

JULY 2020

# SHORT-TERM TACTICAL OUTLOOK

A snapshot of current views on equity, fixed-income and alternative asset classes — updated monthly to help you tactically adjust for opportunities and risks

## OVERALL POSITIONS

KEY  
 Current  
 Previous (if changed)

### EQUITIES



### FIXED INCOME



### ALTERNATIVES



### CASH



## KEY TAKEAWAYS

- Equity markets have proven to be quite resilient and have been trading on the conclusion that the world will recover from this year's challenges.** Monetary and fiscal support have clearly worked to support markets, and momentum has resumed. On the other hand, valuations no longer look as attractive, and earnings revisions continue to be negative. A burgeoning second viral wave has created concerns that the market hasn't accurately priced prospective damage to the global economy. With such conflicting signals, we believe policy allocations to equity are appropriate.
- We continue to believe credit markets are best suited to benefit from the recent generous fiscal support policies.** Spreads have tightened since March, but many fixed-income pricing dislocations still haven't rebounded. This asset class can provide attractive defensive opportunities and a path to take advantage of a recovery.
- While truly non-directional strategies represent excellent opportunities to diversify portfolios, **many strategies designated as "alternatives" have inherent market beta and end up struggling alongside traditional risky assets.** Because of this, we believe policy-level allocations to alternatives are appropriate.

## WITHIN EQUITIES

### U.S. equities



### U.S. large caps



### U.S. small caps



### U.S. growth



### U.S. value



### Developed markets



### U.K.



### Eurozone



### Japan



### DM Asia ex-Japan



### Emerging markets



KEY



WITHIN FIXED INCOME

Investment-grade bonds



Securitized bonds



Emerging market bonds



Developed market bonds



TIPS



Treasuries



Municipal bonds



High-yield bonds



WITHIN ALTERNATIVES

Absolute return strategies



Commodities



REITs



Convertibles



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\* In U.S. dollars as of March 31, 2020. Source Ameriprise Q1 Earnings Release. Contact us for more current data.

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**Alternative investments** involve substantial risks and are more volatile than traditional investments, making them more suitable for investors with an above-average tolerance for risk. **Foreign investments** are subject to risks, including political, economic, market, social and others within a particular country, as well as to currency instabilities and less stringent financial and accounting standards generally applicable to U.S. issuers. There are risks associated with **fixed-income investments**, including credit risk, interest rate risk, and prepayment and extension risk. In general, bond prices rise when interest rates fall and vice versa. This effect is usually more pronounced for longer term securities. In general, **equity** securities tend to have greater price volatility than **debt** securities. The market value of securities may fall, fail to rise or fluctuate, sometimes rapidly and unpredictably. **Market** risk may affect a single issuer, sector of the economy, industry or the market as a whole.

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