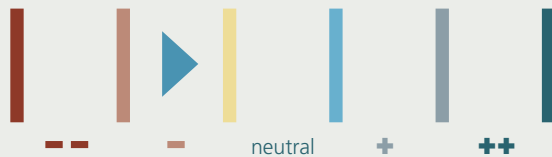


Short-term Asset Class Forecasts

over the next 1-3 months

March 2019

QS Leading Economic Indicator



Our economic outlook remains in negative territory; however it improved versus last month. An improvement in global trade data and building permits were the primary drivers.

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

This material was prepared without regard to the specific objectives, financial situation or needs of any particular person who may receive it. It is intended for informational purposes only and it is not intended that it be relied on to make any investment decision. It does not constitute investment advice or a recommendation or an offer or solicitation and is not the basis for any contract to purchase or sell any security or other instrument, or for QS Investors to enter into or arrange any type of transaction as a consequence of any information contained herein. QS Investors does not give any warranty as to the accuracy, reliability or completeness of information which is contained in this document. Except insofar as liability under any statute cannot be excluded, no member of QS Investors, or any officer, employee or associate accepts any liability (whether arising in contract, in tort or negligence or otherwise) for any error or omission in this document or for any resulting loss or damage whether direct, indirect, consequential or otherwise suffered by the recipient of this document or any other person.

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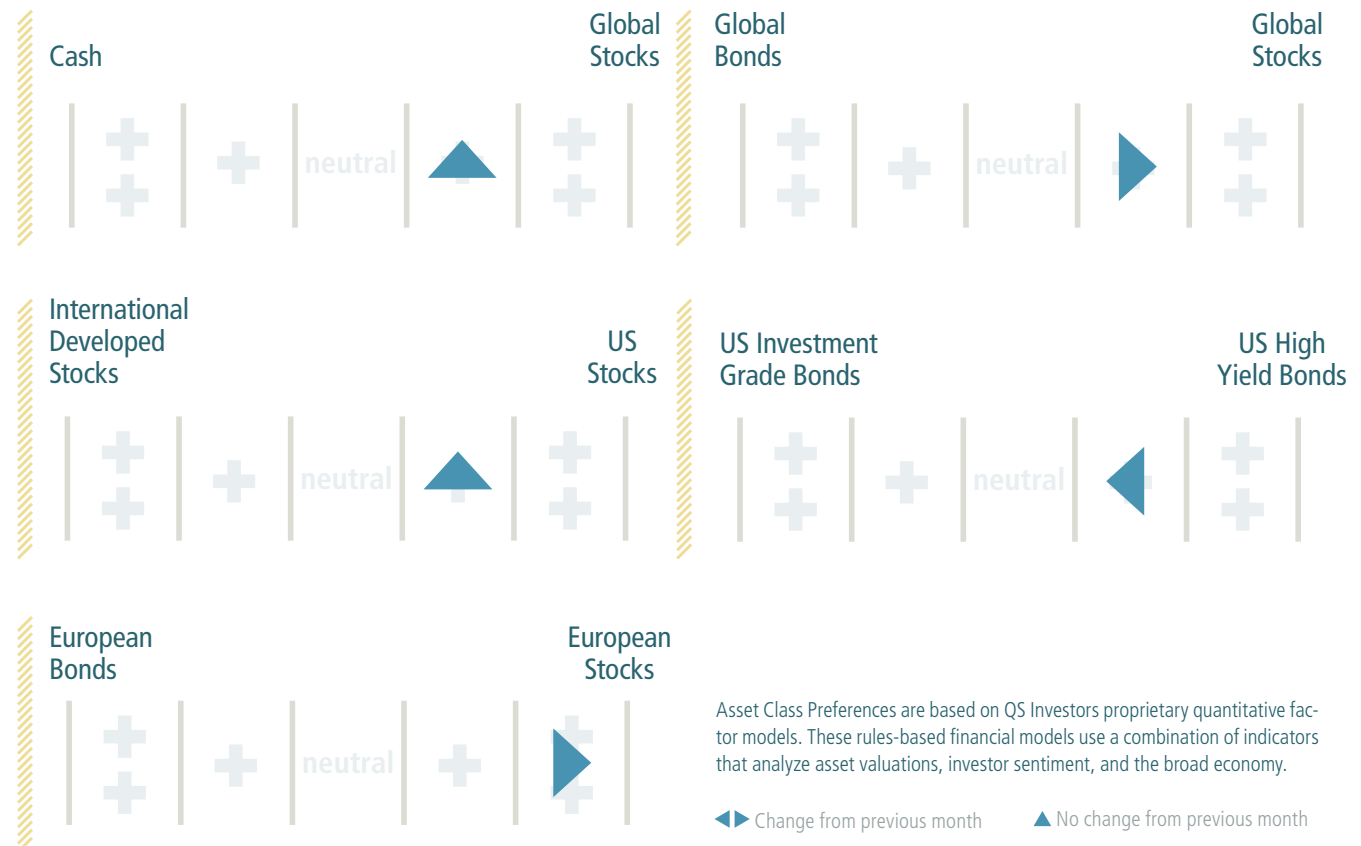
Asset Class Preference

Improvement in the Leading Economic Indicator led to favoring global stocks versus global bonds.

We continue to believe that US stocks are positioned to outperform international developed stocks. Our preference for US stocks in this model is supported by options market data and yield curve steepness. On the other hand, price momentum has reversed from favoring US to international stocks.

We continue to believe that US high yield is positioned to outperform US investment grade. This sentiment is due to the spread compression between high yield and investment grade bonds (an indicator of stronger performance in high yield) and the low level of US equity volatility.

European stocks are forecasted to outperform European bonds in our model, a sharp reversal compared to last month. This positional change is due to the improvement in three of the six factors in our model, the European Leading Economic Indicator, global stocks versus bonds and price momentum.



Asset Class Preferences are based on QS Investors proprietary quantitative factor models. These rules-based financial models use a combination of indicators that analyze asset valuations, investor sentiment, and the broad economy.