Nottingham Monthly Market Wrap

January 31, 2017

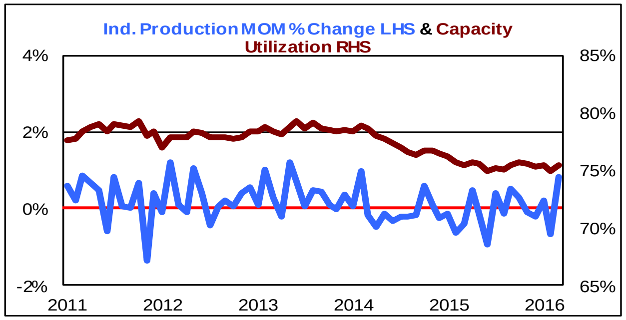
Economic Overview

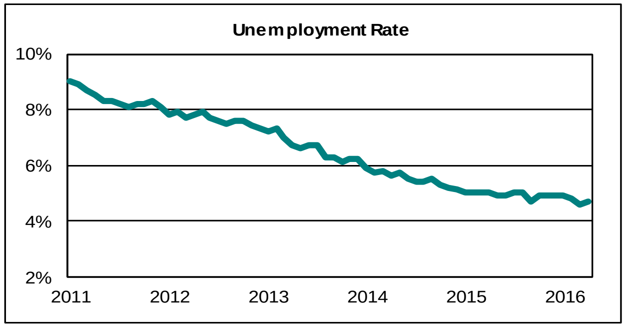
The rebound in broad domestic economic measures that we witnessed throughout the fourth quarter of 2016 failed to translate into meaningfully stronger US growth, as the advanced release of Q4 GDP showed a somewhat disappointing +1.9% rate of increase. Analysts had been targeting a growth rate of +2.2%, given the prior quarter's +3.5% rate, however a surging trade deficit cut into expectations, subtracting -1.7% from real GDP. The US consumer continues to account for most of the growth here in the US, with hopes for a rebound in cap-ex spending following the new administration's tax reform agenda.

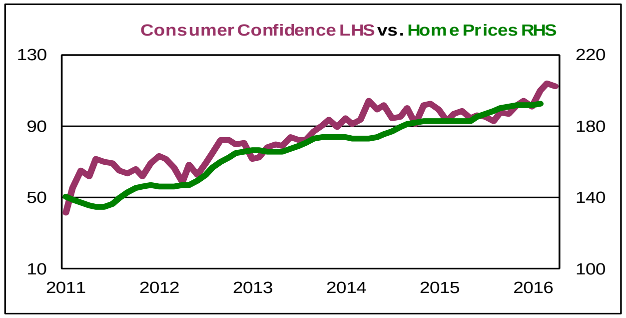
The US employment picture held steady in December as +156k jobs were created (slightly below estimates) with the unemployment rate backing up a tick to 4.7%. Average Hourly Earnings grew +0.4% MoM and are now up +2.9% YoY. Weekly Initial Jobless Claims (see chart below) continue to make new lows while the JOLTS Job Openings survey points to more employment opportunities being created. There's a chance we see a pause in the pace of hiring as businesses try and digest some of the uncertainty created by the recent presidential election. With future tax rates and regulatory framework far from certain, many businesses will likely refrain from any major personnel or capital investment until greater clarity is achieved.

Despite the tight labor market and continued rising home prices, inflation remains largely absent from the economic landscape. Consumer prices rose +0.3% in December and are up just +2.1% YoY while prices at the wholesale level are up just +1.6% in the past year. The Fed's preferred measure of inflation, the Personal Consumption Expenditure Core Index (which strips out the more volatile food and energy price component) rose just +0.1% in December and is up just +1.7% YoY.

The economy certainly seems to be enjoying something of a "Goldilocks" period, with growth not too hot to trigger interest rate hike worries, but not robust enough to generate GDP growth in line with historical norms. US economic growth is certainly a stated goal of the new administration, with policies designed to bring manufacturing back to the US and ease the regulatory burden on corporate America. We remain optimistic that despite all the sabre rattling with regard to trade, cooler heads and thoughtful US-centric policy will prevail.

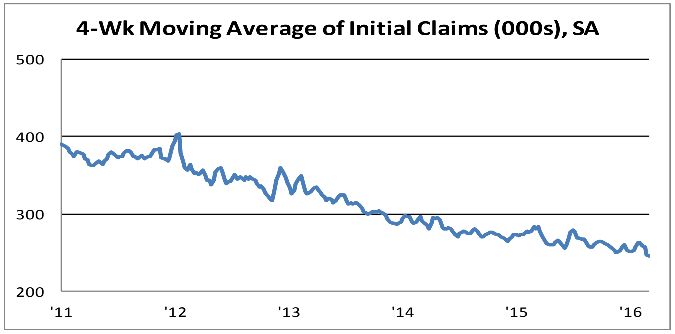


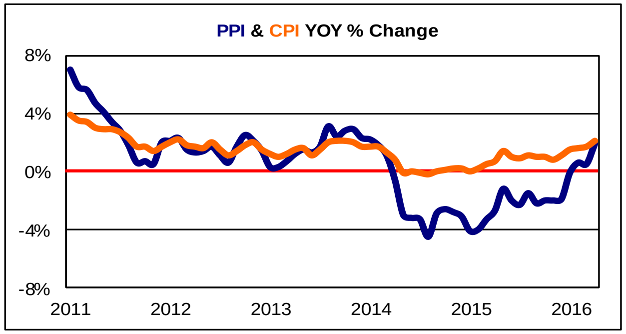




Key Data Points

Name	Current	For	Previous	For
Retail Sales ex. Autos MOM %	0.20%	December	0.30%	November
Housing Starts	1226K	December	1102K	November
Factory Orders MOM %	-2.40%	November	2.80%	October
Leading Indicators MOM %	0.50%	December	0.10%	November
Unit Labor Costs	0.70%	3Q16	6.20%	2Q16
GDP QOQ (Annualized)	1.90%	4Q16	3.50%	3Q16
Wholesale Inventories	1.00%	December	1.00%	November
MBA Mortgage Applications	-3.20%	January	0.10%	December



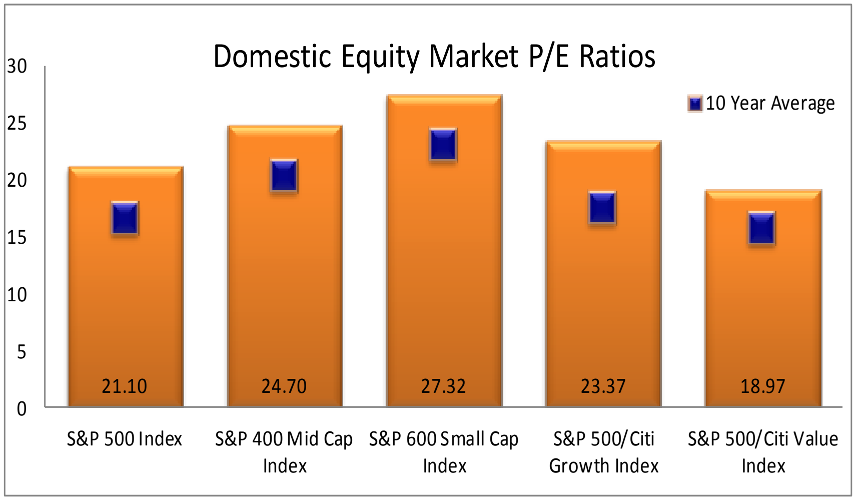


Domestic Equity

Domestic Equities were mixed in January, as Large- and Mid-Caps finished in positive territory, while Small-Caps ended the month in the red. Large-Caps, as measured by the S&P 500 Index, rose +1.9% this month, while Mid-Caps, as measured by the S&P 400 Mid-Cap Index rose by +1.7%. The Small-Cap rally that occurred post-election paused last month, with the S&P 600 Small-Cap Index falling by -40 bps. Executive orders and public remarks from President Trump have added headline risk for the markets, while questions surrounding the timing and implementation of protectionist trade and tax reforms added volatility to Small-Caps. Growth outperformed Value by over 200 bps last month, reversing December's trend. However, Value Stocks, as measured by the S&P 500/Citi Value Index, have outpaced Growth stocks over the last year by +830 bps.

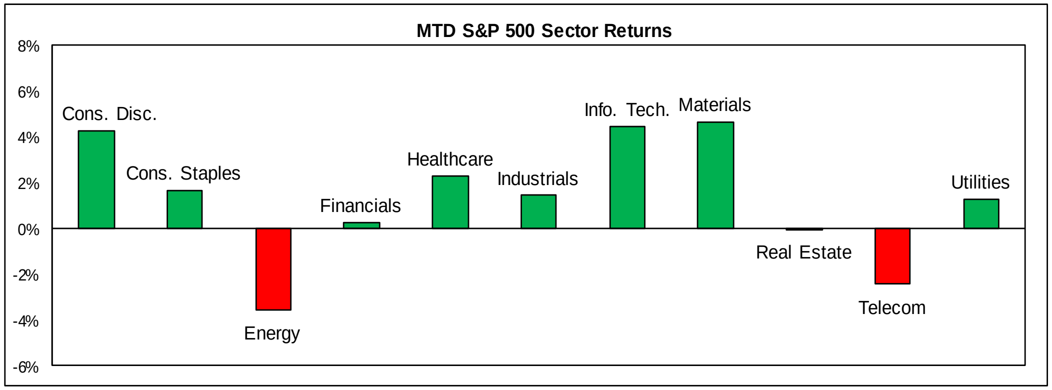
Domestic Equity Valuations were mixed last month, with Large- and Mid-Caps expanding slightly while Small-Cap valuations contracted. The trailing Price to Earnings ratio for the S&P 500/Citi Value Index fell slightly last month to 19x, opposite of the rise in valuations from the S&P 500/Citi Growth Index. Given the fall in valuations for Value stocks, the index looks relatively cheap compared to Growth stocks. With about 1/3rd of the S&P 500 reporting their 4th Quarter of 2016 results, our friends at Strategas Research Partners have found that over 66% of the companies that have reported so far have beat earnings estimates from analysts. With such stretched valuations, earnings growth will be paramount for positive performance through the rest of the year.

9 out of the 11 S&P 500 sectors were positive last month, as Energy and Telecom did not participate in the Large-Cap rally. The Materials Sector, which was up +4.6% in January, was buoyed by Freeport McMoran's +26% return. Only 3 out of 25 individual companies within the Materials Sector had negative returns in January. The rise in overall commodity prices, including agriculture, chemicals, and metals, bolstered the possibility of stronger earnings for this sector over the coming quarter. Following the Materials Sector was the Information Technology Sector, which rose +4.4% this month on strong individual company performance. Facebook, Apple, and Microsoft rose last month by +13%, +5%, and +4% respectively on robust company operations and solid guidance for the next fiscal year. Energy, the worst performing sector in the S&P 500, fell by -3.6% in January. Notable underperformers in the Energy sector were ExxonMobil and Chevron, which fell -7% and -5%, respectively.



Domestic Equity Returns

Name	MTD	QTD	YTD	1 Year	3 Year	5 Year
S&P 500 Index	1.90%	1.90%	1.90%	20.03%	10.83%	14.06%
S&P 400 Mid Cap Index	1.68%	1.68%	1.68%	30.16%	10.41%	14.20%
S&P 600 Small Cap Index	-0.40%	-0.40%	-0.40%	34.22%	10.71%	15.00%
S&P 500/Citi Growth Index	2.99%	2.99%	2.99%	15.93%	11.19%	14.27%
S&P 500/Citi Value Index	0.66%	0.66%	0.66%	24.23%	10.22%	13.72%



S&P 500 Sector Returns

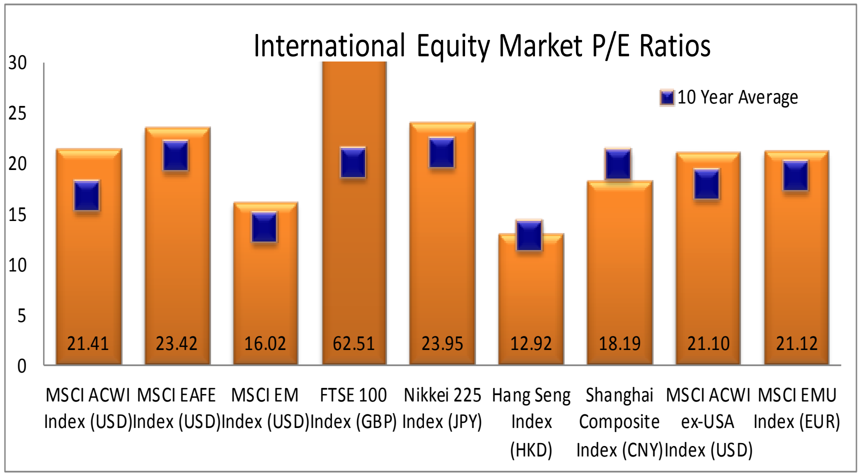
Sector	MTD	QTD	YTD	1 Year	3 Year	5 Year	% of S&P 500
Consumer Discretionary	4.24%	4.24%	4.24%	16.47%	12.35%	17.42%	12.68%
Consumer Staples	1.65%	1.65%	1.65%	6.42%	11.75%	13.42%	10.28%
Energy	-3.60%	-3.60%	-3.60%	26.60%	-1.59%	2.84%	7.04%
Financials	0.24%	0.24%	0.24%	34.99%	13.10%	17.61%	14.12%
Healthcare	2.24%	2.24%	2.24%	7.67%	9.70%	16.59%	13.38%
Industrials	1.41%	1.41%	1.41%	27.87%	10.51%	14.34%	10.16%
Information Technology	4.41%	4.41%	4.41%	24.91%	15.75%	15.67%	21.12%
Materials	4.64%	4.64%	4.64%	36.53%	7.81%	9.20%	2.91%
Real Estate	-0.06%	-0.06%	-0.06%	5.95%	7.84%	6.83%	2.82%
Telecommunications	-2.48%	-2.48%	-2.48%	12.79%	9.80%	11.69%	2.45%
Utilities	1.25%	1.25%	1.25%	12.21%	11.94%	11.44%	3.04%

International Equity

International equity markets rebounded in strong fashion last month, with Emerging Markets, as measured by the MSCI EM Index, leading the way up +5.5% during the period. Developed market equities, as measured by the MSCI EAFE Index, rose +2.9%. Country specific returns were mixed, and as always, dependent on currency exposure (local currency or U.S. Dollars). For example, Japanese equities, as measured by the Nikkei 225 Index, fell -0.4% in local Yen terms, whereas the same index in U.S. Dollar terms rose +2.8%. The same can be said for specific regions, with the Eurozone, as measured by the MSCI EMU Index, falling -0.4% in local Euro terms, but rising +1.9% in U.S. Dollar terms. Longer term, we believe these trends are worth noting as monetary policy divergence between the Federal Reserve, European Central Bank, and Bank of Japan, will likely result in diverging paths for the Euro and Yen versus the U.S. Dollar.

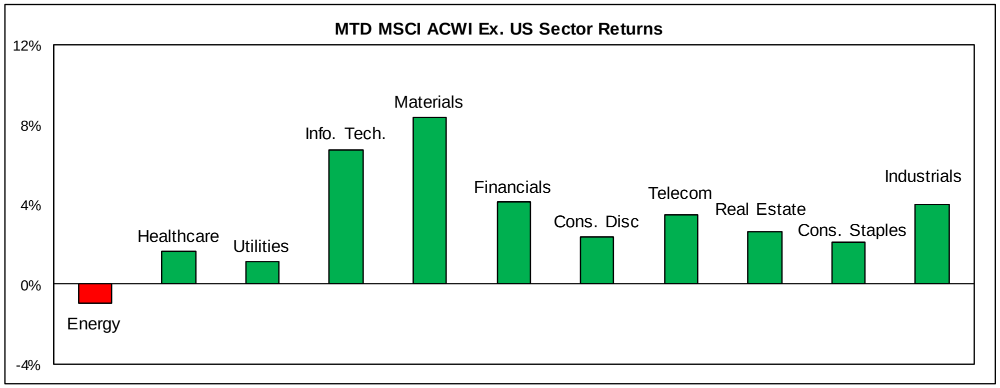
At the sector level, cyclical sectors such as Materials, Industrials, and Financials led international sector returns, with each sector up +8.4%, +6.8%, and +4.1%, respectively, while Energy lagged -1.0% on the month. The trend of cyclical leadership has emerged post election, and is exemplified by the divergence between Growth and Value stocks. For example, developed international growth stocks returned +3.4% during January, while developed international value stocks returned +2.5%. At Nottingham, our portfolios reflect distinct value tilts on the international front due to the belief that global GDP growth and inflation are accelerating. While time will tell whether or not recent data points are indicative of a longer term trend, we believe the combination of improving economic data and compelling valuations, especially compared to domestic U.S. equities, present a compelling risk/return trade off for international value stocks.

With 2016 in the rear view mirror and looking ahead to 2017, developed international equities look poised to have their day in the sun after underperforming U.S. equities for the over the past 1-, 3-, and 5-year periods. If starting point matters, which we firmly believe it does, forward looking investors will likely benefit once again from international exposure, as they did in January.



International Equity Returns

Name	MTD	QTD	YTD	1 Year	3 Year	5 Year
MSCI ACWI Index (USD)	2.76%	2.76%	2.76%	18.61%	6.09%	9.34%
MSCI EAFE Index (USD)	2.91%	2.91%	2.91%	12.68%	1.28%	6.63%
MSCI EM Index (USD)	5.47%	5.47%	5.47%	25.68%	1.73%	0.49%
FTSE 100 Index (GBP)	-0.57%	-0.57%	-0.57%	21.49%	6.82%	8.52%
Nikkei 225 Index (JPY)	-0.37%	-0.37%	-0.37%	10.78%	10.42%	18.83%
Hang Seng Index (HKD)	6.18%	6.18%	6.18%	23.28%	5.83%	6.59%
Shanghai Composite Index (CNY)	1.79%	1.79%	1.79%	17.78%	18.57%	9.33%
MSCI ACWI ex-USA Index (USD)	3.55%	3.55%	3.55%	16.69%	1.45%	4.89%
MSCI EMU Index (EUR)	-0.95%	-0.95%	-0.95%	11.45%	7.69%	11.76%



MSCI ACWI Ex U.S. Sector Returns

Sector	MTD	QTD	YTD	1 Year	3 Year	5 Year	% of ACWI Ex. USA
Energy	-0.95%	-0.95%	-0.95%	34.40%	-3.47%	-3.40%	7.22%
Healthcare	1.65%	1.65%	1.65%	-4.55%	0.75%	9.04%	6.35%
Utility	1.13%	1.13%	1.13%	6.77%	4.84%	5.85%	6.03%
Information Technology	6.77%	6.77%	6.77%	28.23%	8.18%	10.33%	9.27%
Materials	8.36%	8.36%	8.36%	52.95%	0.43%	-2.24%	7.57%
Financials	4.10%	4.10%	4.10%	24.08%	2.11%	6.93%	21.29%
Consumer Discretionary	2.36%	2.36%	2.36%	10.32%	0.97%	7.76%	11.59%
Telecommunications	3.45%	3.45%	3.45%	3.19%	-0.38%	4.93%	6.08%
Real Estate*	2.65%	2.65%	2.65%	N/A	N/A	N/A	3.43%
Consumer Staples	2.13%	2.13%	2.13%	1.63%	3.65%	7.04%	9.97%
Industrials	4.03%	4.03%	4.03%	18.04%	1.81%	5.88%	11.21%

*The MSCI ACWI Ex. USA Real Estate Sector was developed on August 31st, 2016

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Fixed Income

US bond yields were largely unchanged in January, following the post-election surge which took the 10-year Treasury note from a 1.83% pre-election to a high of 2.60% mid-December. At a recent 2.50% yield, the 10-year note looks to be fairly valued given the modest pace of Fed tightening that we're likely to see in 2017. As we go to press with this Market Wrap, the Federal Open Market Committee is conducting its first of 8 meetings that will take place in 2017. Given that it is a one-day event with no press conference following, markets are pricing in just a 14% chance for a hike in the Fed Funds rate today. The most recent Fed dot-plot would seem to indicate they are desirous of raising interest rates 2 to 3 times in 2017, however, as always they will remain "data dependent".

We have had a very strong "risk-on" trade in fixed income for the better part of the past year, with the ML US High Yield Master II Index up +20.9% over the past 12 months while the ML USD Emerging Market Sovereign & Credit Index has surged +19.4%. The ML Municipal High Yield index has returned +7.9% over this period while broad US investment grade corporate bonds, as measured by the ML US Corporate Master Index, are up +5.9%. High-grade bonds including US Treasuries and tax-exempt municipal bonds both posted modestly negative returns.

The downside to such strong performance in riskier debt sectors is that as they stand today, most of the good news has been priced in. The BofA ML US High Yield index currently trades at approximately 410 basis points over Treasuries, its tightest spread since 2014 and nearly 115 basis points tighter than its 5-year average. As the energy sector has recovered, the threat of further defaults within the high yield space appear to have diminished. That said, there are growing concerns around a number of big name retailers saddled with declining sales and mountains of debt. One of the keys to the high yield rally has been an historically low and steady default rate. Should this change suddenly, we could see large dislocations as investors scramble for the exits.

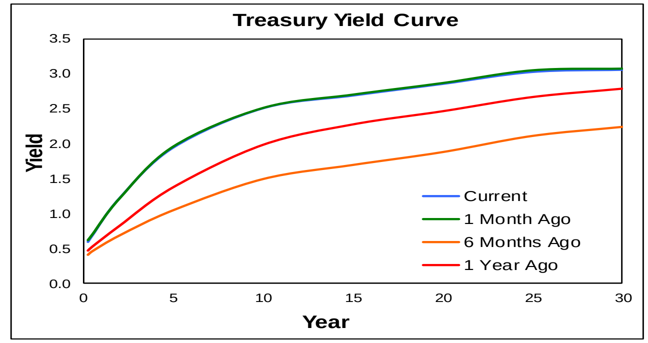
2017 should see the continued normalization of interest rates, assuming equity market volatility remains muted. The early days of the new administration have us doubting that will happen. While we're willing to bet on stronger growth in the US over the coming years, we're not exactly ready to dump our bond hedges.

Central Bank Activity

Name	Current	1 Month Ago	6 Months Ago	1 Year Ago
Fed Funds Rate	0.75%	0.75%	0.50%	0.50%
Bank of Japan Target Rate	0.10%	0.10%	0.10%	0.10%
European Central Bank Rate	0.00%	0.00%	0.00%	0.05%
Bank of England Official Bank Rate	0.25%	0.25%	0.50%	0.50%

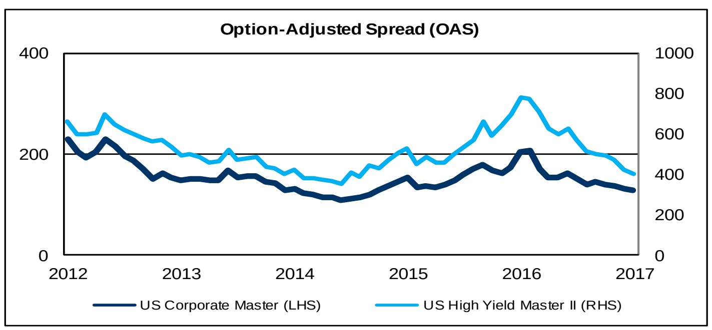
Fixed Income Returns

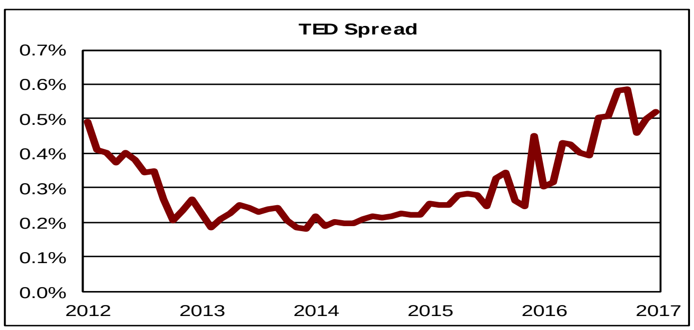
Name	MTD	QTD	YTD	1 Year
ML U.S. Treasury/Agency Master Index	0.23%	0.23%	0.23%	-0.76%
ML U.S. Broad Market Index	0.23%	0.23%	0.23%	1.40%
ML U.S. Corporate Master Index	0.41%	0.41%	0.41%	5.93%
ML U.S. High Yield Master II Index	1.34%	1.34%	1.34%	20.98%
ML USD Emerging Market Sovereign & Credit Index	2.05%	2.05%	2.05%	19.47%
ML Global Government Bond II Index	-0.74%	-0.74%	-0.74%	0.17%
ML Municipal Master Index	0.51%	0.51%	0.51%	-0.16%
ML Municipal High Yield Index	1.37%	1.37%	1.37%	7.99%

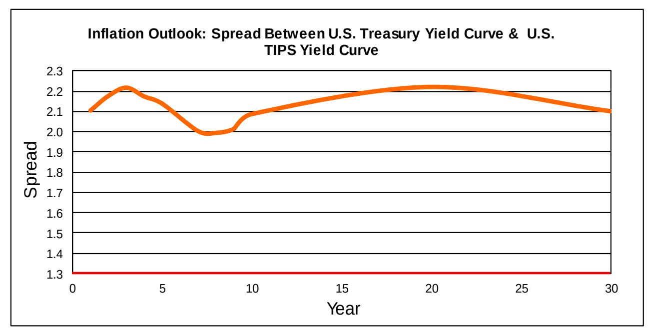


U.S. Treasury Yields

Period	3 Month	6 Month	2 Year	5 Year	10 Year	15 Year	20 Year	25 Year	30 Year
Current	0.59%	0.69%	1.22%	1.94%	2.50%	2.69%	2.85%	3.02%	3.05%
1 Month Ago	0.62%	0.70%	1.21%	1.96%	2.51%	2.70%	2.86%	3.05%	3.07%
6 Months Ago	0.41%	0.46%	0.68%	1.05%	1.49%	1.69%	1.88%	2.11%	2.24%
1 Year Ago	0.47%	0.53%	0.82%	1.37%	1.98%	2.27%	2.46%	2.66%	2.78%





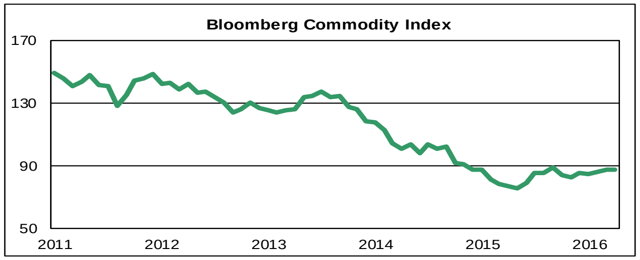


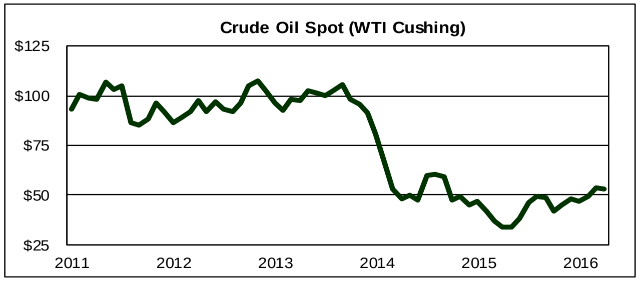
Alternative Investments

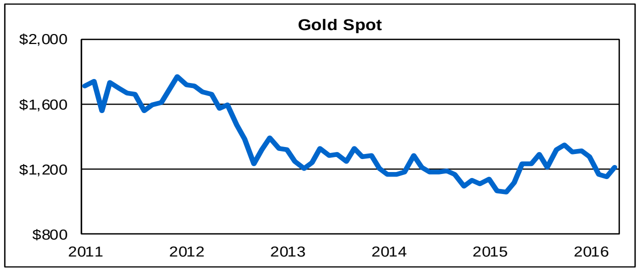
Alternative investments posted mixed results in January. Gold was the top performing alternative, rising +5.1% on the month to close at $1,211/ounce. The rise in gold prices likely represents a short term tactical bounce after losing more than -12% in the fourth quarter, and -5% since the November presidential election. Gold prices are also likely benefitting from hedges on future market volatility during President Trump's first 100 days in office and uncertainty around earnings season as equity valuations remain stretched. Structurally, interest rates were flat during the month of January, and the U.S. Dollar weakened, with the DXY Index down -2.6% on the month. Looking ahead, rising interest rates (the Fed plans 2-3 hikes in 2017) and potential for accelerating U.S. GDP growth and boarder adjustment taxes could be boons for the greenback.

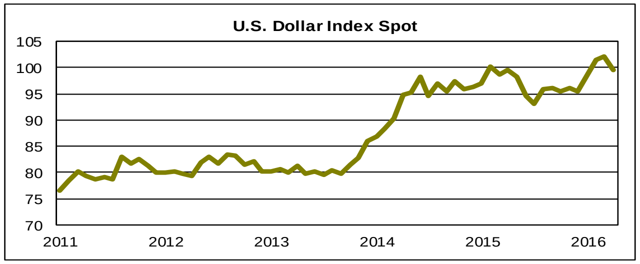
Real Estate, as measured by the FTSE NAREIT All-REITs Index, was largely unchanged on the month, up a scant +0.1%. REITs have remained under pressure as interest rates rose last year (and are expected to rise further in 2017); however, with REIT yields approaching 5%, accelerating GDP expectations and rising inflation, REITs remain an attractive contrarian sector bet. Broad commodities, as measured by the Bloomberg Commodities Index, were also relatively flat on the month, up +0.1%, even as West Texas Intermediate (WTI) crude oil fell -1.7% to close just under $53/barrel. Oil has remained range bound, and will likely remain there, even as OPEC announced nearly achieving 75% compliance with its production cut targets. Furthermore, many shale oil drillers have brought on more rigs (the Baker Hughes rig count has increased by 200 rigs, or +24% over the past year) as many exploration and production companies reiterate increased capital expenditure budgets for 2017 with WTI prices above $50/barrel. These market dynamics will likely keep a lid on WTI prices in the near term if more supply comes online.

Finally, currencies remain a point of contention in the global economy and have become more politicized in recent months. Recent divergences between the Euro and Yen are likely due to risk appetite and diverging monetary policies, as the ECB sees rising inflation and the BoJ maintains yield curve control, targeting a 0% yield on 10-year JGBs. Longer term, the Yen is likely to continue to weaken versus the Dollar, while growth offshoots gather steam in the Eurozone could result in a stronger Euro.



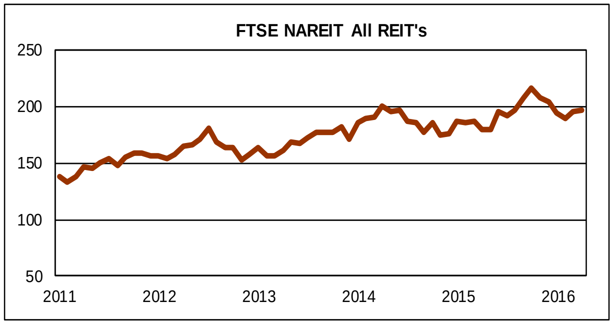






Hedge Funds

Name	MTD	QTD	YTD	1 Year	3 Year	5 Year
Global Hedge	0.66%	0.66%	0.66%	6.11%	-0.30%	1.43%
Convertible Arbitrage	1.30%	1.30%	1.30%	9.11%	-1.22%	2.37%
Distressed Securities	0.71%	0.71%	0.71%	24.73%	2.12%	2.12%
Equity Hedge (L/S)	0.88%	0.88%	0.88%	5.74%	0.35%	2.68%
Equity Market Neutral	0.78%	0.78%	0.78%	-4.13%	1.25%	0.19%
Event Driven	1.22%	1.22%	1.22%	16.90%	0.00%	3.33%
Macro	-0.61%	-0.61%	-0.61%	-4.39%	-0.13%	-0.67%
Merger Arbitrage	-0.33%	-0.33%	-0.33%	2.74%	4.78%	3.77%
Relative Value Arbitrage	0.78%	0.78%	0.78%	4.44%	-1.43%	0.04%
Absolute Return	0.44%	0.44%	0.44%	0.70%	1.23%	1.65%



Spot Rates

Description	Current	1 Month Ago	3 Months Ago	6 Months Ago	1 Year Ago
CAD / USD	1.30	1.34	1.34	1.30	1.40
JPY / USD	112.80	116.96	104.82	102.06	121.14
USD / GBP	1.26	1.23	1.22	1.32	1.42
USD / EUR	1.08	1.05	1.10	1.12	1.08

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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