NOTTINGHAM ADVISORS

Nottingham Monthly Market Wrap
February 29, 2016

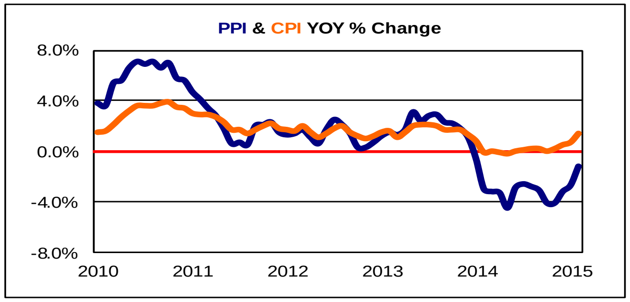
Economic Overview

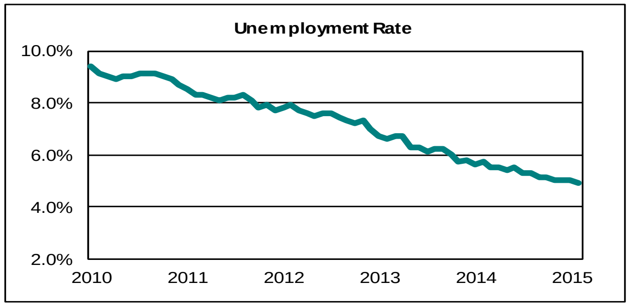
Economic data released in February came in slightly better than expectations on multiple fronts, but continues to underwhelm. Broadly speaking, the Citi U.S. Economic Surprise Index, a measure of economic data releases relative to market expectations, continues to remain in negative territory. Readings below 0 signal data missing market expectations, highlighted by the latest monthly reading of -19.4; however, it is higher than the -47.1 reading at the end of January, highlighting an overall trend of improving economic data.

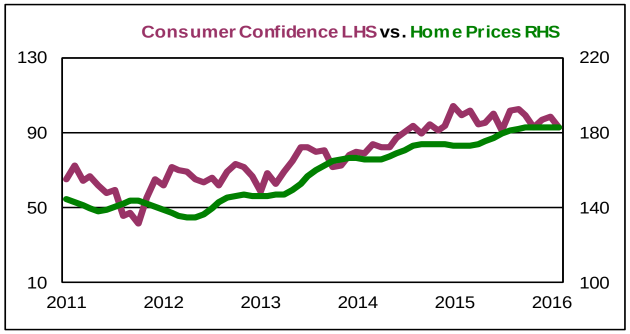
The ISM Manufacturing survey from January came in at 48.2, below estimates for a rise to 48.4, and unchanged from the previous month. January's reading signaled the 4th consecutive month of contraction. More importantly, the ISM Non-Manufacturing (services) sector survey fell to 53.5, well short of expectations for a lesser decline to 55.1. Durable goods orders non-defense ex-aircraft, a proxy for corporate CAPEX, fell -4.3% Y/Y in December, continuing a worsening trend. The second look at Q4 GDP showed that the U.S. economy grew at an upwardly revised +1.0% Q/Q rate, ahead of expectations for a +0.4% Q/Q rise, and at a faster clip than the advanced estimate of +0.7% Q/Q. While the headline growth rate improved, personal consumption weakened from +2.2% Q/Q to +2.0% Q/Q, down from a +3.6% Q/Q rate in June and a +3.0% Q/Q rate in September.

Housing data was mixed, as housing starts came in at a 1.099 million pace, down from the previous month's reading of 1.149 million, and short of expectations for an increase to 1.173 million. Permits came in at 1.202 million, in line with estimates for a decline to 1.200 million, and down from 1.232 million the month prior. Overall, the housing market continues to improve, and low interest rates will likely continue to be a boon for the industry as the spring selling season approaches.

On the employment front, the headline Unemployment Rate fell to 4.9%, below expectations for a 5.0% reading, marking the lowest reading since February 2008. The Underemployment Rate remained unchanged at 9.9%, and the Labor Force Participation Rate improved slightly from 62.6% to 62.7%. Average hourly earnings rose +2.5% Y/Y in January, ahead of estimates for a +2.2% Y/Y gain, but down from December's revised +2.7% Y/Y increase.

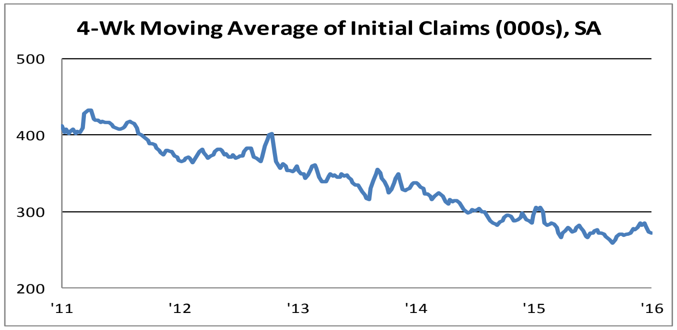


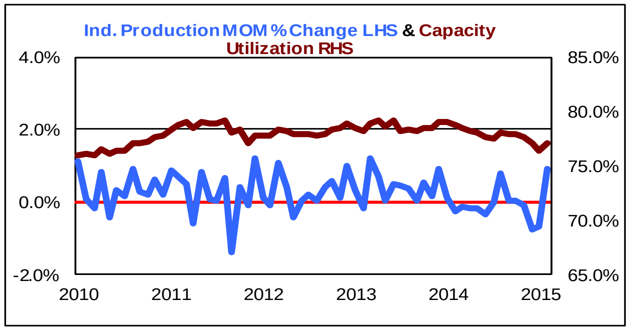




Key Data Points

Name	Current	For	Previous	For
Retail Sales ex. Autos MOM %	0.10%	January	0.10%	December
Housing Starts	1099K	January	1143K	December
Factory Orders MOM %	-2.90%	December	-0.70%	November
Leading Indicators MOM %	-0.20%	January	-0.30%	December
Unit Labor Costs	4.50%	Q4 2015	1.90%	Q3 2015
GDP QOQ (Annualized)	1.00%	Q4 2015	2.00%	Q3 2015
Wholesale Inventories	-0.10%	December	-0.40%	November
MBA Mortgage Applications	-4.30%	February	-2.60%	January



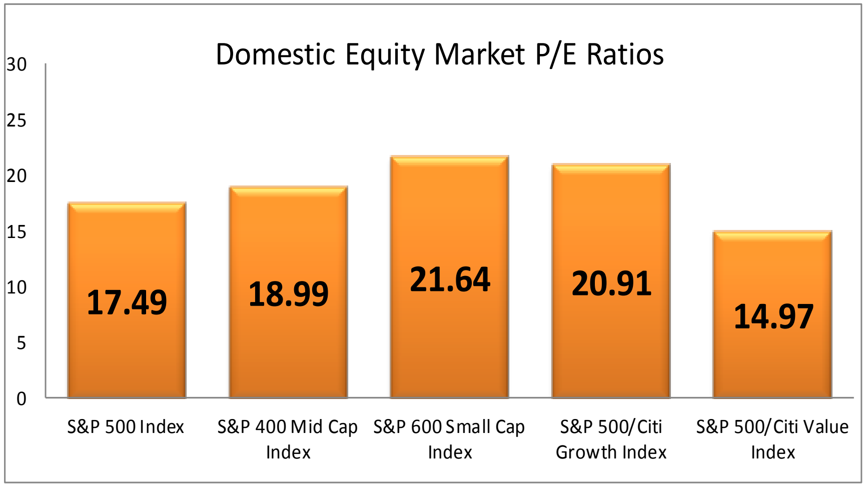


Domestic Equity

U.S. Equity markets ended the month a mixed bag, with the S&P 500 Index down -0.13%, while Mid- and Small-Caps returned +1.41% and +1.11%, respectively. Value stocks, as measured by the S&P 500/Citi Value Index, rose +0.55%, while Growth stocks, as measured by the S&P 500/Citi Growth Index, declined -0.79%. Value stocks continue to outperform Growth stocks, as Value stocks are down -4.36% year to date, while Growth stocks have lost slightly more at -5.79%. Although Value stocks have outperformed year to date, we believe there could be potential upside to the index, as it still trades at a discount relative to its 10 year average P/E of 15.7x.

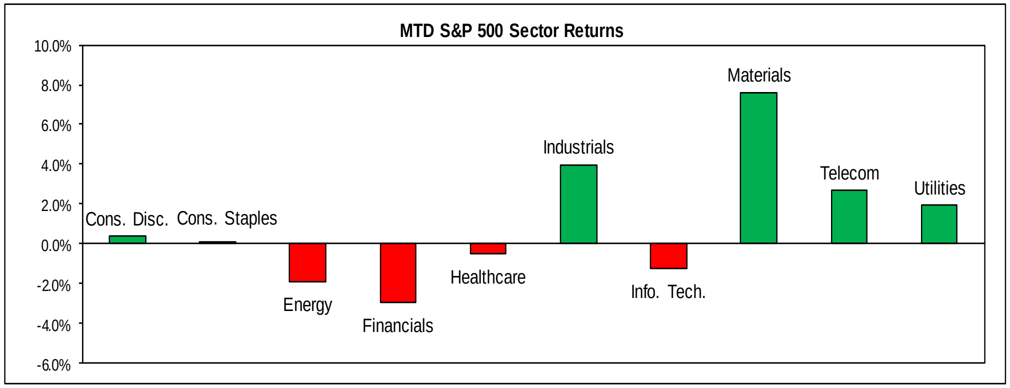
From a sector standpoint, Information Technology, Healthcare, Financials, and Energy realized negative returns last month, carrying on the downtrend they have experienced since the beginning of the year. Financials, which finished the month down -2.94%, continue to underperform all other sectors. Deteriorating economic conditions, both domestically and abroad, indicate to the market that the Fed may slow the rate at which the Federal Funds rate increases going forward. A lower-for-longer Federal Funds rate directly addresses future profitability concerns for banks. Meanwhile, loan-loss provisions for companies that are unlikely unable to pay back debt to banks continue to grow, especially from the Energy sector, which also may hurt the financial performance of banks. The Energy sector continues to slide, as the price of oil fell to its lowest price in over ten years, indicating a large risk of defaults on loans and suppressed levels of free cash flow. Although the Energy sector is not the worst performing sector year to date, the sector is down -24.21% over the last year. Healthcare declined -0.49% last month, while the Information Technology sector fell -1.23%.

The Materials sector returned +7.60% on month, but is still in the red for the year. This meaningful outperformance against the S&P 500 can be contributed to both Dow Chemical (NYSE: DOW) and E.I. du Pont de Nemours (NYSE: DD), which are up +16.28% and +16.72% month to date, respectively. Dow Chemical comprises 11.48% of the S&P 500 Materials Index, while E.I. du Pont de Nemours is 11.20%, and are major contributors to the sector's performance. Consumer Discretionary and Consumer Staples returned +0.38% and +0.13% MTD, respectively, indicating continued strength in domestic consumer consumption. The Utilities sector gained +1.94% MTD and is up +6.97% YTD, and has benefited from its perception as a safer asset to invest in during volatile markets. Many of the same attributes that Utilities hold are comparable to the Telecommunications sector, which was also positive on the month, gaining +2.69%.



Domestic Equity Returns

Name	MTD	QTD	YTD	1 Year	3 Year	5 Year
S&P 500 Index	-0.13%	-5.09%	-5.09%	-6.20%	10.73%	10.11%
S&P 400 Mid Cap Index	1.41%	-4.36%	-4.36%	-10.00%	8.15%	8.23%
S&P 600 Small Cap Index	1.11%	-5.13%	-5.13%	-9.14%	8.99%	9.30%
S&P 500/Citi Growth Index	-0.79%	-5.79%	-5.79%	-4.62%	12.88%	11.64%
S&P 500/Citi Value Index	0.55%	-4.36%	-4.36%	-8.10%	8.35%	8.47%



S&P 500 Sector Returns

Sector	MTD	QTD	YTD	1 Year	3 Year	5 Year	% of S&P 500
Consumer Discretionary	0.38%	-4.75%	-4.75%	-0.39%	15.45%	15.49%	13.13%
Consumer Staples	0.13%	0.78%	0.78%	4.20%	12.88%	14.47%	11.82%
Energy	-1.88%	-4.84%	-4.84%	-24.21%	-7.13%	-3.79%	6.47%
Financials	-2.94%	-11.53%	-11.53%	-11.63%	8.21%	6.54%	15.05%
Healthcare	-0.49%	-8.05%	-8.05%	-6.93%	16.96%	17.42%	14.42%
Industrials	3.99%	-1.98%	-1.98%	-6.16%	10.84%	9.60%	10.00%
Information Technology	-1.23%	-6.00%	-6.00%	-4.27%	14.59%	11.18%	20.34%
Materials	7.60%	-3.77%	-3.77%	-16.83%	4.98%	3.66%	2.80%
Telecommunications	2.69%	9.64%	9.64%	7.56%	7.12%	10.43%	2.71%
Utilities	1.94%	6.97%	6.97%	6.23%	11.49%	11.98%	3.26%

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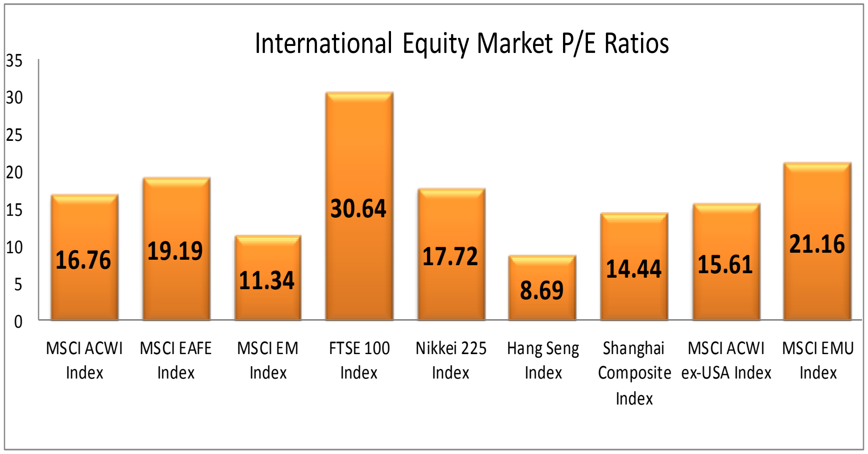
International Equity

Last month, international equities saw a modest correction from January's downturn. The broad based MSCI EAFE Index, a measure of developed international stocks, fell -1.77% on the month, while the even broader MSCI ACWI ex. USA Index fared slightly better, falling -0.63%. Emerging Markets, as measured by the MSCI EM Index fell -0.18%, while Eurozone equities, as measured by the MSCI EMU Index, lost -3.01% on the month.

The Chinese equity market's losses slowed in February, with the Shanghai Composite Index down -1.80% on the month, and down -24.04% YTD. While Chinese equities appear inexpensive, trading at 14.4x earnings versus their 10 year average P/E of 19.8x, uncertainty surrounding the country remains. The U.S. Dollar strength and continued quantitative easing from the European Central Bank (ECB) and the Bank of Japan (BOJ) may be supportive of European and Japanese equities throughout the rest of 2016. Both Eurozone and Japanese equities look relatively attractive on a valuation basis versus U.S. equities, and expectations for further stimulus by both the ECB and the BOJ could buoy their respective equity markets.

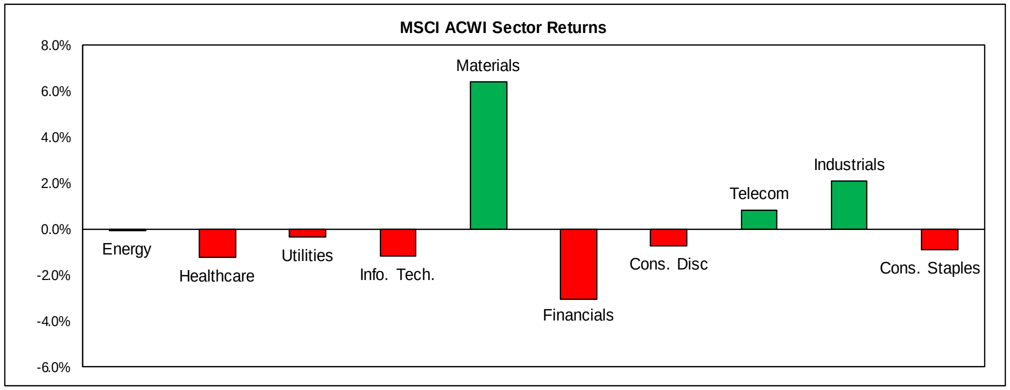
Among Emerging Markets, Indian equities returned -6.74% on the month, worse than both the Shanghai Composite and the broad based MSCI EM Index. However, speculation of strong GDP growth in 2016 continues to provide optimism towards Indian Equities. Additionally, news that the government remained within their fiscal budget goal for the year, and a pledge from the Reserve Bank of India to cut key policy rates, continue to fuel positive investor sentiment towards the region.

From a sector standpoint, Materials were the top performing sector, returning +6.42% on the month. Financials were the worst performer on the month, shedding -3.07%, as European bank earnings missed expectations and fears over additional negative interest rates persist. It will be interesting to see how regional and national banks react to monetary policy changes and a potential "Brexit"; the elimination of Britain from the European Union, which could happen as early as this summer.



International Equity Returns

Name	MTD	QTD	YTD	1 Year	3 Year	5 Year
MSCI ACWI Index	-0.63%	-6.59%	-6.59%	-11.78%	4.29%	4.33%
MSCI EAFE Index	-1.77%	-8.86%	-8.86%	-14.65%	1.02%	1.20%
MSCI EM Index	-0.18%	-6.66%	-6.66%	-23.16%	-8.60%	-5.09%
FTSE 100 Index	0.87%	-1.63%	-1.63%	-8.48%	2.58%	4.45%
Nikkei 225 Index	-8.41%	-15.70%	-15.70%	-13.19%	13.43%	10.63%
Hang Seng Index	-2.86%	-12.75%	-12.75%	-20.32%	-2.54%	-0.45%
Shanghai Composite Index	-1.80%	-24.04%	-24.04%	-17.51%	7.13%	0.90%
MSCI ACWI ex-USA Index	-1.10%	-7.81%	-7.81%	-16.90%	-1.63%	-0.73%
MSCI EMU Index	-3.01%	-9.10%	-9.10%	-12.58%	9.08%	5.22%



MSCI ACWI Sector Returns

Sector	MTD	QTD	YTD	1 Year	3 Year	5 Year	% of S&P 500
Energy	-0.05%	-3.00%	-3.00%	-24.20%	-9.69%	-7.34%	6.44%
Healthcare	-1.22%	-8.90%	-8.90%	-8.98%	13.38%	14.59%	10.73%
Utility	-0.33%	0.66%	0.66%	-4.39%	5.51%	2.85%	3.58%
Information Technology	-1.16%	-7.02%	-7.02%	-8.09%	11.37%	8.56%	13.96%
Materials	6.42%	-3.81%	-3.81%	-24.25%	-8.61%	-8.14%	4.68%
Financials	-3.07%	-12.54%	-12.54%	-17.98%	0.20%	1.15%	19.95%
Consumer Discretionary	-0.70%	-7.09%	-7.09%	-8.53%	9.35%	9.56%	13.29%
Telecommunications	0.85%	0.86%	0.86%	-5.78%	6.66%	5.55%	5.24%
Industrials	2.10%	-3.87%	-3.87%	-10.13%	4.81%	4.30%	10.59%
Consumer Staples	-0.87%	-1.09%	-1.09%	-0.45%	7.46%	10.79%	11.56%

Fixed Income

Fixed income returns were largely positive in February, led by international fixed income and U.S. high yield munis. International fixed income, as measured by the ML USD Emerging Market Sovereign & Credit Index and ML Global Government Bond II Index each rose +1.08% on the month, slightly higher than the ML Municipal High Yield Index which returned +1.00%. Domestic high quality bonds such as the ML U.S. Treasury/Agency Master Index gained +0.78% on the month, while the ML U.S. Broad Market Index was not far behind, returning +0.51%.

Negative performers on the month included both the ML U.S. High Yield Master II Index, which lost -0.14%, and the ML Municipal Master Index, which lost -0.27%. High yield bonds have suffered as a result of low oil prices and fears of widespread default in both the sector and asset class. High Yield Option Adjusted Spreads (OAS), a measure of risk premium to comparable Treasuries were largely unchanged in February (775bps vs. 777bps prior), but have widened dramatically since their 2013 lows. Current spread levels are the highest since 2011, but still a far cry from those seen in 2008. This comes as Moody's expects default rates in global junk bonds to rise to 4% in 2016, up from 3.5% in 2015. If their forecasts are correct, the 4% default rate would mark the highest default rate since 2009. Their rationale not only highlights low commodity prices, but even more importantly "slowing economic expansion and widening high yield spreads." Additionally, at the sub-sector level, oil and gas company default rates were 6.3% in 2015 according to Moody's, which comes as no surprise as the market priced in seemingly higher default rates in 2016, as energy specific high yield spreads have widened above 1,800bps.

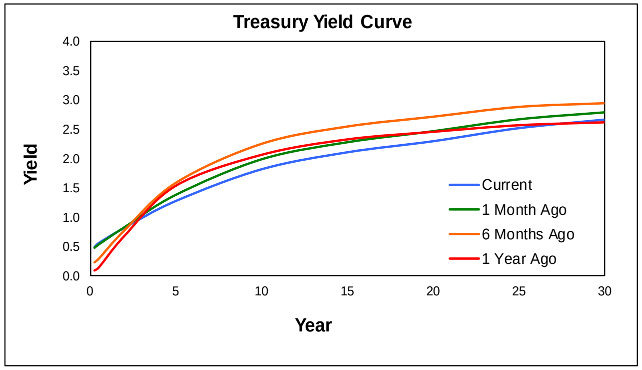
While high yield spreads have caught headlines, Treasuries have caught a bid, with the 10-year U.S. Treasury yield falling to 1.81% in February (after hitting an intra-month low closing yield of 1.66%), down from 1.98% last month, and 2.24% last summer. However, the yield curve has continued to flatten, with 2/10 spreads contracting to under 100bps, below the previous low in 2008. Inflation expectations have begun to pick up, with both the Personal Consumption Expenditures Index and the Consumer Price Index coming in a touch hotter than expectations in February. This data gave Treasury Inflation Protected Securities (TIPS) a bid, but perhaps more importantly highlighted the fact that the Federal Reserve may have more ammunition to potentially raise rates in 2016 besides strong employment and wage growth. Expectations for a Fed rate hike in December 2016 fell from 57.0% at the end of January to 53.8% at the end of February, continuing to highlight the fact a 2016 rate hike remains a coin flip. Rhetoric out of Fed officials continues to focus on being "data dependent" – and recent data highlights the fact that inflation data may start to become a bigger part of the Fed's rate hike equation.

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	0.05%	0.05%	0.05%	0.05%
Bank of England Official Bank Rate	0.50%	0.50%	0.50%	0.50%

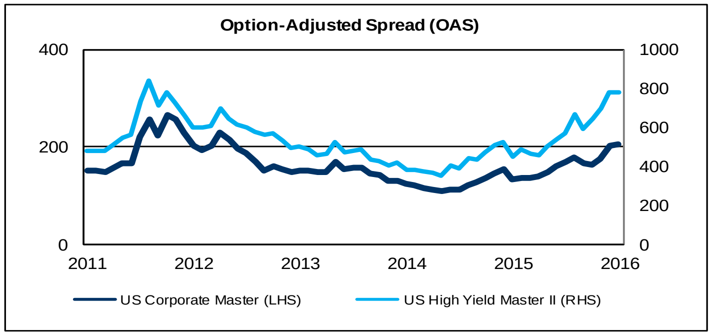
Fixed Income Returns

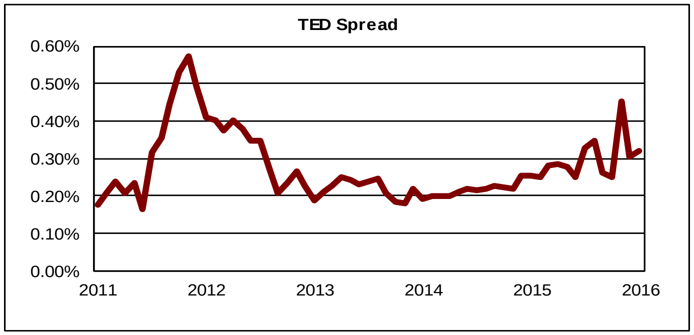
Name	MTD	QTD	YTD	1 Year
ML U.S. Treasury/Agency Master Index	0.78%	2.76%	2.76%	0.60%
ML U.S. Broad Market Index	0.51%	1.71%	1.71%	-1.19%
ML U.S. Corporate Master Index	0.39%	0.49%	0.49%	-5.28%
ML U.S. High Yield Master II Index	-0.14%	-2.33%	-2.33%	-14.70%
ML USD Emerging Market Sovereign & Credit Index	1.08%	-0.45%	-0.45%	1.69%
ML Global Government Bond II Index	1.08%	2.95%	2.95%	1.07%
ML Municipal Master Index	-0.27%	0.47%	0.47%	-0.46%
ML Municipal High Yield Index	1.00%	0.17%	0.17%	-6.77%

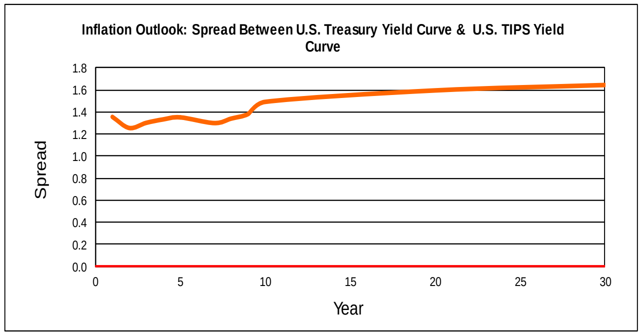


U.S. Treasury Yields

Period	3 Month	6 Month	2 Year	5 Year	10 Year	15 Year	20 Year	25 Year	30 Year
Current	0.48%	0.55%	0.81%	1.27%	1.81%	2.10%	2.29%	2.51%	2.66%
1 Month Ago	0.47%	0.53%	0.82%	1.37%	1.98%	2.27%	2.46%	2.66%	2.78%
6 Months Ago	0.22%	0.28%	0.77%	1.58%	2.24%	2.54%	2.71%	2.88%	2.94%
1 Year Ago	0.08%	0.13%	0.67%	1.53%	2.06%	2.32%	2.45%	2.56%	2.61%





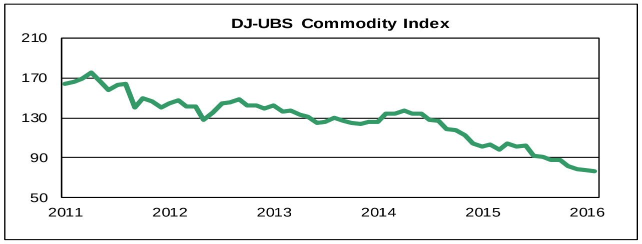


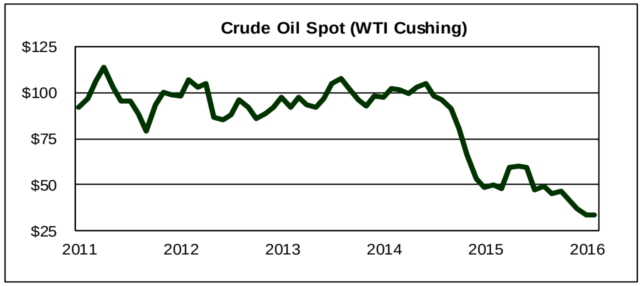
Alternative Investments

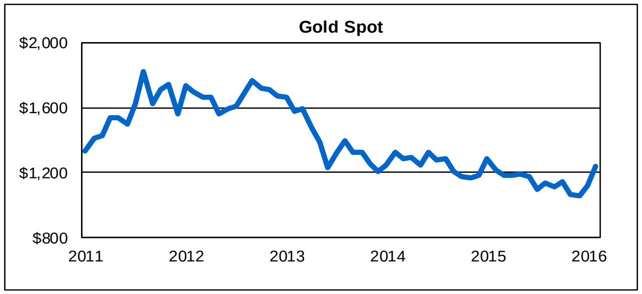
Alternative investments mostly suffered in February, with the lone exception being gold, which gained +10.8% on the month, notching its second monthly gain in a row. Gold has now risen +16.7% year to date, thanks to rising volatility levels which have driven inflows into gold. Moreover, the onslaught of negative interest rates from global central banks, and the fear of deeper negative rate cuts (i.e. European Central Bank on March 10th) have further reduced the "opportunity cost" of owning gold. With negative interest rates for many, gold has become the perceived store of value that it was long thought to be. However, at $1,239/ounce, gold is still more than $500/ounce off of its high from 2012.

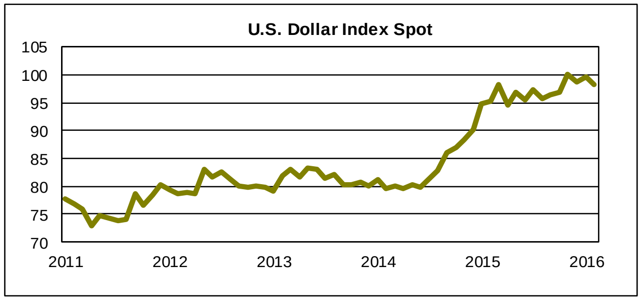
Additionally, real estate, as measured by the FTSE NAREIT All REIT Index, fell -0.5% on the month, and is now down -4.1% on the year (compared to -5.09% by the S&P 500). Broad commodities, as measured by the Bloomberg Commodities Index, fell -1.7%; however, a notable positive performer was West Texas Intermediate (WTI) crude oil, which managed to eke out a +0.4% gain. WTI posted a small gain (+$0.13/bbl to be exact), but is symbolic in the fact it was the first monthly gain in 4 months. Moreover, the rise off of the intra-month low was even more significant, as WTI rallied +28.8% from its $26.21 intra-month low. Furthermore, the supply/demand imbalance in global crude oil does not show any signs of correcting in the near term, at least according to the International Energy Agency (IEA), which pegs daily excess supply at more than 2 million barrels per day. With that being said, the recent rally in crude may be partly due to short covering after a "production freeze" was announced between Saudi Arabia and Russia (amongst others). However, it should be noted that the marginal supplier of a barrel of oil to the market has largely been Iraq, Iran, and the United States, not the aforementioned countries involved in the "freeze." This is important to note because while Saudi Arabia and Russia are key suppliers of oil to the market, their production "freeze" is not likely to sway the global supply/demand imbalance. Market equilibrium is likely only to be reached with an increase in demand (unlikely) or a reduction in supply, with the latter coming from high cost projects such as the Canadian oil sands, Brazil deep water, or U.S. shale.

Finally, currency returns were a key barometer for risk in February, as the Yen strengthened from 121 JPY/USD last month to 112 JPY/USD at the end of February. The Yen is typically viewed as a safe haven currency, and it clearly showed in February as a "risk off" environment drove demand for Yen, but also forced shorts to cover their bets as market participants who were long Japanese equities and short the Yen rolled back their positions. In other currency news, the Pound weakened from $1.42 USD/GBP to $1.39 USD/GBP over "Brexit" fears, while oil's strength noted above was seen influencing the Canadian Loonie, which strengthened from $1.43 CAD/USD to $1.35 CAD/USD on the month.

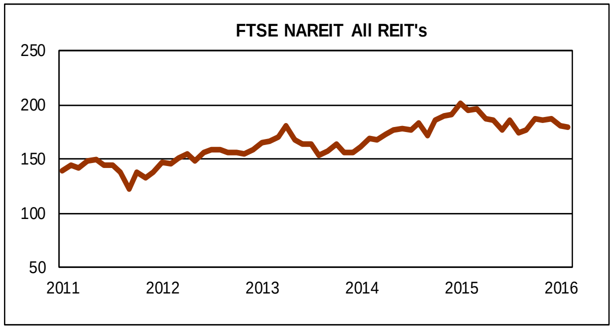








Hedge Funds						
Name	**MTD**	**QTD**	**YTD**	**1 Year**	**3 Year**	**5 Year**
Global Hedge	-0.38%	-3.13%	-3.13%	-8.24%	-1.11%	-1.60%
Convertible Arbitrage	0.34%	-1.47%	-1.47%	-2.90%	-1.30%	-0.20%
Distressed Securities	-2.76%	-6.00%	-6.00%	-16.82%	-4.30%	-4.30%
Equity Hedge (L/S)	-1.19%	-5.64%	-5.64%	-9.28%	0.01%	-2.51%
Equity Market Neutral	-1.39%	-1.60%	-1.60%	3.11%	2.84%	0.00%
Event Driven	0.09%	-3.72%	-3.72%	-11.37%	-1.95%	-0.71%
Macro	0.16%	1.07%	1.07%	-3.50%	0.79%	-0.94%
Merger Arbitrage	-0.03%	1.16%	1.16%	7.60%	5.06%	2.54%
Relative Value Arbitrage	-0.38%	-2.88%	-2.88%	-7.58%	-2.61%	-1.70%
Absolute Return	-0.39%	-0.33%	-0.33%	1.21%	2.10%	0.68%



Spot Rates					
Description	**Current**	**1 Month Ago**	**3 Months Ago**	**6 Months Ago**	**1 Year Ago**
CAD / USD	1.35	1.40	1.34	1.31	1.25
JPY / USD	112.69	121.14	123.11	121.23	119.63
USD / GBP	1.39	1.42	1.51	1.53	1.54
USD / EUR	1.09	1.08	1.06	1.12	1.12

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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