

The Next Decade, Not the Next Week

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When constructing an investment strategy being right over the long term does not stop investors querying your logic when short term market leadership switches away from your long-term convictions. Our strategies are not immune from short term negative returns after a period of such strong outperformance. For us the key is to ensure the balance is right between our longer-term convictions and the shorter-term market dynamics at play.

Over the next ten years, the United States is likely to remain the world's dominant economy, while China remains its principal rival and India becomes the fastest-rising major power. The more important shift, however, is not a single “winner” but a broadening of economic influence towards Asia and other emerging markets.

The US combines the world's deepest capital markets, leading technology companies, flexible labour markets and control of the global reserve currency. Forecasts cited by Cebr place the US economy at roughly \$53 trillion by 2039, comfortably ahead of China, although public debt, deficits and trade policy are meaningful constraints.

For investors, America's advantage is less about headline GDP growth than profitability and innovation. Its firms are disproportionately represented in artificial intelligence, software, semiconductors, healthcare and global consumer brands. That should keep the US central to global equity portfolios, even if valuation discipline matters.

China will remain an economic superpower, but its era of double-digit growth has passed. It retains enormous scale in manufacturing, electric vehicles, batteries, infrastructure and trade with the developing world; by some purchasing-power measures its economy already exceeds America's.

Yet property-sector weakness, an ageing population, weaker confidence and geopolitical friction argue against extrapolating China's past. The likely outcome is a slower, more self-reliant economy that remains indispensable to global supply chains, rather than a straightforward re-run of its earlier ascent.

India is the clearest long-term challenger to the established order. A large and young population, expanding middle class, digital public infrastructure and continued reform underpin forecasts of roughly 6.5% annual growth in the mid-2020s, with Cebr projecting it to become the world's third-largest economy by 2029.

India's opportunity is real, but execution matters: employment creation, education, infrastructure and policy consistency will determine whether demographic potential becomes broad-based prosperity. Even so, it is difficult to construct a ten-year view of global growth without India.

The next tier matters too. Indonesia, Saudi Arabia, the Philippines, Brazil and parts of Southeast Asia and Africa offer younger populations, resource endowments and rising domestic consumption. Emerging markets are already expected to contribute around 65% of global growth, underlining that the centre of economic gravity is shifting east and south.

The UK is unlikely to be among the fastest-growing large economies, with projected growth of roughly 1.3% to 1.8% annually to 2039, but it should retain a leading global financial, legal and services role. Its opportunity lies in quality: strong institutions, research universities, creative industries, professional services and selective technology strengths.

For UK investors, the sensible conclusion is balance rather than a dramatic home-market bet: maintain exposure to US innovation, treat China selectively, build considered exposure to India and broader emerging markets, and recognise that

the coming decade will reward diversification across economies, currencies and supply chains.

The path will not be smooth. It never is. Recent strong linear returns should not be extrapolated in our view as markets can oscillate from quarter to quarter. Our 16-year track record of outperformance against our benchmarks and peers has been built on a process that accepts, and at times requires, looking different. Short-term market leadership will change. Our focus remains on positioning portfolios for the economic landscape we expect over the next decade, not simply the next week.

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