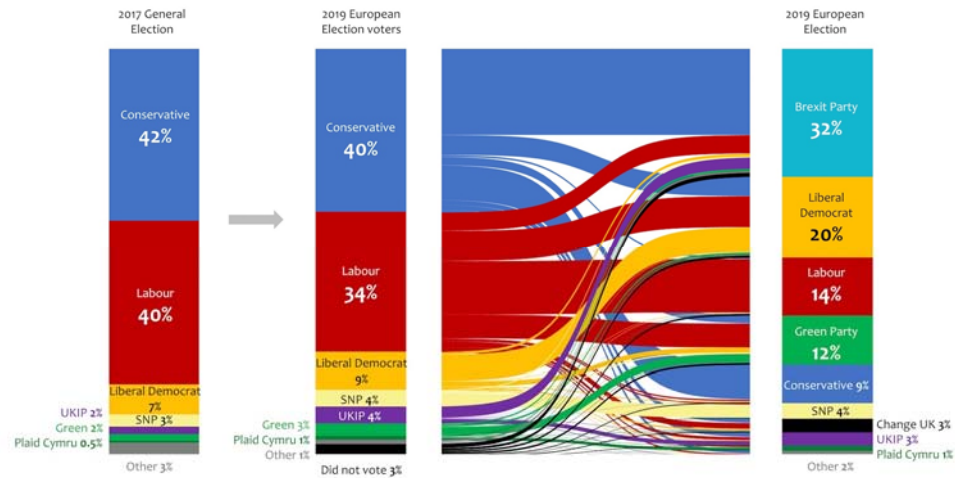
PRESIDENT APPROVAL RATING



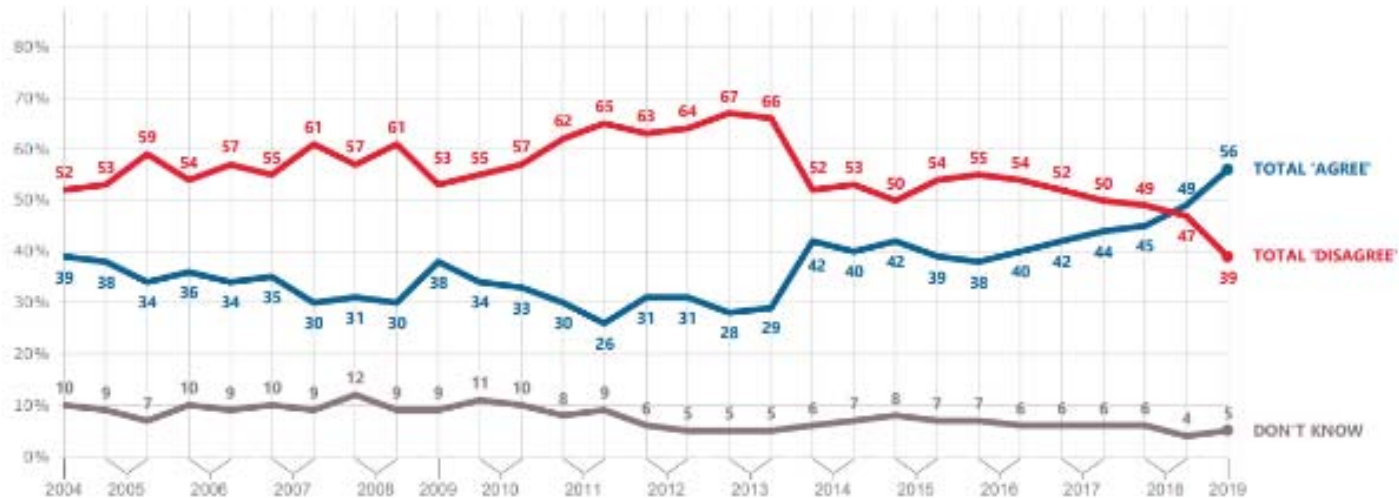
Source: Bloomberg, Real Clear Politics, CNN. As of September 6, 2019.

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VOTER PREFERENCES OVER TIME¹



MY VOICE COUNTS IN THE EU (%—EU)²

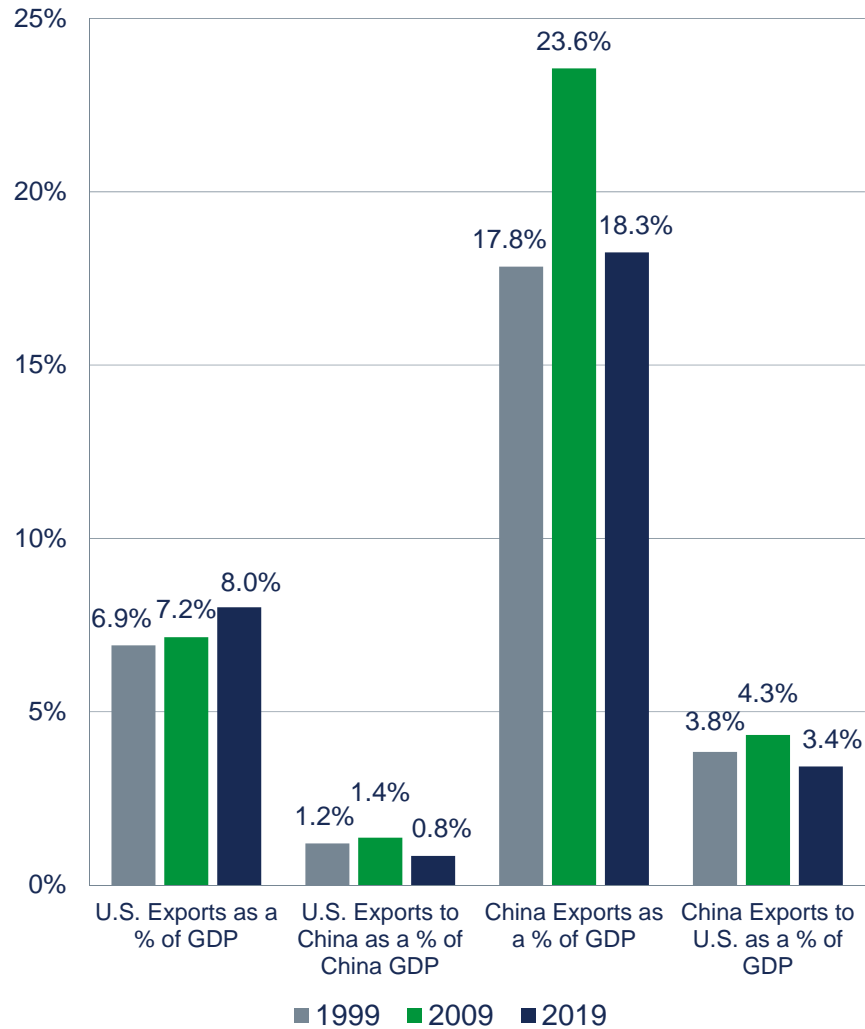


1. Source: Conservative Home, Nordea Markets, Macrobond. As of May 28, 2019.

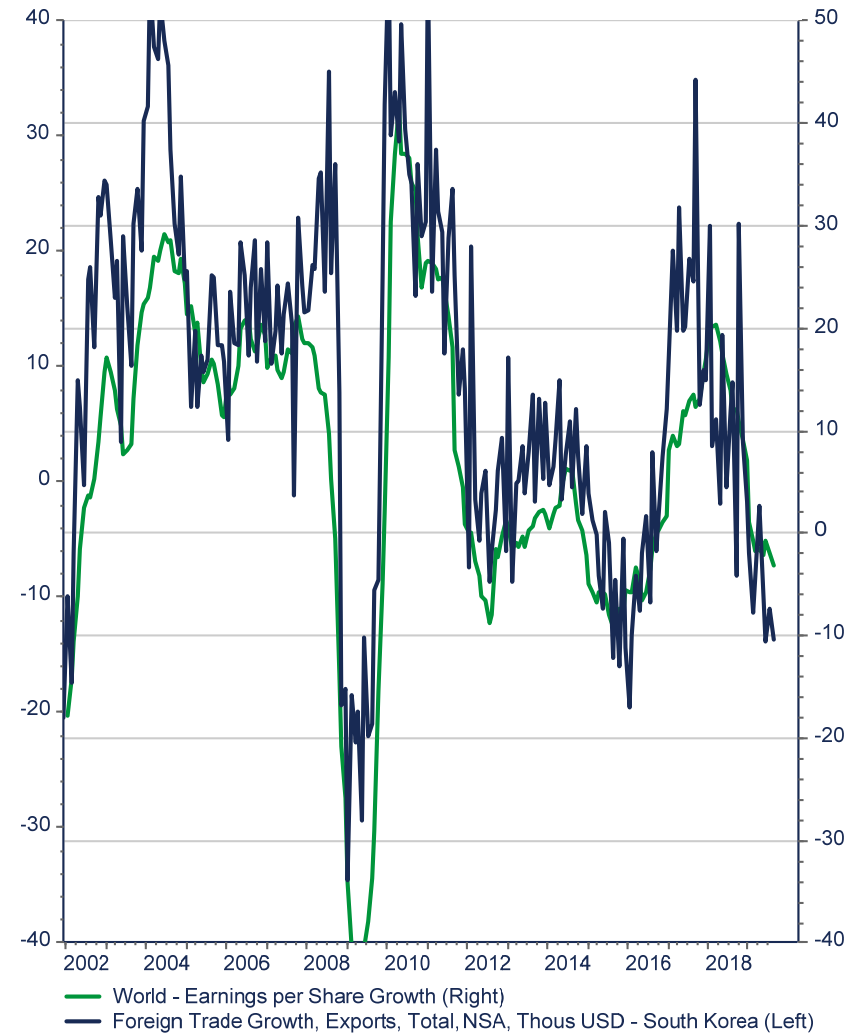
2. Standard Eurobarometer Spring 2019, EU Commission

U.S.-China Trade

U.S.-CHINA EXPORT EXPOSURE



SOUTH KOREA EXPORTS VS. GLOBAL EPS



Source: Bloomberg, USTR. As of August 30, 2019.

Politics: The Global Political Order

NOVEMBER 2008¹



JUNE 2019²



1. Source: FactSet, Bloomberg, BEA. As of March 1, 2019.
2. Source: BEA, ECB, BOJ, SAFE, Factset. As of March 31, 2019.



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