Nottingham Monthly Market Wrap
March 31, 2016

NOTTINGHAM ADVISORS

Economic Overview

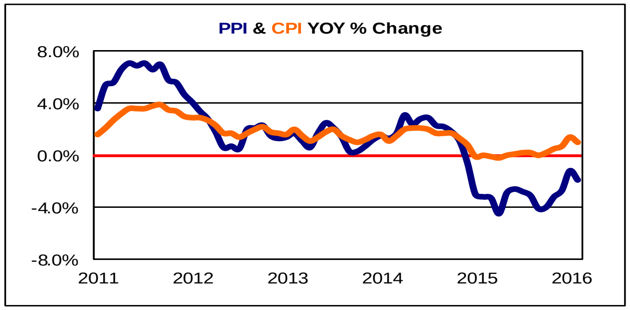
April showers bring May flowers… what does snow bring? It's in the near term forecast here in Western New York. As for recent economic data, it's looking decidedly better than the weather! With the start of April landing on a Friday, we got an early peek at the current U.S. employment situation, which appears to be holding steady going into the spring. The Fed still remains firmly at the helm of the good ship U.S.A., guiding it through uncertain seas.

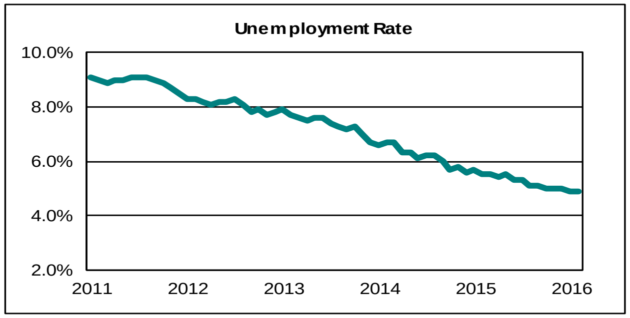
The April jobs report showed an increase in Nonfarm Payrolls of +215k in March, versus expectation for an increase of 205k. The prior month's reading was revised slightly upward to +245k from an initial reading of +242k. The Unemployment Rate for March rose to 5.0% from 4.9% while the Underemployment Rate ticked up to 9.8% from the prior month's reading of 9.7%. Average Hourly Earnings rose +2.3% YoY while the Labor Force Participation Rate rose +0.1% to 63.0%. Overall the U.S. employment picture remains healthy.

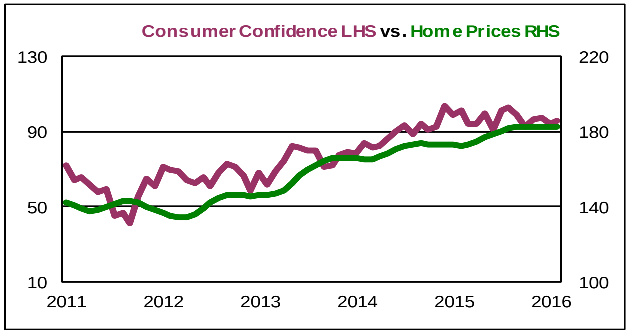
Fears over a manufacturing recession appeared justified based upon mid-winter data. Factory Orders for January fell short of expectations, rising just +1.6% while ex-transportation orders fell -0.2%. Industrial Production fell -0.5% MoM in February and Capacity Utilization came in at a lackluster 76.7%. The Markit U.S. Manufacturing PMI reading held steady around 51.5, suggesting modest expansion.

Housing in the U.S. remains mixed, with Housing Starts in February rising +5.2% MoM while Building Permits fell -3.1% MoM. Existing Home Sales dropped -7.1% MoM whereas New Home Sales rose +2.0%. The S&P/Case-Shiller US Home Price Index rose modestly in January and is up 5.4% YoY. Sales and price appreciation continue to be led by the more upscale sector of the housing market and we're starting to see demand pick up down the price spectrum as rents in many major cities climb back near historically high levels.

All in all, the U.S. economy appears to be experiencing more of an "earnings" recession than an actual economic recession. Corporate earnings growth has been negligible despite solid underlying fundamentals in the economy. It remains to be seen if corporate earnings can generate enough nominal growth to break the current cycle.

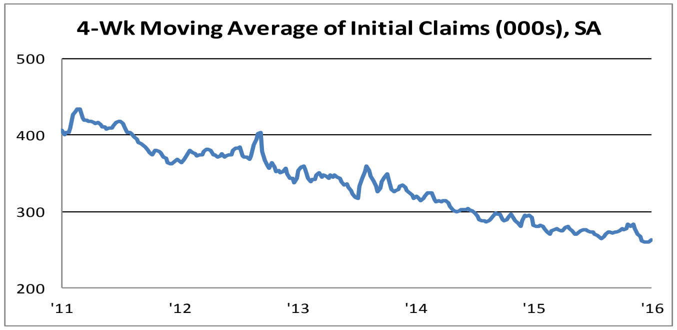


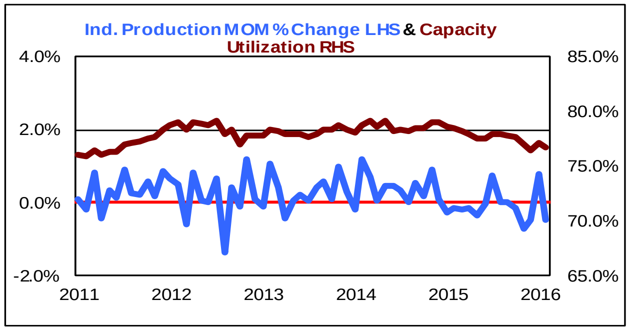




Key Data Points

Name	Current	For	Previous	For
Retail Sales ex. Autos MOM %	-0.10%	February	-0.40%	January
Housing Starts	1178K	February	1120K	January
Factory Orders MOM %	1.60%	January	-2.90%	December
Leading Indicators MOM %	0.10%	February	-0.20%	January
Unit Labor Costs	3.30%	4Q 2015	0.40%	3Q 2015
GDP QOQ (Annualized)	1.40%	4Q 2015	2.00%	3Q 2015
Wholesale Inventories	0.20%	January	-0.20%	December
MBA Mortgage Applications	-1.00%	March	-4.80%	February



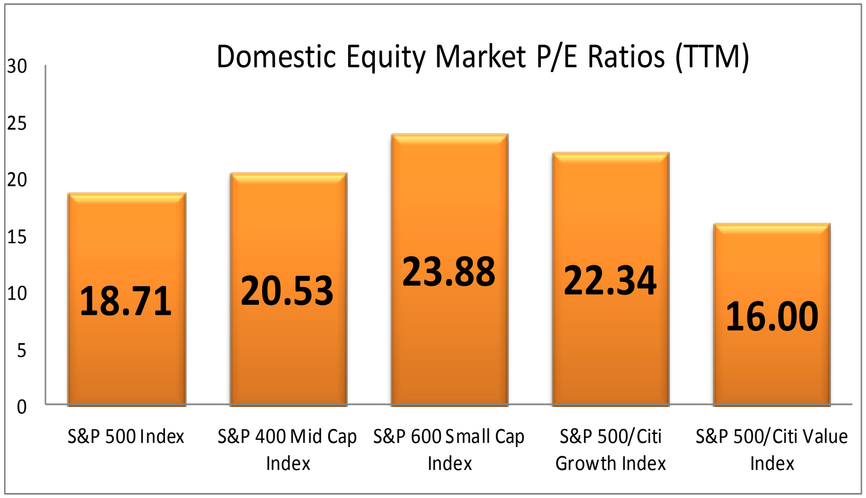


Domestic Equity

U.S. equities bounced back sharply in March, with the benchmark S&P 500 index gaining +6.78%. Mid- and small-caps fared even better, gaining +8.51% and +8.20%, respectively. After a -11.4% drawdown to start the year, the S&P 500 has roared back +14.5% since February 11th, and is now **positive** on the year, up +1.35%. Mid- and small-caps are also positive, up +3.78% and +2.65%, respectively. For investors looking at the market on a quarterly basis, not much has changed in terms of price levels; however, for investors looking month-to-month and day-to-day (the majority of us), the daily volatility of the market was less than appetizing.

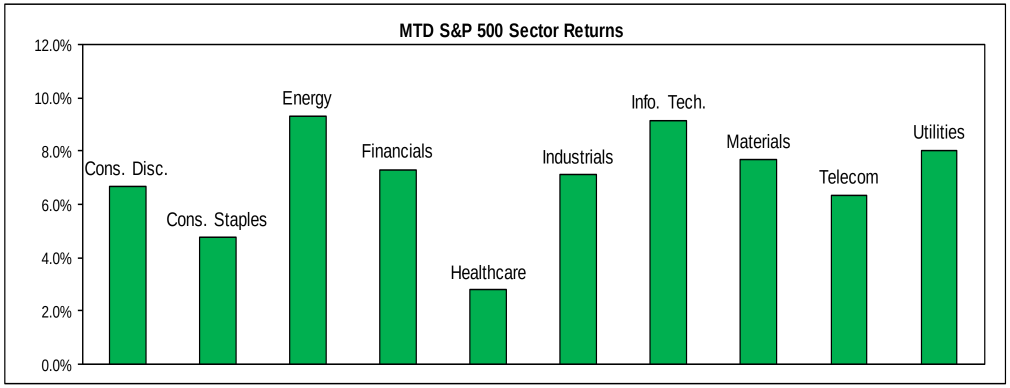
Growth stocks, as measured by the S&P 500/Citi Growth Index, gained +6.72% on the month, slightly underperforming the broader market (S&P 500) by a scant -0.06%. Value stocks, as measured by the S&P 500/Citi Value Index rose +6.85% on the month, outperforming Growth once again. After *years* of underperformance versus Growth, a trend of outperformance from Value stocks may be emerging. For the first quarter, Value outperformed Growth by +1.67%, after underperforming Growth by staggering -8.60% in 2015, one of the largest underperformances in recent memory. After underperforming Growth by more than -3.08% *annualized* over the past 10-years, Value may be setting itself up for a period of outperformance, especially as valuations continue to stretch further, earnings growth stagnates, and more defensive positioning kicks in as global growth slows. From a valuation standpoint, Value stocks still trade well below the broader market (16.0x P/E vs. 18.7x) and at an even wider discount to Growth (16.0x P/E vs. 22.3x), making Value stocks even more compelling.

From a sector standpoint, Energy and Technology were the best performers in March, up +9.31% and +9.15%, respectively. Energy stocks benefitted as oil soared from nearly $26/bbl to over $40/bbl in six-weeks, despite any real changes in the current supply/demand imbalance. Technology stocks are beginning to benefit from strong relative strength from Apple, which makes up more than 14% of the sector. Prior to March, Apple had underperformed the Technology sector by nearly 500 bps over the past three quarters and the overall market by more than 1300 bps since June 30th of last year. Defensive positioning continues to be evident, as Telecoms and Utilities are the two best performers year to date, up +16.61% and +15.56%, respectively, while Healthcare and Financials are the only two sectors with negative returns, down -5.50% and -5.06%, respectively on the year. The continued underperformance of Biotechnology stocks (appx. 20% of the Healthcare sector) and a lower for longer interest rate theme should continue to put a lid on both sectors from a relative performance standpoint in the near future.



Domestic Equity Returns

Name	MTD	QTD	YTD	1 Year	3 Year	5 Year
S&P 500 Index	6.78%	1.35%	1.35%	1.77%	11.77%	11.56%
S&P 400 Mid Cap Index	8.51%	3.78%	3.78%	-3.60%	9.40%	9.48%
S&P 600 Small Cap Index	8.20%	2.65%	2.65%	-3.23%	10.32%	10.38%
S&P 500/Citi Growth Index	6.72%	0.53%	0.53%	3.52%	13.90%	13.04%
S&P 500/Citi Value Index	6.85%	2.20%	2.20%	-0.33%	9.40%	9.96%



S&P 500 Sector Returns

Sector	MTD	QTD	YTD	1 Year	3 Year	5 Year	% of S&P 500
Consumer Discretionary	6.67%	1.60%	1.60%	6.75%	16.05%	17.11%	13.08%
Consumer Staples	4.75%	5.57%	5.57%	11.43%	12.79%	15.17%	11.46%
Energy	9.31%	4.02%	4.02%	-15.54%	-4.93%	-2.37%	6.62%
Financials	7.32%	-5.06%	-5.06%	-4.58%	9.38%	8.62%	15.16%
Healthcare	2.77%	-5.50%	-5.50%	-5.18%	15.58%	17.62%	14.02%
Industrials	7.11%	4.99%	4.99%	3.18%	12.55%	10.72%	10.01%
Information Technology	9.15%	2.60%	2.60%	8.06%	16.96%	13.74%	20.80%
Materials	7.68%	3.61%	3.61%	-6.00%	6.72%	4.81%	2.82%
Telecommunications	6.36%	16.61%	16.61%	18.74%	8.11%	10.65%	2.70%
Utilities	8.03%	15.56%	15.56%	15.97%	12.37%	13.66%	3.33%

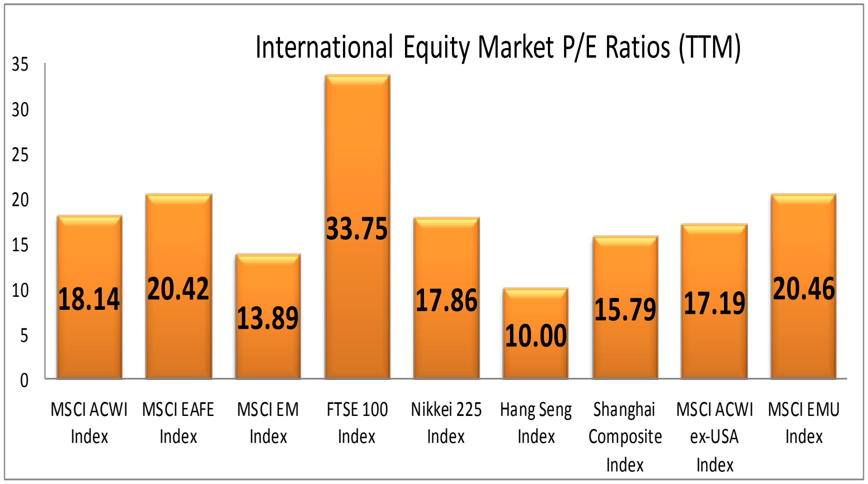
International Equity

International equities bounced back in March, following U.S. equities higher on the back of added stimulus from the European Central Bank (ECB). The ECB cut its overnight deposit rate from -0.3% to -0.4%, increased the size of its asset purchase plan by $20 Billion Euros per month (to $80 billion) and will include investment grade corporate bonds in its purchase plan.

Emerging Markets led the international equity rally as the MSCI EM Index rose +13.23% on the month, as the Shanghai Composite recovered +11.75% during the period, but is still down -15.11% for the year. Developed international equities, as measured by the MSCI EAFE Index, rose +6.58%, held back by the FTSE 100 Index (United Kingdom), MSCI EMU Index (Eurozone), and Nikkei 225 Index (Japan), which gained +1.82%, +2.80%, and +5.29%, respectively.

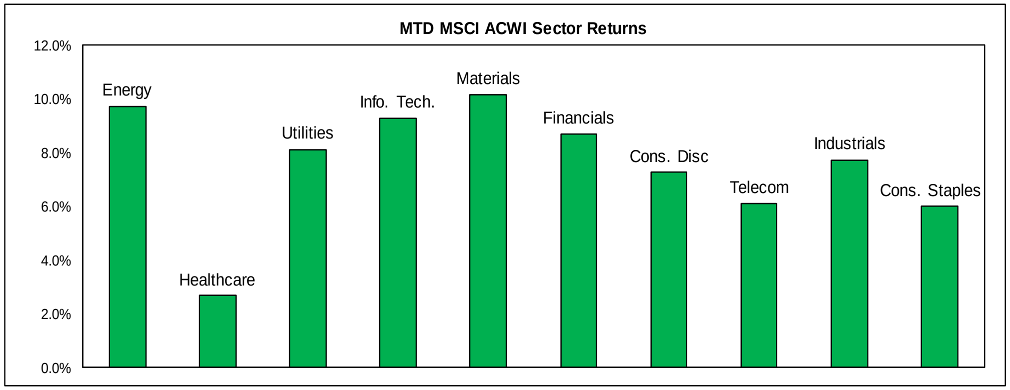
From a sector standpoint, Materials and Energy stocks led the way as the sectors gained +10.16% and +9.73%, respectively. The aforementioned sectors benefitted from a greater than +50% rally in crude oil in a matter of weeks, a weaker U.S. Dollar, and a market rally in “low quality” names that were last year’s worst performers (most beaten down names). The worst performer during the period was Healthcare, which gained +2.66%, but is down -6.48% on the quarter, making it the worst performing global sector. Global Financials (especially those in Europe and Japan) continue to underperform as global central banks (ECB, Bank of Japan, and others in Europe) push interest rates further into negative territory. Defensive sectors such as Utilities and Telecoms continue to be the best performers year to date, up +8.83% and +7.02%, respectively, as the global search for yield continues to force cash into overvalued sectors; however, the question of which is more overvalued, stocks or bonds, likely points to bonds at this point (negative rates).

For the quarter, International equities posted mix results, from Emerging Markets (+5.69%) to the Eurozone (-6.56%) and Japan (-11.24%), and everywhere in between, continuing to highlight the country and region specific risk factors in play (central banks, interest rates, politics, to name a few).



International Equity Returns

Name	MTD	QTD	YTD	1 Year	3 Year	5 Year
MSCI ACWI Index	7.48%	0.39%	0.39%	-3.77%	6.15%	5.85%
MSCI EAFE Index	6.58%	-2.86%	-2.86%	-7.76%	2.87%	2.95%
MSCI EM Index	13.23%	5.69%	5.69%	-11.71%	-4.17%	-3.81%
FTSE 100 Index	1.82%	0.15%	0.15%	-5.01%	2.72%	5.01%
Nikkei 225 Index	5.29%	-11.24%	-11.24%	-11.17%	12.43%	13.49%
Hang Seng Index	9.19%	-4.74%	-4.74%	-13.65%	1.30%	1.09%
Shanghai Composite Index	11.75%	-15.11%	-15.11%	-18.57%	13.23%	3.01%
MSCI ACWI ex-USA Index	8.19%	-0.26%	-0.26%	-8.71%	0.89%	0.88%
MSCI EMU Index	2.80%	-6.56%	-6.56%	-12.80%	10.02%	6.36%



MSCI ACWI Sector Returns

Sector	MTD	QTD	YTD	1 Year	3 Year	5 Year	% of S&P 500
Energy	9.73%	6.43%	6.43%	-13.75%	-7.05%	-5.90%	6.57%
Healthcare	2.66%	-6.48%	-6.48%	-7.88%	12.31%	14.97%	10.25%
Utility	8.12%	8.83%	8.83%	5.97%	7.01%	4.99%	3.62%
Information Technology	9.28%	1.60%	1.60%	2.39%	14.03%	11.05%	14.20%
Materials	10.16%	5.96%	5.96%	-12.05%	-4.63%	-6.60%	4.82%
Financials	8.68%	-4.94%	-4.94%	-10.38%	2.73%	3.17%	20.15%
Consumer Discretionary	7.25%	-0.35%	-0.35%	-1.47%	10.84%	11.43%	13.22%
Telecommunications	6.10%	7.02%	7.02%	3.86%	7.58%	6.24%	5.15%
Industrials	7.73%	3.57%	3.57%	-1.37%	6.97%	5.52%	10.69%
Consumer Staples	5.99%	4.83%	4.83%	8.23%	8.14%	11.80%	11.34%

Fixed Income

Bonds caught a bid in March after U.S. Fed policymakers seemed to back off their hawkish rhetoric at the March meeting, implying a more measured approach will be taken to normalizing interest rates. Markets responded with equities and bonds both rallying post Fed. The yield on the U.S. 10-year fell from near 2.00% pre-meeting to 1.77% by month's end. Both the ECB and BOJ continued their aggressive QE programs during March, with many sovereign yields diving further into negative territory. The Fed remains the lone major central bank pursuing a tightening agenda in 2016.

The risk-on trade benefitted the riskiest asset classes the most as U.S. high-yield and emerging market debt took top honors in March. The ML U.S. High Yield Master II Index rose +3.81% on the month, finishing the quarter in the black at +1.39%, while the ML USD Emerging Market Sovereign & Credit Index gained +3.32%, ending up +2.85% on the quarter. U.S. investment-grade corporate bonds surged +2.37% in March and finished the quarter up 2.87% while the ML U.S. Treasury/Agency Master Index fell slightly on the month, but ended the quarter up +2.71%. U.S. municipal bonds posted modest gains in March and are up roughly +0.55% for the year. An increase in supply is expected over the coming months.

Treasury inflation protected bonds have performed well in 2016, with TIP, the iShares TIPS ETF, up +4.5% in the first quarter. Modest increases in various inflation measures have investors re-embracing inflation protected securities for the first time in quite a while. The bond market is currently suggesting sub-2.0% inflation over the next 10 to 30 years, which given the 25-year average of 2.5% seems like a decent bet to make.

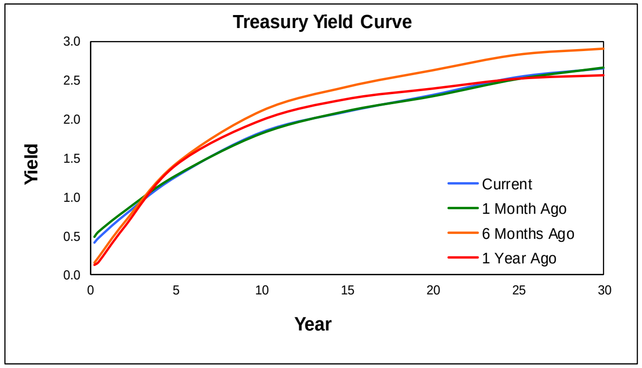
The U.S. Federal Reserve continues to want to reflate without upsetting global markets. People in the desert want ice water. We're not convinced the Fed will be able to fully accomplish its agenda without creating heightened volatility across asset classes around the world. U.S. debt should remain the best house in a not-so-great neighborhood, with U.S. Treasuries and high-grade corporate and municipal bonds faring the best. High-yield remains interesting at these somewhat over-sold levels, although that trade should remain volatile near-term.

Central Bank Activity

Name	Current	1 Month Ago	6 Months Ago	1 Year Ago
Fed Funds Rate	0.50%	0.50%	0.25%	0.25%
Bank of Japan Target Rate	0.10%	0.10%	0.10%	0.10%
European Central Bank Rate	0.00%	0.05%	0.05%	0.05%
Bank of England Official Bank Rate	0.50%	0.50%	0.50%	0.50%

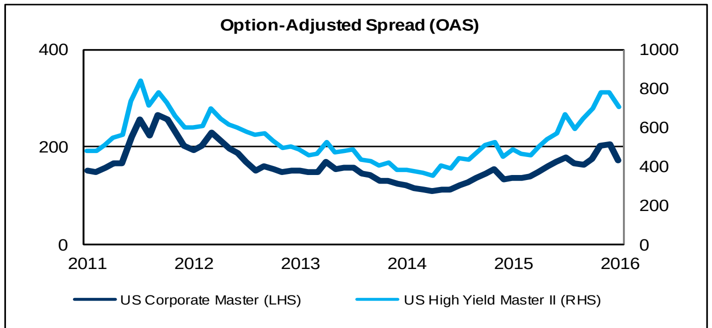
Fixed Income Returns

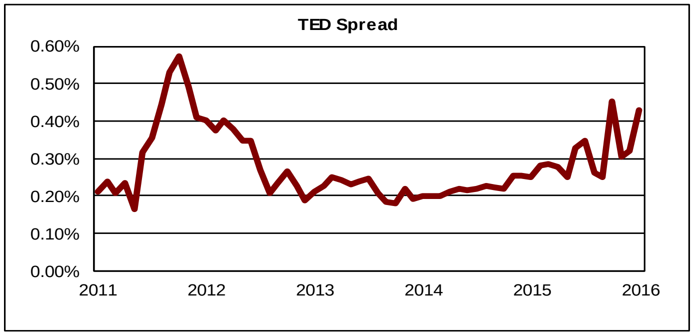
Name	MTD	QTD	YTD	1 Year
ML U.S. Treasury/Agency Master Index	-0.04%	2.71%	2.71%	0.10%
ML U.S. Broad Market Index	0.63%	2.35%	2.35%	-0.83%
ML U.S. Corporate Master Index	2.37%	2.87%	2.87%	-3.06%
ML U.S. High Yield Master II Index	3.81%	1.39%	1.39%	-10.48%
ML USD Emerging Market Sovereign & Credit Index	3.32%	2.85%	2.85%	3.77%
ML Global Government Bond II Index	0.24%	3.19%	3.19%	0.72%
ML Municipal Master Index	0.08%	0.55%	0.55%	-0.31%
ML Municipal High Yield Index	0.37%	0.53%	0.53%	-5.23%

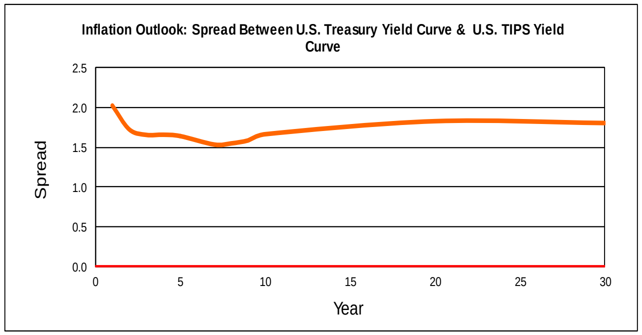


U.S. Treasury Yields

Period	3 Month	6 Month	2 Year	5 Year	10 Year	15 Year	20 Year	25 Year	30 Year
Current	0.41%	0.47%	0.76%	1.25%	1.83%	2.09%	2.31%	2.54%	2.65%
1 Month Ago	0.48%	0.55%	0.81%	1.27%	1.81%	2.10%	2.29%	2.51%	2.66%
6 Months Ago	0.15%	0.22%	0.67%	1.42%	2.10%	2.41%	2.62%	2.83%	2.90%
1 Year Ago	0.12%	0.16%	0.61%	1.40%	1.98%	2.25%	2.39%	2.52%	2.56%







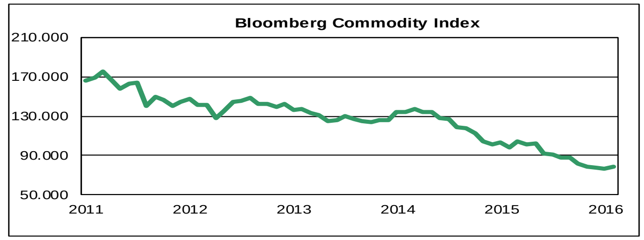
Alternative Investments

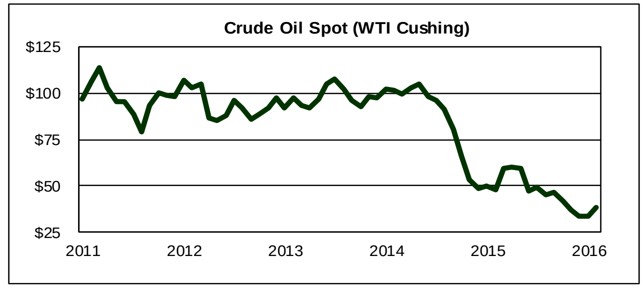
Alternative investments showed signs of life in March as the U.S. Dollar, as measured by the DXY Index, retreated -3.69%, and is now down -5.57% from its recent monthly closing high of 100.17 in November 2015. Gold also gave back some of its quarterly gains, falling -0.49% on the month; however, the precious metal did regain some of its luster during the quarter, rising more than +16.1% to close at $1,233/ounce. A sharp spike in volatility early in the year, coupled with negative interest rates in Europe and Japan are likely boons for gold, which traditionally suffered from a negative carry (cost to hold). Now, negative interest rates may present gold as a "haven" for cash, bringing a new incremental buyer into the market. Furthermore, a rise in inflation expectations (5 year break evens are up nearly 50bps this year) may also give gold a bid.

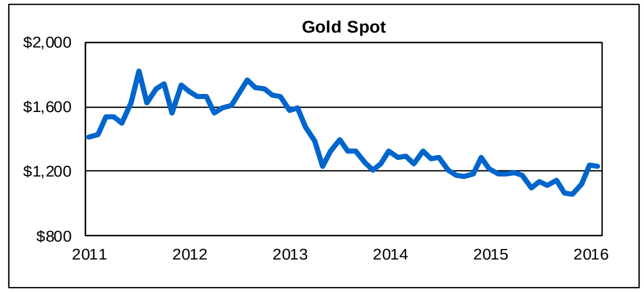
West Texas Intermediate (WTI) crude oil rallied +13.6% in March to close at $38.34/bbl, but rose more than +50% over the past six weeks from an intra-month low of $26/bbl in February to over $40/bbl multi-month high in March, before settling near $38/bbl to end the quarter. Interestingly, the rally in crude prices was likely due to talks of a potential output freeze, and hopes of an eventual cut, neither of which actually happened during the quarter. Additionally, Iranian production increased substantially, and it is estimated that more than 1 million barrels per day of additional supply may still come on line in 2016. Taken together, hopes of a production freeze, met with an increase in supply and little change in demand should put downward pressure on crude prices from here. The rally in crude helped buoy the broad Bloomberg Commodities Index by +3.79% during the month, but the index is only marginally positive on the year, up +0.34%.

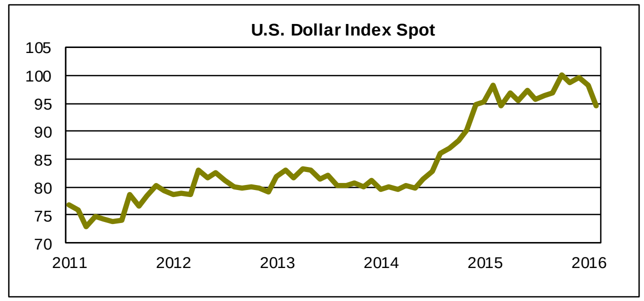
With diminished expectations for the Federal Reserve to raise interest rates in June (now 20%, from 32% at the beginning of the month), high-yielding assets such as Real Estate Investment Trusts (REITs), amongst others, may continue to drive asset flows. The FTSE NAREIT All REIT Index rose +9.37% in March, the largest monthly gain since October 2014. The index ended the quarter up +4.88%. Major currencies such as the Yen and Euro posted strong gains against the Dollar as negative interest rates caused their currencies to *strengthen* instead of weaken, which conventional wisdom would have predicted. This trend deserves special attention, as recent market volatility may have been a bigger driver of the gains than central bank action.

Lastly, Hedge Funds again lagged the broader equity markets in March. Distressed Securities, Equity Hedge, and Event Driven strategies posted gains of +3.93%, +2.71%, and +2.40%, respectively. Through the close of the first quarter, Hedge Fund strategies as a whole posted mostly negative returns, with the lone positive performers Macro and Merger Arbitrage, up +0.58% and +1.64%, respectively.



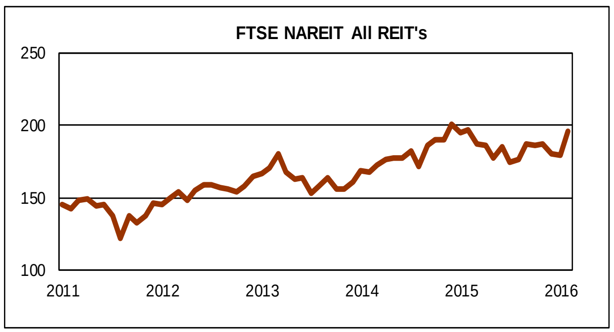






Hedge Funds

Name	MTD	QTD	YTD	1 Year	3 Year	5 Year
Global Hedge	1.26%	-1.85%	-1.85%	-7.33%	-0.90%	-1.17%
Convertible Arbitrage	0.29%	-1.04%	-1.04%	-2.65%	-1.55%	-0.11%
Distressed Securities	3.93%	-1.89%	-1.89%	-13.23%	-3.07%	-3.41%
Equity Hedge (L/S)	2.71%	-3.01%	-3.01%	-7.32%	0.51%	-1.35%
Equity Market Neutral	-0.79%	-2.54%	-2.54%	1.07%	2.51%	-0.50%
Event Driven	2.40%	-1.45%	-1.45%	-9.58%	-1.64%	-0.28%
Macro	-0.62%	0.58%	0.58%	-4.64%	0.62%	-1.11%
Merger Arbitrage	0.46%	1.64%	1.64%	7.41%	5.08%	2.65%
Relative Value Arbitrage	0.09%	-2.72%	-2.72%	-7.23%	-2.57%	-1.59%
Absolute Return	-0.05%	-0.34%	-0.34%	0.82%	2.04%	0.67%



Spot Rates

Description	Current	1 Month Ago	3 Months Ago	6 Months Ago	1 Year Ago
CAD / USD	1.30	1.35	1.38	1.33	1.27
JPY / USD	112.57	112.69	120.22	119.88	120.13
USD / GBP	1.44	1.39	1.47	1.51	1.48
USD / EUR	1.14	1.09	1.09	1.12	1.07

S&P 500 Index (SPX) – Standard and Poor's 500 Index is a capitalization-weighted index of 500 stocks. The index is designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

S&P 500 Sector Indices (S5COND, S5CONS, S5ENRS, S5FINL, S5HLTH, S5INDU, S5INFT, S5MATR, S5TELS, S5UTIL) – The S&P 500 is broken down into ten sub-indices according to the Global Industry Classification Standard (GICS) sectors. These ten sectors include Consumer Discretionary, Consumer Staples, Energy, Financials, Health Care, Industrials, Information Technology, Materials, Telecommunication Services, and Utilities.

S&P 400 Mid Cap Index (MID) – Standard and Poor's Mid Cap 400 Index is a capitalization-weighted index, which measures the performance of the mid-range sector of the U.S. stock market.

S&P 600 Small Cap Index (SML) – Standard & Poor's Small Cap 600 Index is a capitalization-weighted index that measures the performance of selected U.S. stocks with a small market capitalization.

S&P 500/Citigroup Growth Index (SGX) – The S&P 500/Citigroup Growth Index is a market capitalization-weighted index. All the stocks in the underlying parent index are allocated into value or growth. Stocks that do not have pure value or pure growth characteristics have their market caps distributed between the value & growth indices.

S&P 500/Citigroup Value Index (SVX) – The S&P 500/Citigroup Value Index is a market capitalization-weighted index. All the stocks in the underlying parent index are allocated into value or growth. Stocks that do not have pure value or pure growth characteristics have their market caps distributed between the value & growth indices.

MSCI AC World Index (MXWD) – The MSCI AC World Index is a free float-weighted equity index. The index includes both emerging and developed world markets.

MSCI EAFE Index (MXEA) – The MSCI EAFE Index is a capitalization-weighted index that monitors the performance of stocks from developed markets in Europe, Australia-Asia, and the Far East.

MSCI Emerging Market Index (MXEF) – The MSCI Emerging Market Index is a free-float weighted index that is designed to measure the equity performance of international emerging markets.

FTSE 100 Index (UKX) – The FTSE 100 Index is a capitalization-weighted index of the 100 most highly capitalized companies traded on the London Stock Exchange. The equities use an investability quotient weighting in the index calculation.

Nikkei 225 Stock Average Index (NKY) – The Nikkei-225 Stock Average is a price-weighted average of 225 top-rated Japanese companies listed in the First Section of the Tokyo Stock Exchange.

Hang Seng Index (HSI) – The Hang Seng is a free-float capitalization-weighted index of selected companies from the Stock Exchange of Hong Kong. The components of the index are divided into four sub-indexes: Commerce and Industry, Finance, Utilities, and Properties.

Shanghai Stock Exchange Composite Index (SHCOMP) – The Shanghai Stock Exchange Composite Index is a capitalization-weighted index. The index tracks the daily price performance of all A-shares and B-shares listed on the Shanghai Stock Exchange.

S&P Global 1200 Index (SPGLOB) – The S&P Global 1200 Index is a composite index, comprised of seven regional and country indices – S&P 500, S&P Europe 350, S&P/TOPIX 150 (Japan), S&P TSX 60 (Canada), S&P/ASX 50 (Australia), S&P Asia 50, and S&P Latin America 50. The S&P Global 1200 is calculated in US dollars. The index is market-cap weighted.

ML U.S. Treasury & Agency Index (G0A0) – The Merrill Lynch U.S. Treasury and Agency Index tracks the performance of U.S. dollar denominated U.S. Treasury and non-subordinated U.S. agency debt issued in the U.S. domestic market.

ML U.S. Broad Market Index (US00) – The Merrill Lynch U.S. Broad Market Index tracks the performance of U.S. dollar denominated investment grade debt publicly issued in the U.S. domestic market, including U.S. Treasury, quasi-government, corporate, securitized, and collateralized securities.

ML U.S. Corporate Index (C0A0) – The Merrill Lynch U.S. Corporate Index tracks the performance of U.S. dollar denominated investment grade corporate debt publicly issued in the U.S. domestic market.

ML U.S. High Yield Index (H0A0) – The Merrill Lynch U.S. High Yield Index tracks the performance of U.S. dollar denominated below investment grade corporate debt publicly issued in the U.S. domestic market.

ML Global Government Index (W0G1) – The Merrill Lynch Global Government Index tracks the performance of investment grade sovereign debt publicly issued and denominated in the issuer's own domestic market and currency.

ML U.S. Municipal Securities Index (U0A0) – The Merrill Lynch U.S. Municipal Securities Index tracks the performance of U.S. dollar denominated investment grade tax-exempt publicly issued by U.S. states and territories, and their political subdivisions, in the U.S. domestic market.

FTSE NAREIT All REITs Index (FNAR) – The FTSE NAREIT All REITs Index is a free float adjusted market capitalization-weighted index that includes all tax qualified REITs listed in the NYSE, AMEX, and NASDAQ National Market.

Dow Jones UBS Commodity Index (DJUBS) – The Dow Jones UBS Commodity Index is composed of futures contracts on 19 physical commodities. It reflects the return of underlying commodity futures price movements only. Previously, the index was the Dow Jones AIG Commodity Index.

U.S. Dollar Index (DXY) – The U.S. Dollar Index (USDX) indicates the general int'l value of the USD. The USDX does this by averaging the exchange rates between the USD and 6 major world currencies. The ICE US computes this by using the rates supplied by some 500 banks.

HFRX Global Hedge Fund Index (HFRXGL) – The HFRX Global Hedge Fund Index is designed to be representative of the overall composition of the hedge fund universe. It is comprised of all eligible hedge fund strategies.

HFRX Convertible Arbitrage Index (HFRXCA) – The HFRX Convertible Arbitrage Index is designed to reflect the general performance of strategies in which the investment thesis is predicated on realization of a spread between related instruments in which one or multiple components of the spread is a convertible fixed income instrument.

HFRX Distressed Securities Index (HFRXDS) – The HFRX Distressed Securities Index is designed to reflect the general performance of strategies focused on corporate fixed income instruments, primarily on corporate credit instruments of companies trading at significant discounts to their value at issuance of obliged (par value) at maturity as a result of either formal bankruptcy proceeding or financial market perception of near term proceedings.

HFRX Macro Index (HFRXM) – The HFRX Macro Index reflects the general performance of strategies in which the investment process is predicated on movements in underlying economic variables and the impact these have on equity, fixed income, hard currency, and commodity markets.

HFRX Equity Hedge Index (HFRXEH) – The HFRX Equity Hedge Index is designed to reflect the general performance of strategies that maintain both long and short positions in primarily equity and equity derivative securities. A wide variety of investment processes can be employed to arrive at an investment decision, including both quantitative and fundamental techniques. Strategies can be broadly diversified or narrowly focused.

HFRX Equity Market Neutral Index (HFRXEMN) – The HFRX Equity Market Neutral Index is designed to reflect the general performance of strategies that employ sophisticated quantitative techniques of analyzing price data to ascertain information about future price movement and relationships between securities.

HFRX Event Driven Index (HFRXED) – The HFRX Event Driven Index reflects the general performance of strategies that maintain positions in companies currently or prospectively involved in corporate transactions of a wide variety including, but not limited to, mergers, restructurings, financial distress, tender offers, shareholder buybacks, debt exchanges, security issuance, or other capital structure adjustments.

HFRX Merger Arbitrage Index (HFRXMA) – The HFRX Merger Arbitrage Index reflects the general performance of strategies which employ an investment process primarily focused on opportunities in equity and equity related instruments of companies which are current engaged in a corporate transaction.

HFRX Relative Value Arbitrage Index (HFRXRVA) – The HFRX Relative Value Arbitrage Index reflects the general performance of strategies that maintain positions in which the investment thesis is predicated on realization of a valuation discrepancy in the relationship between multiple securities.

Economic Data Sources:
PPI & CPI – Bureau of Labor Statistics
Unemployment Rate – Bureau of Labor Statistics
Consumer Confidence – Conference Board
S&P/Case-Shiller Composite 20 – Case-Shiller
Industrial Production – Federal Reserve
Capacity Utilization – Federal Reserve
Retail Sales – U.S. Census Bureau
Housing Starts – U.S. Department of Commerce
Factory Orders – U.S. Census Bureau
Leading Indicators – Conference Board
Unit Labor Costs – Bureau of Labor Statistics
GDP – Bureau of Economic Analysis
Wholesale Inventories – U.S. Census Bureau
MBA Mortgage Applications – Mortgage Bankers Association
4-Week Moving Average of Initial Claims, SA – Bureau of Labor Statistics

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