



ASSET ALLOCATION

Good Strategies for Tough Times

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Historically high valuations in major stock and bond markets, and meaningful recent losses across global equities have increased investors' concerns about downside risk.

This issue of *Alternative Thinking* shows how different investments performed amid the worst quarters for stock and bond markets in recent decades. It concludes that certain long/short strategies have been not only market-neutral in the long run, but also during these tail events — suggesting a valuable role over the long-term, and when it really counts. It also documents strong complementary behavior from two strange bedfellows — private equity and trend following — which have each tended to do well when the other has fared poorly.

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