

SEPTEMBER 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

- **The equity market continues to prove that it's extremely resilient.** Markets continue to trade on a foregone conclusion that the world will recover from this year's challenges. Monetary and fiscal policy has been supportive, momentum is high and volatility is low. The main factor keeping us from a full overweight is the relatively expensive valuation of the market. A neutral or defensive stance may be necessary in November if volatility spikes on or around the U.S. presidential election.
- **Credit markets and equities have been trading in tandem, benefiting directly from generous fiscal support policies.** Spreads have tightened since March, but fixed-income pricing dislocations have still not completely recovered. We believe this asset class provides attractive defensive opportunities, as well as a way to take advantage of continued recovery.
- While truly non-directional strategies represent excellent opportunities to diversify, many "alternative" strategies have inherent market beta. **Right now, we favor direct exposure to traditional equity and fixed-income assets and 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



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 June 30, 2020. Source Ameriprise Q2 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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