THRIVING LESSONS SERIES
PART I: HOW TO STAY FOCUSED AND GET TO WHERE YOU WANT TO GO

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Staying focused may be difficult in a market where stocks, at least until recently, have largely advanced in a linear fashion and fixed income investments have surprised to the upside despite expectations for higher rates from historically low levels.

Yet, beneath the surface there are uncertainties about the pace of the global recovery, the continued normalization of interest rates and the eventual reappearance of inflation. Add to that, government policy changes and geopolitical unrest, which remain wild cards. And it's understandable why investors have a hard time focusing in the midst of ongoing changes and challenges.

Many investors have been somewhat complacent, while others may still be bracing for a long-awaited correction. Still, others may have a false sense of security with concentrated positions in investments perceived to be safe havens.

The outlook for bonds looks more challenging and complex, given expectations for yields to move higher from very low levels; equity markets are more fairly valued with a strong dollar and lower oil prices posing some challenges to corporate earnings; and volatility, which had been low, making its return. That said, returns for both equities and bonds are expected to be moderate, challenged by bouts of considerable market volatility.

Regardless of an investor's state of mind, it is important they understand that the investment strategies that worked during the first half of this critical decade will not necessarily work, or work to the same degree, during the second half.

At BNY Mellon, we are thinking about what lies ahead, its impact on capital markets and what that may mean for investors' portfolios.

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