

MARCH 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

- **Volatility has bumped up considerably in the past weeks.** Even after the coronavirus news flow stabilizes, we expect investors to start looking ahead to the outcome of the U.S. presidential election and its market implications. Having policy-level allocations to risky assets is our preferred course of action.
- **We've been discussing the return of rangebound yields for some time, and our thesis has been threatened by the downward breakout of yields.** The market-driven expected probability that the Federal Reserve will cut the overnight rate has increased. Because we have a neutral view on equities, we believe a neutral view on duration assets is also appropriate.
- Truly non-directional strategies represent excellent opportunities to diversify portfolios. **But many strategies designated as "alternatives" have market beta and end up struggling alongside traditional risky assets.** So, 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



## 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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**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.

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