

May 2024

Tactical asset allocation outlook

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

Key takeaways

- U.S. equities continue to be a preferred asset class as we believe strong momentum in prices and earnings, as well as low volatility, outweighs the negative of lofty valuations.
- While we are positive on fixed-income assets longer term, we are reducing our tactical exposure this month to a moderate underweight.
- With higher inflation persisting, we're eliminating underweights to commodities and favor policy-level allocations to alternatives overall.

KEY

 Current  Previous (if changed)

OVERALL POSITIONS

	Underweight	Neutral	Overweight
Equities			●
Fixed income	●	●	
Alternatives	●	●	
Cash	●		

KEY

● Current ● Previous (if changed)

WITHIN EQUITIES

Underweight <----- Neutral -----> Overweight

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

			●	
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WITHIN FIXED INCOME

Underweight <----- Neutral -----> Overweight

Investment-grade bonds	●	●		
Securitized bonds		●	●	
Emerging market bonds		●		
Developed market bonds	●			
TIPS		●		
Treasuries	●	●		
Municipal bonds		●		
High-yield bonds		●		

WITHIN ALTERNATIVES

Underweight <----- Neutral -----> Overweight

Absolute return strategies		●		
Commodities	●	●		
REITs	●			
Convertibles			●	

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* Source: Columbia Threadneedle Investments as of 03/31/24. 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 appropriate 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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