

2020 4Q

ASSET ALLOCATION OUTLOOK

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CIO SUMMARY

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WHAT AND WHY?

We continuously monitor various asset classes which provide the framework for our deeper-dive quarterly analysis. We look at each asset class relative to itself and relative to other asset classes. This analysis reflects potential tactical adjustments which may be made within the Ashton Thomas Asset Allocation portfolios. It may also serve as guidance for weighting the allocation(s) of other investment portfolios.

The exercise focuses on overweighting asset classes perceived to be undervalued and underweighting asset classes perceived to be overvalued. The end goal is designed to modestly enhance the return of a portfolio while simultaneously seeking to mitigate overall portfolio risk relative to an acceptable level of risk.

HOW?

We use two factors to drive our Asset Allocation weights: Valuation and Technicals. While we do not want to “fight” the trend (technicals), we also do not want to disregard valuations. Cheap can get cheaper and expensive can get more expensive.

As an example, while growth has outperformed value for a decade and has been expensive for a few years, it just keeps getting more expensive. Conversely, value just keeps getting cheaper, but has gotten so cheap that a slight overweight seems merited at this point.

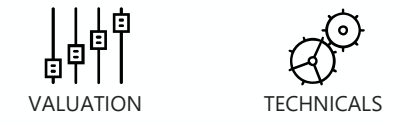
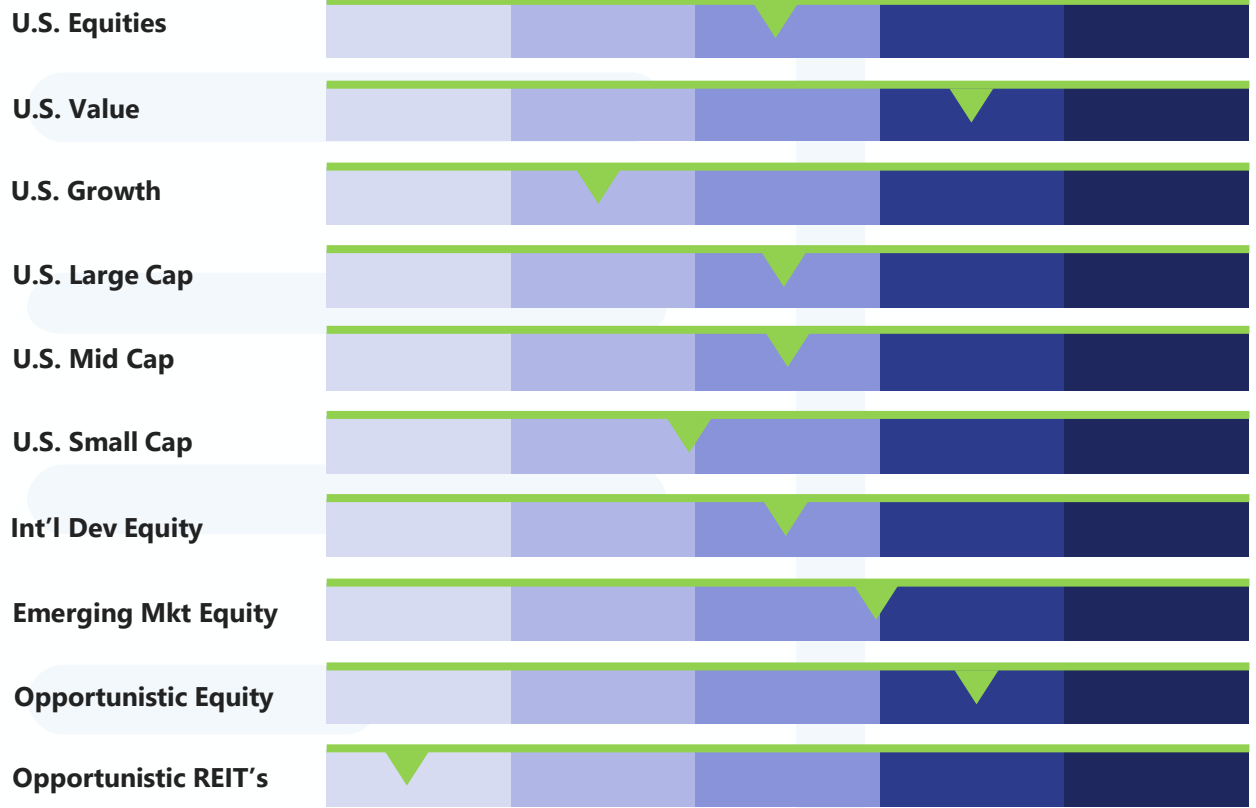
Our outlook for equity and fixed income allocations, as well as supporting commentary, follow.



EQUITIES

EQUITIES

12-18 MONTH EQUITY ASSET ALLOCATION WEIGHTINGS

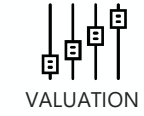
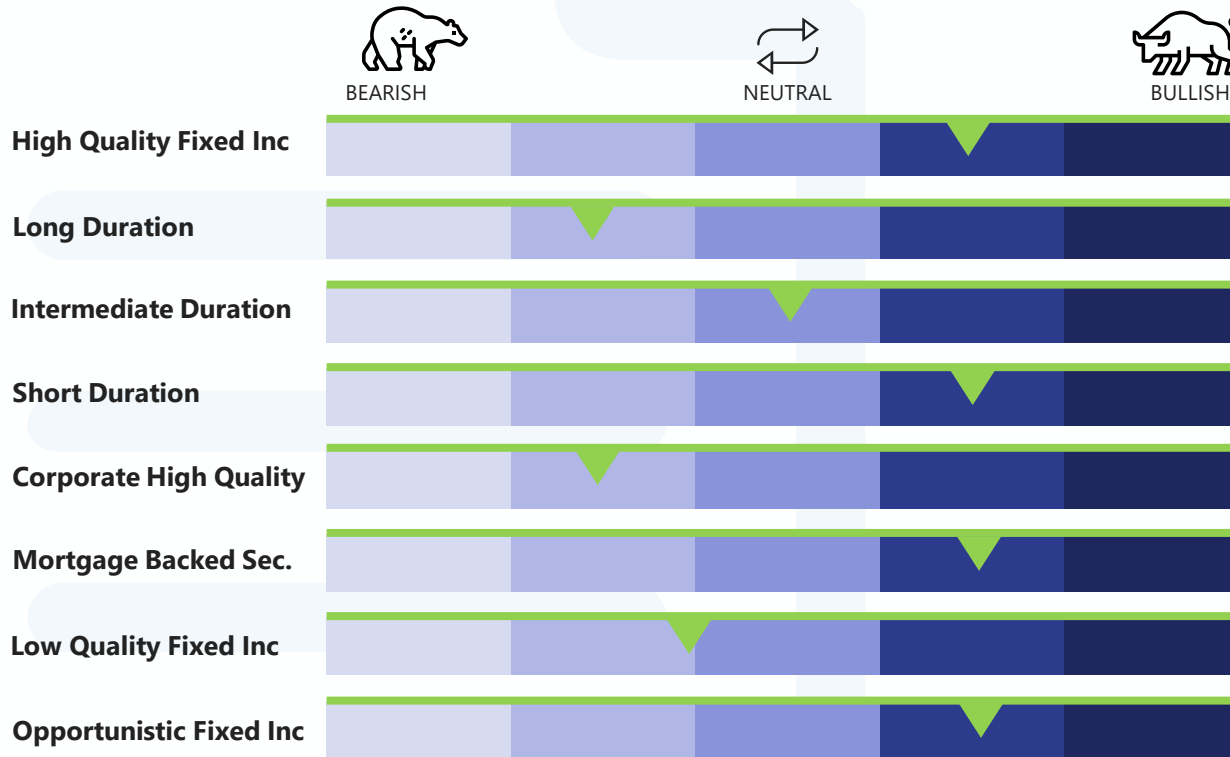


VALUATION	TECHNICALS
Expensive	Neutral
Cheap	Neutral
Very Expensive	Good
Expensive	Good
Expensive	Neutral
Expensive	Weak
Fair Value	Neutral
Cheap	Neutral
Cheap	Good
Expensive?	Weak



FIXED
INCOME

12-18 MONTH FIXED INCOME ASSET ALLOCATION WEIGHTINGS



Fair Value



Good

Expensive

Neutral

Expensive

Good

Expensive

Good

Expensive

Neutral

Fair Value

Neutral

Expensive

Neutral

Fair Value

Good



OUTLOOK

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What a Difference Three Months Makes

There is still a lot of uncertainty on our path forward. However, we now have another quarter of earnings reports since the pandemic hit, which gives us a better road map on valuations in this environment. We have seen strong earnings from the work-from-home companies, but many other areas continue to show weakness. If the affects of the pandemic fade, there may be a large rotation the other way.

Technicals Have Had Time to Repair

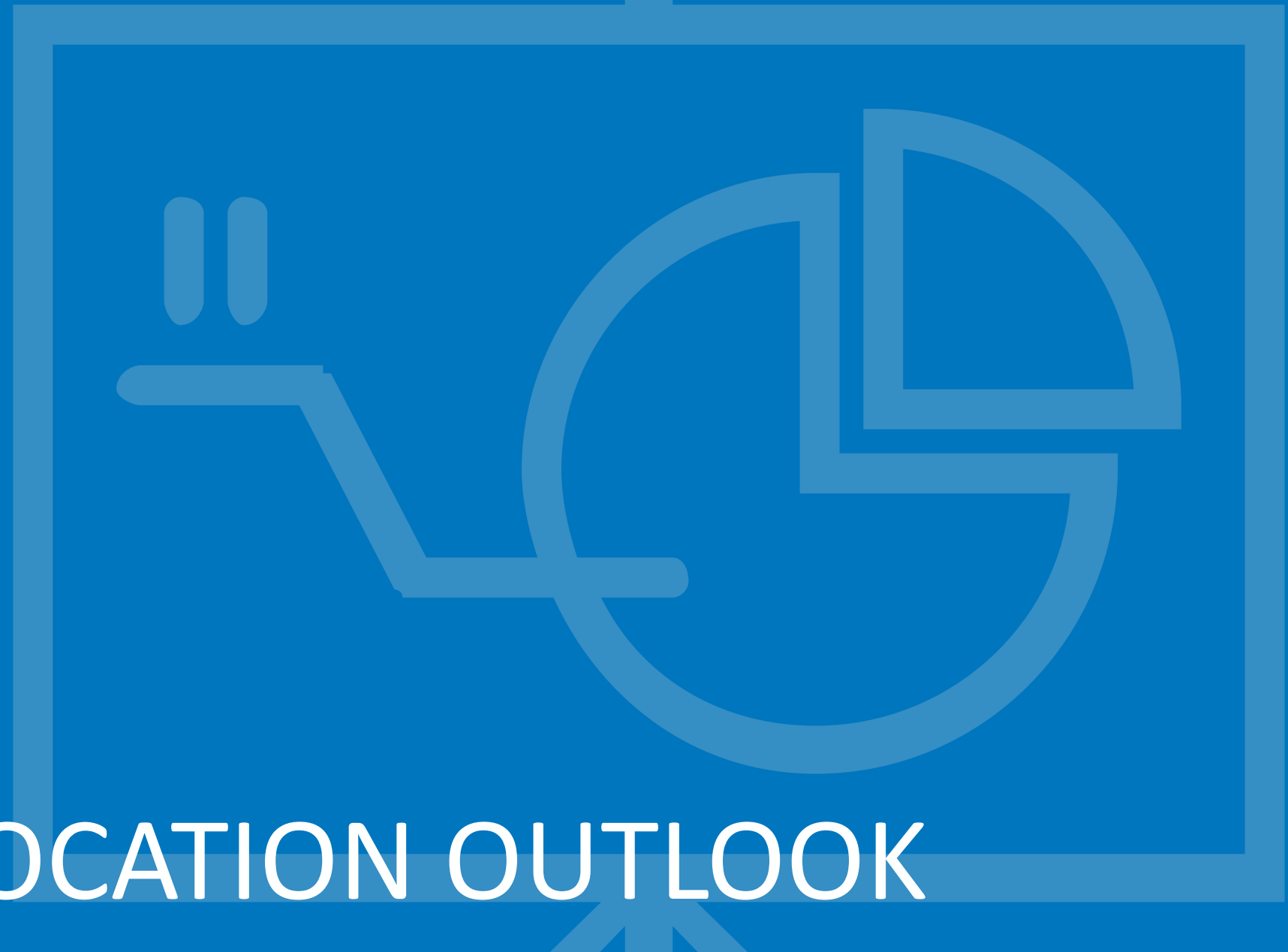
The longer-term charts still show the big dip in March, but with six months of additional data, we are getting a clearer view of the recent trajectory. The shorter-term trends have been improving, though several are shuffling sideways.

Notable Changes

- There was a bias toward not increasing overall risk, given the uncertain outcome of the U.S. election, which is only six weeks away. However, this was balanced with continuing to embrace areas of opportunity which showed resilience during the recent drawdown.
- The opportunistic equity sector has been weighted in favor of Frontier Markets. It is a relatively cheap asset class and should not be highly correlated with volatility associated with the U.S. election.
- Opportunistic fixed income has been allocated in favor of Senior Bank Loans, which have held strong through September. Floating rate, senior-secured notes should provide some ballast against the possibility of a contested election and any potential resultant increase in interest rates.
- We continue to refrain from allocating to opportunistic real estate. With the impact of the COVID-19 pandemic still reverberating through the commercial real estate market and the poor technicals, the risk-reward is not appealing at this time.
- Some less aggressive positions have been maintained, such as mortgage backed securities vs. high quality corporate bonds. We will reevaluate these weightings after the election.

↓ DISCLOSURES

Please remember that past performance may not be indicative of future results. Different types of investments involve varying degrees of risk, and there can be no assurance that the future performance of any specific investment, investment strategy, or product (including the investments and/or investment strategies recommended or undertaken by Ashton Thomas Private Wealth, LLC), or any non-investment related content, made reference to directly or indirectly in this newsletter will be profitable, equal any corresponding indicated historical performance level(s), be suitable for your portfolio or individual situation, or prove successful. Due to various factors, including changing market conditions and/or applicable laws, the content may no longer be reflective of current opinions or positions. Moreover, you should not assume that any discussion or information contained in this newsletter serves as the receipt of, or as a substitute for, personalized investment advice from Ashton Thomas Private Wealth, LLC. To the extent that a reader has any questions regarding the applicability of any specific issue discussed above to his/her individual situation, he/she is encouraged to consult with the professional advisor of his/her choosing. Ashton Thomas Private Wealth, LLC is neither a law firm nor a certified public accounting firm and no portion of the newsletter content should be construed as legal or accounting advice. If you are a Ashton Thomas Private Wealth, LLC client, please remember to contact Ashton Thomas Private Wealth, LLC, in writing, if there are any changes in your personal/financial situation or investment objectives for the purpose of reviewing/evaluating/revising our previous recommendations and/or services. A copy of the Ashton Thomas Private Wealth, LLC's current written disclosure statement discussing our advisory services and fees is available upon request.



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