February 2026

3EDGE
ASSET MANAGEMENT

View From the EDGE®

U.S. Range Bound, International Moving

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Asset Class	Negative		Mixed	Positive	
Equities:					
U.S.				■	
Europe		■			
Dev. Asia					■
EM / China				■	
India				■	
Fixed Income:					
Rates			■		
Credit	■				
Short Term Fixed Income & Cash				■	
Hard Assets:					
Gold				■	
Commodities				■	

About 3EDGE

3EDGE Asset Management, LP, is a multi-asset investment management firm serving institutional investors and private clients. 3EDGE strategies act as tactical diversifiers, seeking to generate consistent, long-term investment returns, regardless of market conditions, while managing downside risks.

The primary investment vehicles utilized in portfolio construction are index Exchange Traded Funds (ETFs). The investment research process is driven by the firm's proprietary global capital markets model. The model is stress-tested over 150 years of market history and translates decades of research and investment experience into a system of causal rules and algorithms to describe global capital market behavior. 3EDGE offers a full suite of solutions, each with a target rate of return and risk parameters, to meet investors' different objectives.

Consistent with our Model research and projections, U.S. equity markets remained fairly range bound in January finishing up 1.3%. International stocks though, both developed and emerging markets, continued with their positive performance from last year, moving higher up 6.9% and 9.6%, respectively. Regarding monetary policy, the Fed remained on hold as was widely anticipated. However, the notable news was the President's nomination of Kevin Warsh to replace Chair Powell when his term is up in May. The Senate Banking Committee will need to review followed by a simple majority vote in the full Senate before he is confirmed. Despite the sluggish advance in the S&P 500, small-cap and value stocks have pushed ahead helping to broaden out the rally in equities. Gold was up 25% intra-month in January before settling back but continues to advance.

Equities:

- **U.S. Equities:** Our model research maintains the current outlook for U.S. equities as slightly positive. U.S. equities remain significantly overvalued by our measure, and we continue to see U.S. equities flirting with making new all-time highs which is feeding the positive investor psychology feedback loop. Investors are keenly watching to see if AI focused companies can generate revenue to support the aggressive capex spend underway and anticipated later this year. With tax season upon us, we may see additional fiscal stimulus from the OBBBA alongside the belief that there may be more monetary loosening in the form of lower rates in the months ahead which may help contribute to continued positive momentum in the months ahead.
- **European Equities:** While European equities continued to push ahead with positive performance in January, we maintain a mixed to negative outlook by our research. The yield curve measure is not sufficiently steep to be indicative of growth for the European region, and there does not seem to be a willingness for additional monetary stimulative measures. Germany's growth remains sluggish alongside U.S. trade relations not particularly helpful currently.
- **Japanese Equities:** We maintain our favorable outlook on Japanese equities. The new prime minister, Sanae Takaishi, called for a snap election and won by a landslide giving Japan's Liberal Democratic Party (LDP) its biggest electoral win. This was well received by the markets rewarding Japanese equities with additional gains. They are likely to begin making amendments to Japan's constitution which has remained in place as is since its founding in 1955 following World War II. Separately, concerns remain regarding a large unwinding of the popular Yen-Carry trade as the potential for it to become less profitable or outright unprofitable remains a risk should the Yen strengthen significantly.
- **Emerging Market / Chinese Equities:** We maintain a positive outlook for emerging market equities broadly, as the weak U.S. dollar continues to be a tailwind for the region. With U.S.–China trade negotiations punted to later this year, both countries can continue to operate while continuing to trade with other trade partners.

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- **Indian Equities:** With sluggish performance in 2025, Indian equities began 2026 with similar sluggishness, down over 5% intra-month in January. However, India announced a trade deal with Europe followed by a trade deal with the U.S. which should provided a boost to the region. While Indian equities are still overvalued by our measure, the yield curve measure we calculate for the region continues to be positively sloped which is indicative of the potential for future economic growth in the months ahead.

Fixed Income:

- **Rates**: The markets' outlook for inflation has grown considerably in the month of January as indicated by shorter-term breakeven inflation rates. The one-year breakeven inflation rate has moved to over 3.3% having started the year at just over 2%. This could indicate the potential for rising inflation in the months ahead which could be indicative of rising yields alongside the potential for loosening monetary policy, i.e., Fed lowering short-term rates. These factors continue to support concentrating fixed-income investments in shorter-term maturities.

- **Credit**: Corporate credit spreads remain historically tight, making the additional yield over and above so-called "risk-free" U.S. Treasuries unappealing at this time given the risks of rising inflation.

Hard Assets:

- **Gold:** We maintain our positive outlook on gold despite the 25% intra-month gain in January. Central banks around the globe continue to diversify away from dollar-based holdings, e.g., U.S. dollars, US government debt, etc. Geopolitical flashpoints around the globe continue to boost the attractiveness of Gold as a haven asset. As noted in prior months, as gold continues to advance so aggressively, there comes an increased risk of a consolidation and/or profit-taking period nearer term after such strong advances. However, gold over the longer term may continue its upward move as weakening job numbers may encourage the Federal Reserve to continue its monetary easing to combat this side of their dual mandate.

- **Commodities:** Like gold, weakening demand for U.S. dollars may also benefit commodities more broadly. With the US-China trade relationship dealt with in the near-term, alongside U.S.-India and India-Europe, a window has opened for stimulative demand from a number of bilateral trade deals globally which could provide a boost for commodities. The outlook remains positive.

For more information about 3EDGE Asset Management or our offerings, please visit our website at 3edgeam.com

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3EDGE Solutions Designed to Smooth the Ride

Seeking to manage volatility and downside risk while providing the potential to be additive to investment returns

3EDGE Multi-Asset Investment Solutions

3EDGE Strategies	Risk Intensity	Asset Class Ranges^				Potential Use Case
		Equities	Fixed Income	Hard Assets	Short-Term Fixed Inc / Cash	
Tactical Core Solutions						
Conservative Strategy *Typical time horizon: 1-3 years*	Low	6–30%	10–88%	4–22%	2–80%	Fixed income, core bond, or annuity replacement
Total Return Strategy *Typical time horizon: >3 years*	Low	13–60%	10–81%	4–35%	2–73%	Traditional 60/40 portfolio replacement
Growth Strategy *Typical time horizon: >5 years*	Low-Medium	20–80%	10–81%	4–35%	2–73%	Growth replacement with an emphasis on minimizing volatility
Tactical Income Solution						
Income Plus Strategy *Typical time horizon: >3 years*	Medium	Equity Income Sources 0–40%	Fixed Income Sources 55–90%	Non-Traditional Fixed Income 5–25%		Income replacement strategy targeting a high yield with emphasis on minimizing drawdowns
Tactical Equity-Focused Solutions						
Aggressive Strategy *Typical time horizon: >10 years*	Medium-High	40–100%	0%	0–60%	0–60%	Equity complement or outright replacement of equity holdings
Global Equity Strategy *Typical time horizon: >10 years*	High	98%	0%	0%	2%	Global equity complement or outright replacement of ACWI holdings
International Equity Strategy *Typical time horizon: >10 years*	High	98%	0%	0%	2%	International equity (ex U.S.) complement or outright replacement
U.S. Equity Strategy *Typical time horizon: >10 years*	High	98%	0%	0%	2%	U.S. equity complement or outright replacement of S&P 500 holdings
Tactical Crypto Solution						
CryptoPlus Strategy *Typical time horizon: >10 years*	Extreme	0%	0%	98%** ***crypto ETFs*	2%	Alternative store of value (i.e. cryptocurrency holdings in place of gold/real assets)

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