

**BEST
ADVICE**

Barron's top-ranked advisor in Oregon, Judith McGee, says stocks will ride robust earnings and low interest rates to further gains.

On the Trail of the Global Consumer

by Steve Garmhausen

(The following has been excerpted)

It has been a busy time for Judith McGee's clients, and not in a good way. With the new tax law set to wallop heavily taxed Oregonians, McGee, 75, has been advising them on ways to minimize the blow. "Oregon is in that same basket with New York and California; the [new law] is bad for high-income people."

It's to McGee's credit that, along with steering clients through the stock and bond markets, she's able to help them with tax strategies involving things like charitable giving or the timing of executing stock options.

Her range of expertise helps to explain McGee's professional success. Based in Portland, she manages \$461 million, with a 12-person team, for 785 client households. She is Barron's top-ranked advisor in Oregon.

A 43-year industry veteran, McGee beat the odds to become a successful female advisor in the 1970s. She'd be tested once more in the late 1980s by daunting personal challenges, only to land on her feet again.

McGee is optimistic about stocks, which she believes can ride robust earnings and low interest rates to further gains. She sees another tailwind in low inflation, which she believes may persist longer than expected because of demographic shifts and technological advancements. "We still believe we're in a bull market," she says. "We just believe we have to be aware and sensitive to mitigating risk in client portfolios."

MC GEE STARTED HER CAREER in office administration, but in 1975, searching for "a career that had promise," she joined a small group of advisors in Corvallis, Ore. By 1979, she had become one of the first female certified financial planners. Then came a dreadful stretch starting in 1986. "I was diagnosed with breast cancer and had just lost both of my parents within two months of each other," she says. "It was like looking at a brick wall with no horizon in sight."

McGee closed her office, then in Spokane, Wash., and moved home to Portland to be closer to family. She started a new business with Raymond James as her broker-dealer, and married a longtime friend. "That was over 27 years ago, and it was the best decision I ever made," she says.

On the investing front, McGee and her team see more upside in U.S. stocks: She thinks the Standard & Poor's 500 index could hit 3146 by the end of the year, barring an unusually large correction. And she sees value abroad in both developed and emerging markets. McGee is keeping close tabs on the global consumer shift that's being fueled by the retirement of baby boomers, the proliferation of millennials in the workforce, and the rise of the middle class in emerging markets.

Tech and health-care names that are savvy about this consumer shift should benefit, McGee says. And while energy has



Robbie McClaran for Barron's

ALTERNATIVES Commodities should rebound as emerging markets grow and evolve, McGee says.

been volatile, McGee feels that as emerging markets continue to grow and evolve, commodities should rebound. She's in good company there—DoubleLine Capital's Jeffrey Gundlach recently made commodities a top pick for 2018.

Indeed, commodities are McGee's second-biggest alternatives position, as a play on the emerging middle class and infrastructure growth overseas. Her top alternative position: a domestic, large-cap hedged-equity strategy in a liquid fund, which she uses to mitigate downside risk.

"You can't mitigate [risk] just with stocks and bonds because bonds can be as risky as stocks depending on what they are," McGee says.

She has reduced exposure to high-yield bonds, which aren't paying much more yield than investment-grade notes. For the latter, she has shortened duration to an average of 3.6 years and is focused on high-quality bonds. "Fixed income's purpose is to provide income and stability," she says. "We won't take on a disproportionate level of risk for a little more yield."

When she's not poring over clients' portfolios, McGee likes to travel, go snowmobiling, or head to the ocean. We should all be going so strong at age 75. ■

The Strategy

Location: Portland, Ore.
Clients: 785 households
Typical Account: \$1.5 million

McGee thinks the global shift in consumer demographics favors savvy tech and health-care companies that can capitalize on those changes.

