

SUMMARY

- In response to the COVID-19 global pandemic, unprecedented monetary and fiscal support from central banks and governments around the world continues to be supportive of the global capital markets. Correspondingly, our model research finds a positive outlook for both **U.S.** and **Japanese equities**. **Emerging Market** and **European equities** have a mixed-to-positive outlook shorter-term.
- The model's preference in fixed income continues to favor a blend of intermediate-term and shorter-term **U.S. Treasuries**. **Credit** has benefited from the extraordinary Fed intervention in the credit markets.
- **Gold** maintains a favorable outlook as investor psychology remains supportive alongside continued global government monetary and fiscal stimulus. The outlook for **Commodities** is mixed in the short-term as forecasts for global growth remain uncertain.

From the desks of:



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ASSET CLASS VIEWS

| Asset Class | | Negative | Mixed | Positive |
|--------------------------------|----------------|----------|-------|----------|
| Equity | U.S. | | ● → ○ | |
| | Europe | ● → ○ | | |
| | Developed Asia | ● → ○ | | |
| | Emerging | | ○ | |
| Fixed Income | Rates | | | ○ |
| | Credit | ● → ○ | | |
| Real Assets | Gold | | | ○ |
| | Commodities | | ○ | |
| Short Term Fixed Income & Cash | | | | ○ |

ABOUT 3EDGE ASSET MANAGEMENT

3EDGE is a multi-asset investment management firm that utilizes a proprietary model to analyze market valuation metrics (long-term), economic forces (medium-term), and investor behavioral factors (short-term) that we believe drive the global capital markets. Our team of professionals draws on decades of investment management experience and their research in quantitative methods, including system dynamics, machine learning, artificial intelligence, and multi-player game theory to seek to identify undervalued and overvalued asset classes across the globe that may be poised to enter a period of market outperformance or underperformance. While we aim to generate attractive risk-adjusted returns, we also prioritize risk-management in an effort to limit portfolio declines for our clients, particularly during periods of extreme market disruptions. Our clients include individuals, family offices, institutional investors, and registered investment advisors.

OUTLOOK

U.S. equities continue to benefit from the Fed's active market intervention, the dominance of a handful of familiar large-cap technology stocks, optimism about the restarting of the economy and investors' newly re-discovered fear of missing out. However, the model continues to recognize the degree of overvaluation of the U.S. equity market. Our model research has also identified **Japanese equities** as being significantly undervalued for an extended period. In many respects, Japan has weathered the COVID-19 pandemic better than many countries, lifting its state of emergency in stages last month. Now, a steepening yield curve points to the potential for improved growth prospects, which could prove to be the long-awaited catalyst for Japanese equities to outperform other more overvalued equity indices in the future. Japanese companies are also experienced in operating in a low-growth environment with more resilient balance sheets and more stable dividends. The outlook for **Emerging Market equities** is mixed-to-positive based upon the model's yield curve measures for both the EM and U.S. which are steepening. **European equities** also have a mixed-to-positive outlook. Renewed investor optimism likely as a result of proposed coordinated fiscal and monetary stimulus by the European Union along with a tightening in corporate spreads has offset the negative impacts from a marginally inverted yield curve. Should this trend continue, European equities would have a decidedly more positive outlook.

The model's preference in fixed income continues to favor a blend of shorter-term and intermediate-term **U.S. Treasuries**. While the outlook for **credit** has improved, uncertainty remains regarding the shape of the recovery as does the degree to which the Fed intervenes in the credit markets.

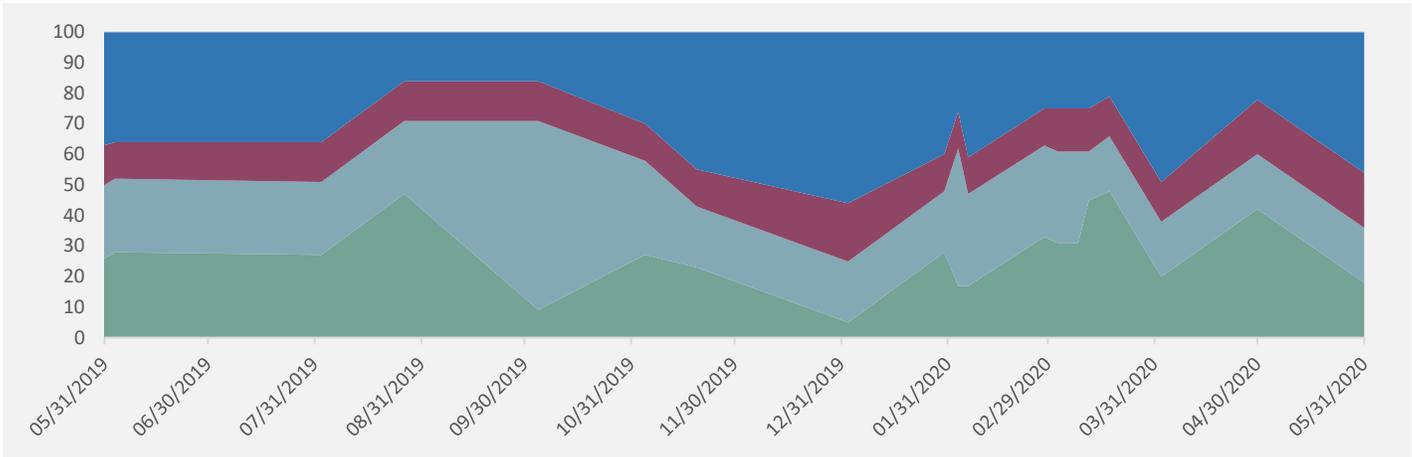
Gold continues to be supported by the Fed interventions alongside positive investor psychology. The outlook for **Commodities** remains mixed in the short-term as forecasts for global growth are highly uncertain; however, longer-term commodities are significantly undervalued and have room for upside when global growth stabilizes and/or supply is reduced relative to demand.

Short-Term Fixed Income & Cash continue to serve as dry-powder to reinvest in assets at potentially lower prices in the future.

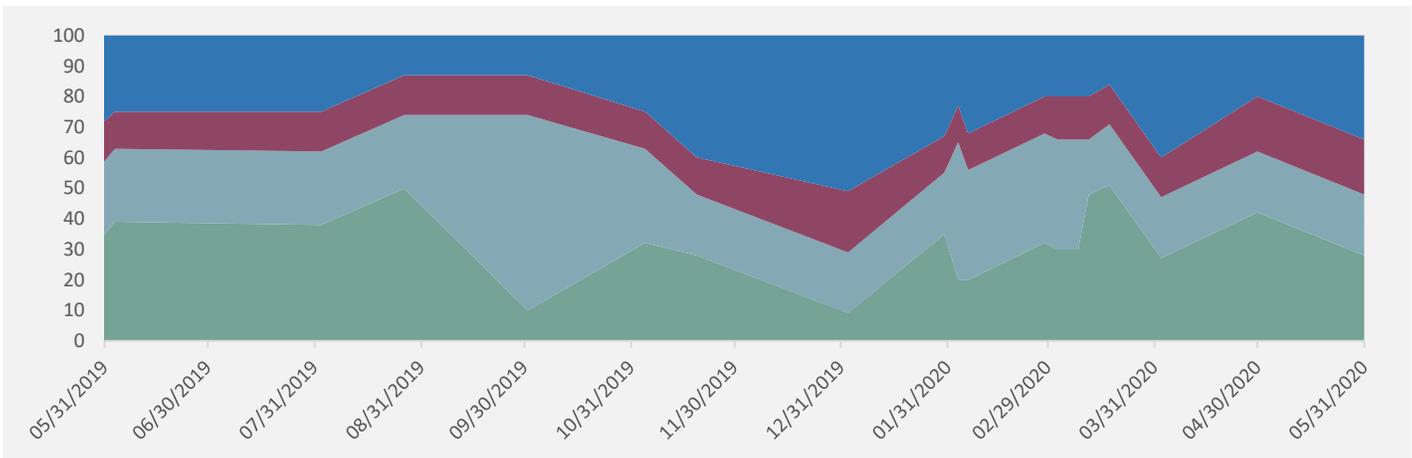
Commentary as of June 4, 2020

CHANGE TO ASSET ALLOCATION ACROSS MAJOR ASSET CLASSES
(TRAILING 12 MONTHS)

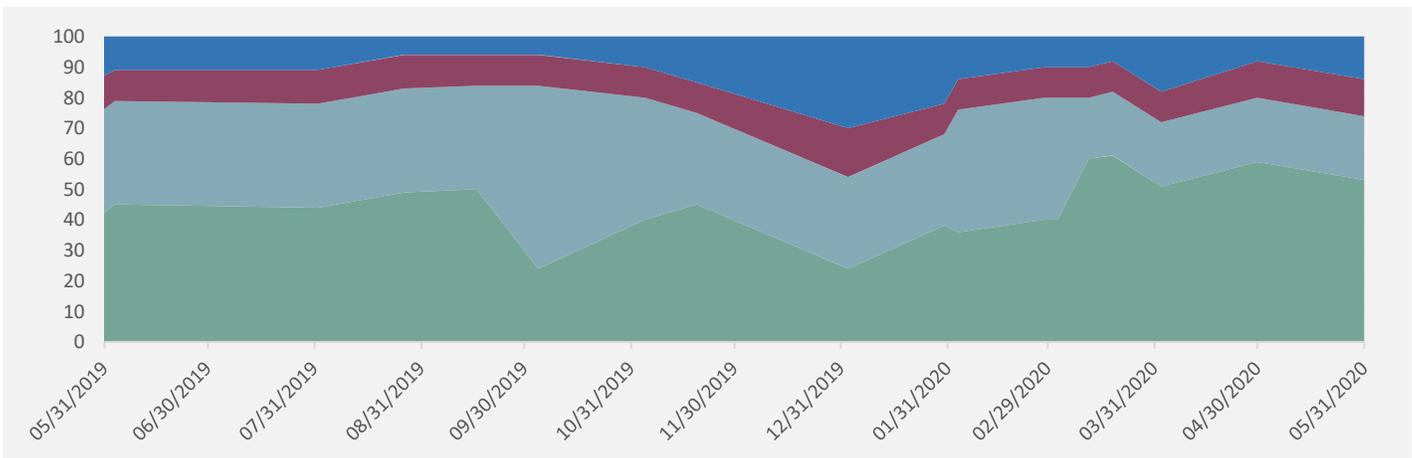
3EDGE GROWTH STRATEGY



3EDGE TOTAL RETURN & ESG STRATEGIES



3EDGE CONSERVATIVE STRATEGY



■ SHORT-TERM FIXED INCOME AND CASH*
 ■ INTERMEDIATE-TERM FIXED INCOME*
 ■ REAL ASSETS (GOLD & COMMODITIES)*
 ■ EQUITY

DISCLOSURES: This commentary and analysis is intended for information purposes only and is as of June 4, 2020. Allocations shown above reflect target allocations for the 3EDGE Growth, ESG, Total Return and Conservative Strategies (the "Strategies") as of the date the allocation change was made and individual investor allocations may differ. This commentary does not constitute an offer to sell or solicitation of an offer to buy any securities. The opinions expressed in View From the EDGE™ are those of Mr. Folts and Mr. Biegeleisen and are subject to change without notice in reaction to shifting market conditions. This commentary is not intended to provide personal investment advice and does not take into account the unique investment objectives and financial situation of the reader. Investors should only seek investment advice from their individual financial adviser. These observations include information from sources 3EDGE believes to be reliable, but the accuracy of such information cannot be guaranteed. Investments including common stocks, fixed income, commodities and ETFs involve the risk of loss that investors should be prepared to bear. Investment in these Strategies entails substantial risks and there can be no assurance that the Strategies' investment objectives will be achieved. Past performance may not be indicative of future results.

*Short-Term Fixed Income and Cash includes cash, cash equivalents, money market funds, and fixed income funds with an average duration of 2 years or less. Intermediate-Term Fixed Income includes fixed income funds with an average duration of greater than 2 years and less than 10 years. Real Assets (Gold & Commodities) includes precious metals such as gold as well as investments that operate and derive much of their revenue in real assets, e.g., MLPs, metals and mining corporations, etc.

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