3EDGE ASSET MANAGEMENT

VIEW FROM THE EDGE

MAY 2020

SUMMARY

- Due to the unprecedented monetary intervention by the Federal Reserve Board (Fed) in response to the COVID-19 global pandemic, equity markets in April enjoyed one of their best months in decades. Correspondingly, our model research no longer finds **German equities** attractive after their recent sharp rise while the outlook is mixed for both **U.S.** and **Emerging Market equities**. **Japanese equities** remain undervalued but still without a catalyst for reinvestment.

- The model's preference in fixed income continues to favor a blend of intermediate-term and shorter-term **U.S. Treasuries**. Extraordinary Fed intervention helped stabilize corporate **Credit** spreads; however this may be insufficient depending upon the length of the recession.

- **Gold** has an even more favorable outlook as investor psychology has become more supportive alongside continued government monetary and fiscal stimulus. The outlook for **Commodities** remains mixed in the short-term as forecasts for global growth are highly uncertain.

From the desks of:

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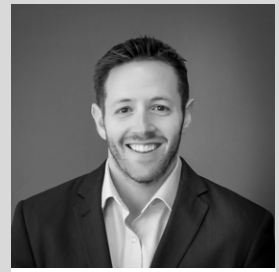

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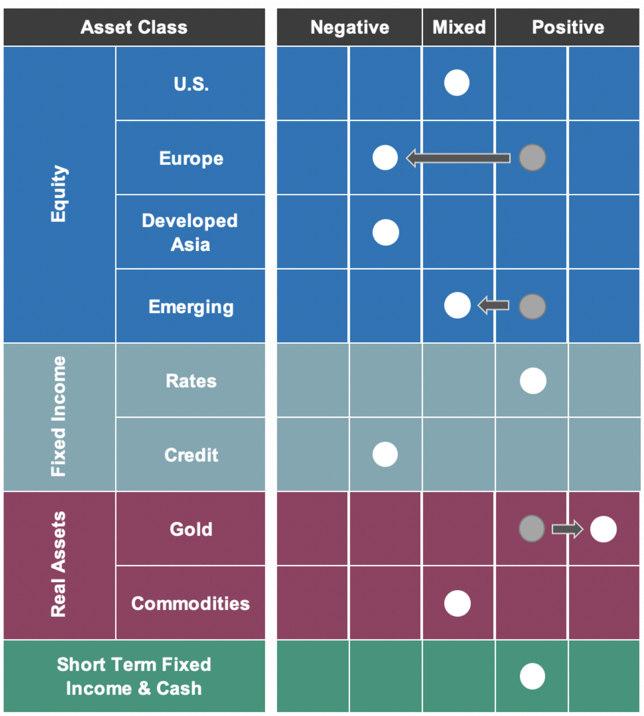
ASSET CLASS VIEWS



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

Due to the unprecedented monetary intervention by the Federal Reserve Board (Fed) in response to the COVID-19 global pandemic, equity markets in April enjoyed one of their best months in decades. In late March, our research identified **German equities** as an undervalued asset class having suffered material price declines during the recent market correction. By the end of April, German equities had rallied sharply in a very short period of time. Consequently, our model research no longer views German equities as attractive. While **U.S.** and **Emerging Market equities** also enjoyed a sharp rally in April, both of these equity markets remain mixed (rather than negative) as the opportunity for upside remains as the potential for continued monetary and fiscal stimulus along with the potential for a reopening of the global economy would likely bolster these markets. **Japanese equities** remain undervalued but still show no signs of a catalyst for reinvestment.

The 10yr Treasury yield remained largely unchanged throughout April. The model's preference in fixed income continues to favor a blend of shorter-term and intermediate-term **U.S. Treasuries**. The Federal Reserve's QE-infinity program (money creation "without limit") as well as the Government's overwhelming fiscal stimulus act may lead to a debt explosion which could result in rising interest rates over the long-term that could negatively impact longer duration Treasuries. Our research views this as a longer-term risk rather than immediate. Despite the April relief rally, the outlook for **credit** remains negative as the uncertainty surrounding the efforts of Government monetary and fiscal stimulus programs work their way through the system.

The recent massive intervention by the Fed and positive investor psychology have helped to support **gold** as an attractive asset class particularly in the medium to longer term. This is due to the potential for currency debasement from massive global government interventions in response to the crisis. However, in the shorter-term gold may face headwinds from the deflationary deleveraging by a slowing global economy and the need for overleveraged investors to sell gold to raise cash to pay their debts. 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.

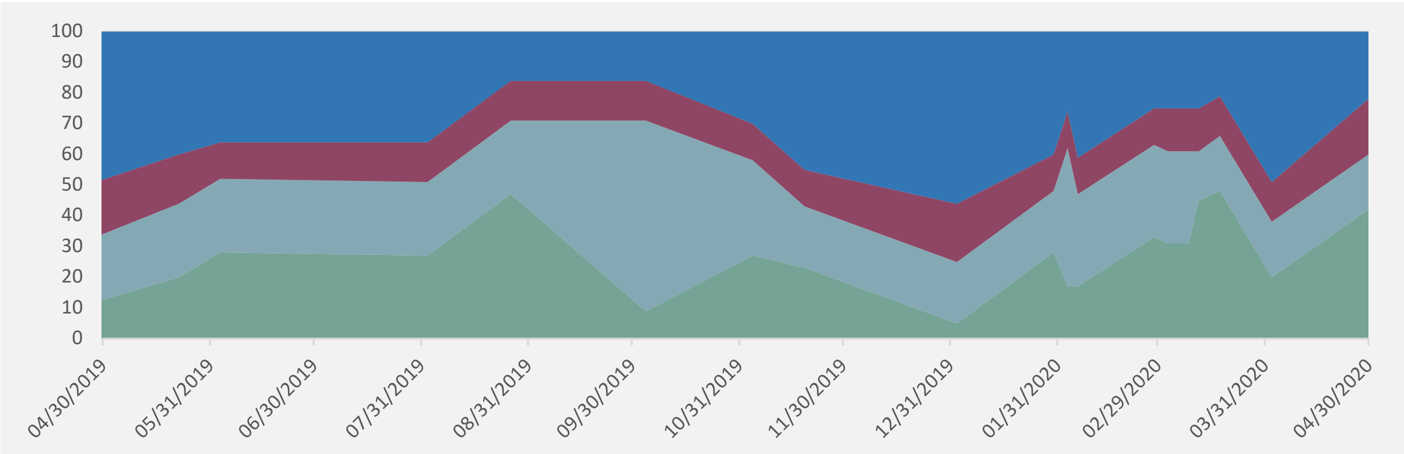
Short-Term Fixed Income & Cash continue to serve as dry-powder to reinvest in assets at potentially lower prices in the future.

Commentary as of May 7, 2020

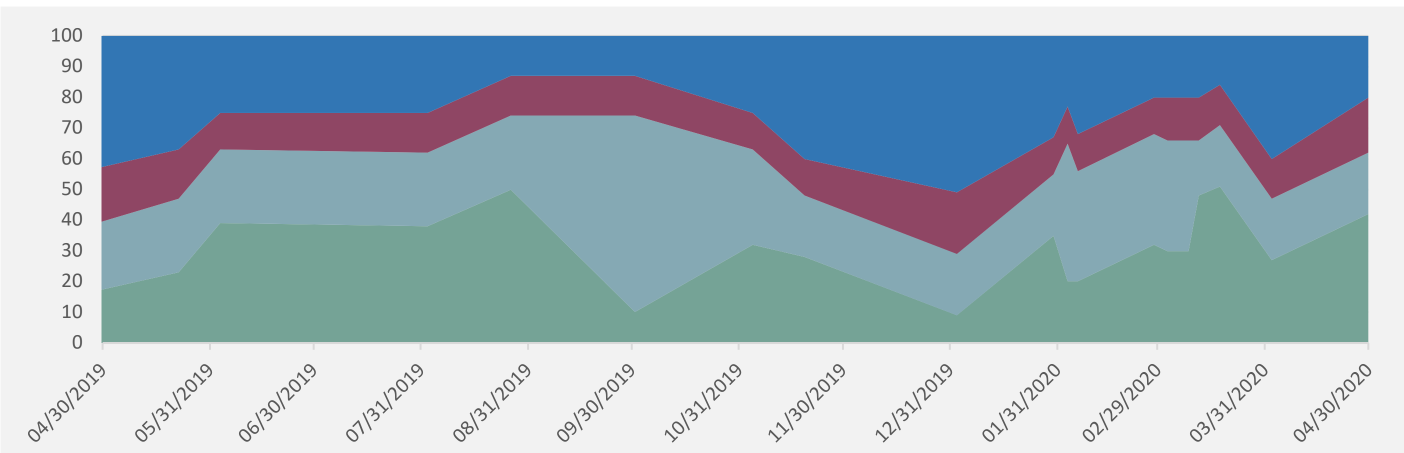
Change to Asset Allocation Across Major Asset Classes

(Trailing 12 Months)

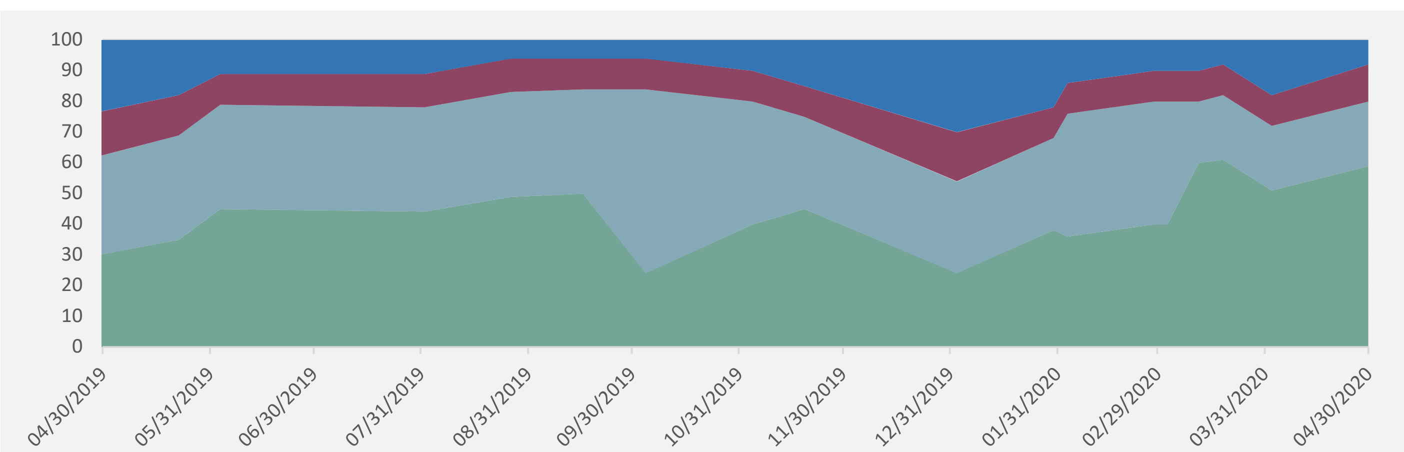
3EDGE Growth Strategy



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 May 7, 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.