

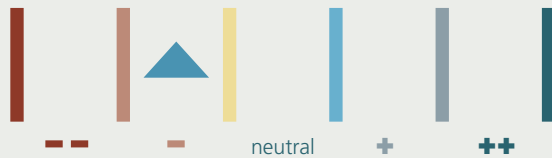
Short-term Asset Class Forecasts

over the next 1-3 months



April 2019

QS Leading Economic Indicator



Our economic outlook remains negative versus last month driven by average hours worked, new orders inventory and new building permits.

QS Leading Economic Indicator Index is a proprietary composite of economic data that QS Investors believes are significant in determining financial and economic conditions in the U.S.

Important Information

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Asset Class Preference

We continue to believe that U.S. stocks are positioned to outperform U.S. bonds as well as international developed market equities. Our preference for U.S. equities is supported by options market data (which shows greater demand for puts in international-developed markets than in the U.S.), better price momentum in the U.S. and yield curve steepness. Despite the fact that one measure of the U.S. yield curve inverted in March, our model observed that yield curves in other developed markets are flattening faster than in the U.S. market.

We continue to believe that U.S. high yield is positioned to outperform U.S. investment grade. However, this position has moderated due to spread widening between high yield and investment grade bonds — this is an indicator of stronger performance in investment grade bonds. European stocks are forecasted to outperform European bonds in our model. Our conviction in this position has increased over the past month due to improvements in the European Leading Indicator index and our U.S. stocks versus bonds signal, which itself was impacted by global trade data, average hours worked and initial unemployment claims.

