



## **With Stocks, Short-Term Is Short-Sighted**

**August 22, 2018**

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I think that there is a disease of short-termism that infects the way many, many growth investors think of opportunities in the marketplace and the obsession with getting the very, very short-term right is really at odds with long-term success.

Many, many strategies just have this obsession with fitting the portfolio to what's working today, and we think in many, many of those situations, the fundamentals really hold a backseat to the momentum in the stock that they're trying to engage. So I think the question about valuations is far broader than just the growth side of the marketplace.

We've had an extraordinarily long period of time where central bankers around the world have been spinning the printing presses and generating a lot of liquidity to support asset prices, and so what we've seen around the world, not only in the US, are asset prices that have far overachieved the underlying fundamental performance of businesses, and that sets up a legitimate concern about how assets are valued, especially as bankers around the world have started the process of moving in the other direction, and normalizing interest rates.

And so many people believe that higher rates won't be a big deal, that global economies can absorb a higher level of rates and it won't hurt the economic performance of economies all that much, and I think the focus is misplaced. I think that small changes in interest rates might actually have a bigger impact on valuations than they do earnings, and it sets up a period of real uncertainty. And we think the solution to that as an investor is really active management but particularly focused on strategies where there's an awareness of risk in the way they go about managing the portfolio. And so for us, as we kind of think of opportunities around the world, we think that this is a portfolio approach that makes particularly good sense as we move forward into a far more uncertain environment.

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