Nottingham Monthly Market Wrap

April 30, 2017

Economic Overview

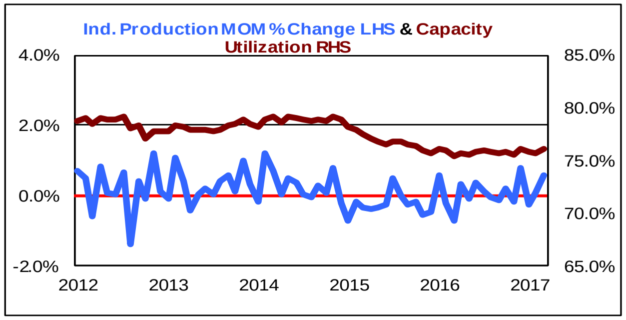
The steady persistence of low inflation both here in the U.S. and globally, may make it difficult for the Federal Reserve to follow through on its stated desire to raise short-term interest rates two more times in 2017 and begin reducing the size of its balance sheet beginning in 2018. With first quarter GDP growth coming in at just +0.7% QoQ annualized rate and CPI falling -0.3% MoM in March, there is very little cover (outside of elevated asset prices) for the Fed to move too aggressively, without possibly upending the economy.

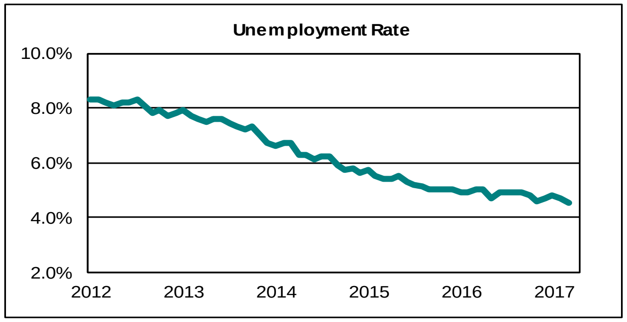
Expectations for first quarter growth were modest at just +1.0% (given that the prior quarter's measure was +2.1%), however, declines in both federal as well as state and local government spending pushed GDP lower. Of note, the GDP Price Index increased +2.3% versus expectations for a +2.0% rise while Core PCE climbed by +2.0% QoQ, meeting expectations. The personal savings rate climbed to 5.7%, up from 5.5% in Q4.

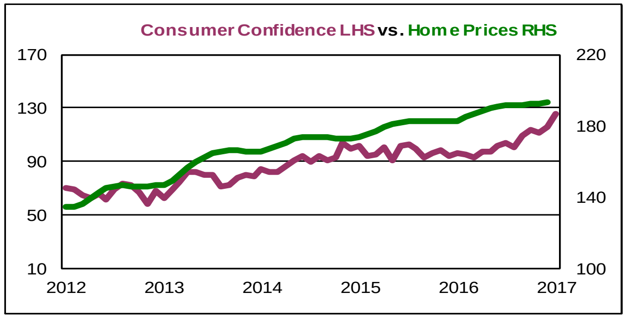
As mentioned above, broad inflation measures still point to a lack of pricing pressure in the economy. Top-line CPI dropped by -0.3% MoM in March while core CPI fell by -0.1% MoM. Year over year, consumer inflation is up +2.4% and +2.0% ex-food and energy. At the wholesale level, prices declined -0.1% MoM and were unchanged at the core. The Producer price Index is up +2.3% YoY while core PPI is up just +1.7%.

As suggested above, the Fed's low interest rate policy has failed to ignite inflation but has succeeded in elevating asset prices. Equity markets in the U.S. are at all-time highs while home prices have surged, surpassing levels last seen in 2007. The S&P CoreLogic CS Home Price Index was up +5.7% YoY as of February while New Home Sales for March surged +5.8% MoM (expectations were for a decline of -1.4%). The Bankrate.com US Home Mortgage 30 Year Fixed National Average dropped to 3.80% in April, down from 4.25% in March, helping ignite some of the new home buying.

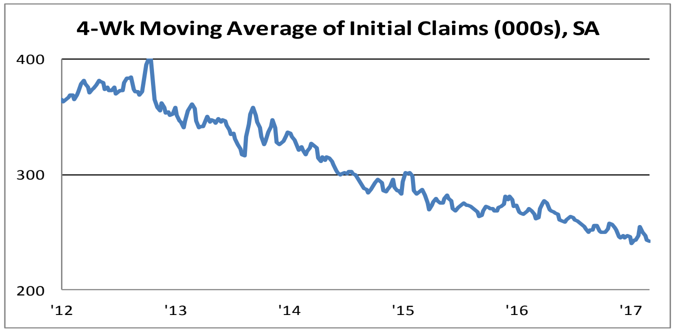
All in all, it will take a fair amount of courage on the part of the Fed to follow through with its plan to normalize interest rates over the coming year or two. Slow and steady economic growth gives them cover to adopt a go-slow approach, but elevated asset price levels are increasing the risk of a more severe and widespread dislocation.

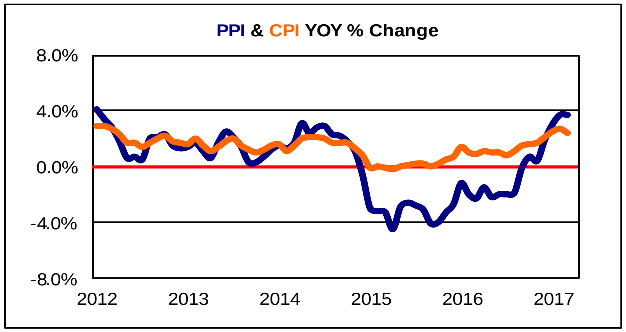






Key Data Points				
Name	**Current**	**For**	**Previous**	**For**
Retail Sales ex. Autos MOM %	0.00%	March	0.00%	February
Housing Starts	1,215K	March	1,303	February
Factory Orders MOM %	1.00%	February	1.50%	January
Leading Indicators MOM %	0.40%	March	0.50%	February
Unit Labor Costs	1.70%	Q4 2016	0.70%	Q3 2016
GDP QOQ (Annualized)	0.70%	Q1 2017	2.10%	Q4 2016
Wholesale Inventories	-0.10%	March	0.20%	February
MBA Mortgage Applications	2.70%	April	-1.60%	March





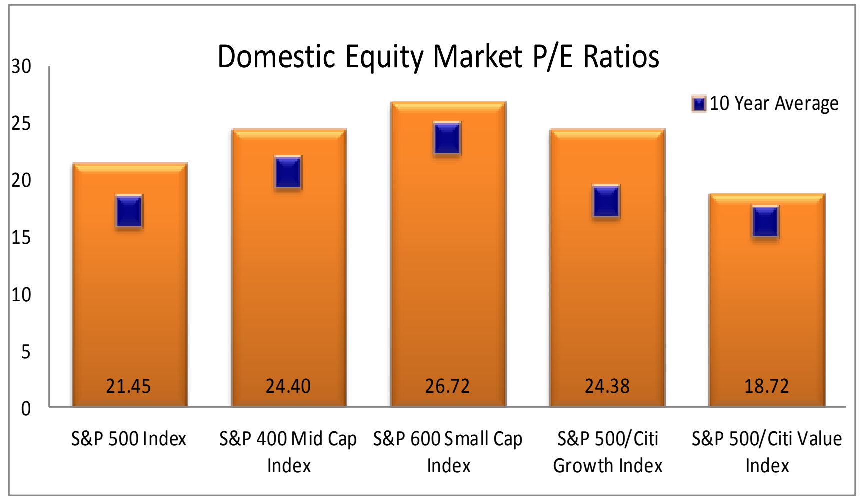
Domestic Equity

U.S. Equities finished the month of April in positive territory, with Large-, Mid-, and Small-Cap indices solidly in the black. Large-Caps led the charge, with the benchmark S&P 500 Index returning +1.03% on the month, followed closely by Small- and Mid-Caps, which returned +0.90% and +0.84%, respectively. From a style perspective, Growth stocks, as measured by the S&P 500/Citi Growth Index, continue to outperform Value stocks on the back of strong earnings. For the month, Growth outperformed Value by more than +200bps, and has outperformed by more than 740bps on the year. Investors continue to take a wait-and-see approach on many Value sectors such as Financials, Energy, Industrials, and Materials as euphoria over “Trump-o-nomics” seems to have dissipated in the short term. Talks of financial de-regulation persist, however after a strong rally in the first two months of the year Financial stocks have cooled. Furthermore, Friday’s weak GDP report (+0.7% annualized rate in Q1) may have market participants spooked, as consumption was a weaker than expected +0.3% contributor in the first quarter.

From a sector perspective, the Technology and Consumer Discretionary sectors continue to power the broad market higher, thanks to strong momentum from the likes of Facebook and Apple (Q1 earnings this week), as well as Google, Netflix, and Amazon (all with strong Q1 earnings last week). The Technology and Consumer Discretionary sectors were April’s top performers, gaining +2.52% and +2.44%, respectively, and a stellar +15.41% and +11.09% for the year.

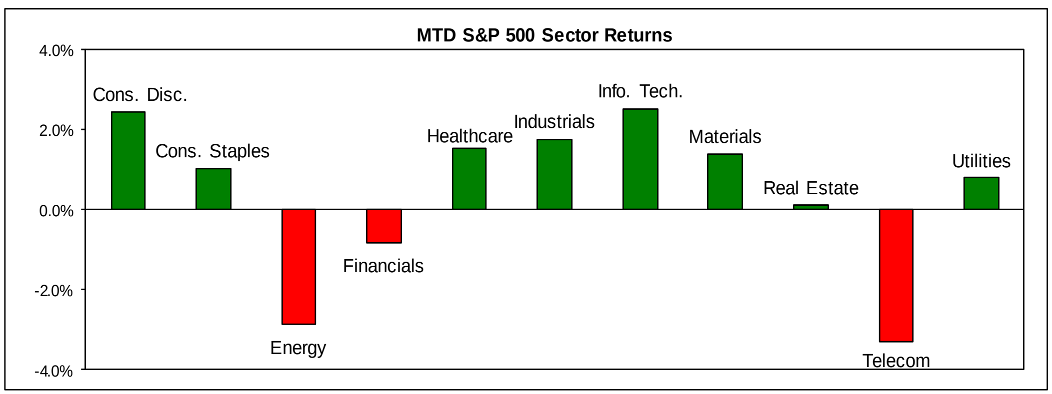
Sector specific “Trump Trades” continue to be a mixed bag. Healthcare returned +1.54% on the month and has gained +7.33% on the year, in line with the broader S&P 500. Cyclical sectors that should benefit from an uptick in U.S. and Global growth, as well as infrastructure spending, such as Industrials and Materials sectors gained +1.76% and +1.39% respectively on the month, and have largely tracked the S&P 500 for the year.

Energy stocks continue to perform poorly, with the Energy sector down -2.89% on the month, even as both Chevron and Exxon (appx. 30% of the sector) had better than expected earnings announcements last week. Energy is the worst performing sector on the year, down -9.38%. Finally, the Telecom sector lost -3.31% on the month after weaker than expected earnings from Verizon, hurt by a large number of lost subscribers.



Domestic Equity Returns

Name	MTD	QTD	YTD	1 Year	3 Year	5 Year
S&P 500 Index	1.03%	1.03%	7.16%	17.91%	10.48%	13.67%
S&P 400 Mid Cap Index	0.84%	0.84%	4.81%	20.45%	10.24%	13.54%
S&P 600 Small Cap Index	0.90%	0.90%	1.96%	24.14%	10.78%	14.72%
S&P 500/Citi Growth Index	1.95%	1.95%	10.65%	19.15%	12.14%	14.22%
S&P 500/Citi Value Index	-0.07%	-0.07%	3.22%	16.12%	8.41%	12.94%



S&P 500 Sector Returns

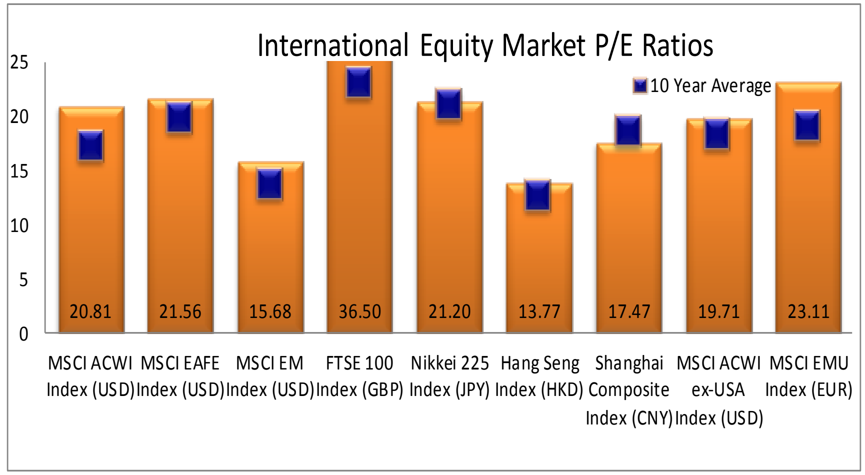
Sector	MTD	QTD	YTD	1 Year	3 Year	5 Year	% of S&P 500
Consumer Discretionary	2.44%	2.44%	11.09%	15.78%	14.07%	16.52%	12.84%
Consumer Staples	1.03%	1.03%	7.45%	8.64%	10.62%	13.07%	10.28%
Energy	-2.89%	-2.89%	-9.38%	2.08%	-7.48%	1.31%	6.18%
Financials	-0.84%	-0.84%	1.66%	27.11%	11.89%	15.71%	13.63%
Healthcare	1.54%	1.54%	10.04%	10.09%	10.87%	17.07%	13.70%
Industrials	1.76%	1.76%	6.40%	19.38%	9.99%	14.80%	10.04%
Information Technology	2.52%	2.52%	15.41%	35.36%	17.70%	15.65%	22.35%
Materials	1.39%	1.39%	7.33%	15.18%	5.76%	9.97%	2.84%
Real Estate	0.10%	0.10%	3.65%	3.48%	6.54%	6.50%	2.88%
Telecommunications	-3.31%	-3.31%	-7.15%	0.45%	6.18%	8.41%	2.19%
Utilities	0.78%	0.78%	7.23%	10.57%	10.08%	11.87%	3.06%

International Equity

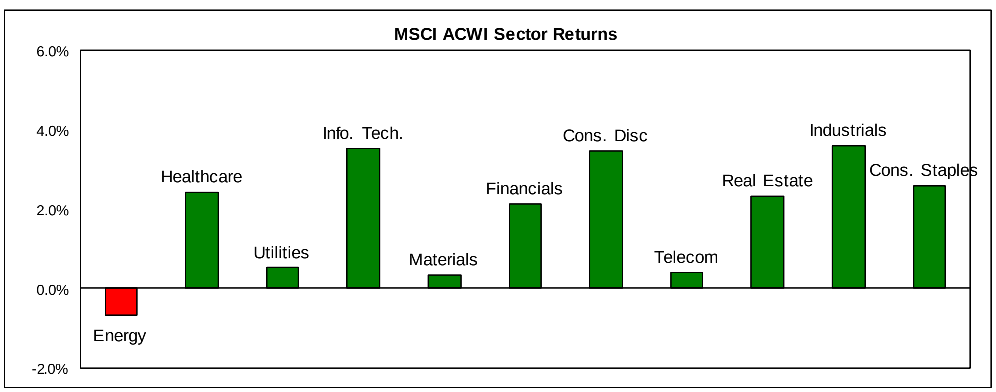
Major International equity markets posted another month of strong gains with Developed International and Emerging Markets returning +2.62% and +2.21%, respectively. International equities surged following Round 1 of the French Elections which saw pro-Euro centrist Emmanuel Macron and anti-Euro nationalist Marine Le Pen defeating Francois Fillon and Jean-Luc Melenchon by slim margins. Macron commanded 23.9% of the votes and Le Pen 21.4%, compared with Fillon and Melenchon, who earned 19.9% and 19.6% of the votes, respectively. The top two candidates will move ahead and face off on May 7th, an event largely seen as a referendum on the Euro common currency. Eurozone equities rallied sharply on the news and the Euro surged against the U.S. Dollar; however, investors must wait another week for the final outcome. With political risk in Europe seemingly subsiding, attention will likely start to turn to Italy where the Five Star movement, similar to the Le Pen movement in France, will take center stage as Italians have a less favorable view of the Euro than the French do. Despite the political risks surrounding the currency bloc, Eurozone economic data has improved, with multiple measures of economic activity, confidence, and momentum accelerating, which should continue to favor Eurozone equities moving forward.

From an individual country standpoint results were a mixed bag. British equities, as measured by the FTSE 100 Index, lost -1.33% on the month as PM May called for snap elections to help shore up her power within Parliament. Chinese equities also fared poorly, shedding -2.07% during the period. On a positive note, the Bank of Japan kept monetary policy unchanged in April, while both lowering its inflation forecast and pledging to continue buying JGB's through 2019. The news helped buoy the benchmark Nikkei 225 Index by +1.52% on the month.

International sector performance was broadly positive in April, with Industrials, Technology, and Consumer Discretionary the top performers, returning +3.60%, +3.53%, and +3.47%, respectively on the month. Laggards included defensive sectors such as Utilities and Telecoms, which gained a mere +0.52% and +0.40%, respectively on the month, while Energy was the sole negative performer, down -0.68% in April.



International Equity Returns						
Name	**MTD**	**QTD**	**YTD**	**1 Year**	**3 Year**	**5 Year**
MSCI ACWI Index (USD)	1.60%	1.60%	8.77%	15.79%	5.90%	9.60%
MSCI EAFE Index (USD)	2.62%	2.62%	10.21%	11.92%	1.43%	7.39%
MSCI EM Index (USD)	2.21%	2.21%	13.94%	19.58%	2.15%	1.83%
FTSE 100 Index (GBP)	-1.33%	-1.33%	2.29%	20.04%	5.96%	8.66%
Nikkei 225 Index (JPY)	1.52%	1.52%	1.19%	17.32%	12.29%	17.12%
Hang Seng Index (HKD)	2.13%	2.13%	12.48%	21.36%	7.54%	7.01%
Shanghai Composite Index (CNY)	-2.07%	-2.07%	1.70%	9.60%	18.62%	8.31%
MSCI ACWI ex-USA Index (USD)	2.20%	2.20%	10.36%	13.19%	1.37%	5.70%
MSCI EMU Index (EUR)	2.40%	2.40%	9.81%	22.23%	9.18%	14.32%



MSCI ACWI Ex U.S. Sector Returns							
Sector	**MTD**	**QTD**	**YTD**	**1 Year**	**3 Year**	**5 Year**	**% of ACWI**
Energy	-0.68%	-0.68%	-1.47%	9.84%	-7.73%	-3.18%	6.84%
Healthcare	2.42%	2.42%	10.98%	0.87%	0.96%	9.70%	6.44%
Utility	0.52%	0.52%	7.69%	5.91%	3.46%	6.71%	6.00%
Information Technology	3.53%	3.53%	18.67%	32.81%	10.89%	11.35%	9.67%
Materials	0.35%	0.35%	8.89%	19.03%	-1.27%	-1.45%	7.15%
Financials	2.14%	2.14%	9.97%	19.66%	1.82%	7.63%	21.11%
Consumer Discretionary	3.47%	3.47%	10.59%	13.41%	2.67%	7.96%	11.79%
Telecommunications	0.40%	0.40%	6.51%	-1.05%	-0.83%	5.18%	5.81%
Real Estate*	2.32%	2.32%	N/A	N/A	N/A	N/A	3.45%
Industrials	3.60%	3.60%	13.56%	15.61%	3.24%	7.34%	11.59%
Consumer Staples	2.60%	2.60%	11.46%	4.03%	3.30%	6.98%	10.15%

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

Fixed Income

Weak Q1 GDP growth (+0.7% QoQ SAAR) drove bond prices higher and yields lower in April as the 10-year Treasury note hit a low of 2.17% in April, down from 2.63% in March. Continued strength in equity markets lent a bid to emerging market and high yield debt, although bonds across the board had a good month. As we go to press, the odds for a June rate hike stand at 70%, although not much beyond that is priced in at this point.

The yield curve continued to flatten in April, with long rates dropping and short rates edging higher. The slow growth and lack of inflation discussed in the Economics portion of this report, has emboldened investors to move out the yield curve in search of return. With the Fed clearly telegraphing every move, it will likely take some sort of unanticipated inflation scare before investors opt for shorter duration in their portfolios.

Emerging markets were once again the winner in a risk-on environment as the ML USD Emerging Market Sovereign & Credit Index surged +2.14% in April. The discrepancy between USD and non-USD returns remains pronounced however. ELD, the WisdomTree Emerging Markets Local Debt ETF returned +0.81% last month while EMB, the iShares JP Morgan USD Emerging Markets Bond ETF gained +1.70%. Year-to-date, however, the local currency ETF is up +7.4%, beating the USD-based EMB's +5.6% return. Clearly a view on currencies is important when considering international debt investing.

Looking domestically, the ML U.S. High Yield Master II Index gained +1.13% in April and is up +3.87% YTD and +13.7% over the past year. Trailing, but with a still solid return is the ML Municipal High Yield Index, which gained +1.06% in April and is up +3.7% YTD. Within the investment grade space, the ML U.S. Corporate Master Index was up +1.0% on the month and +2.4% on the year, followed by the ML U.S. Broad Market Index which gained .76%.

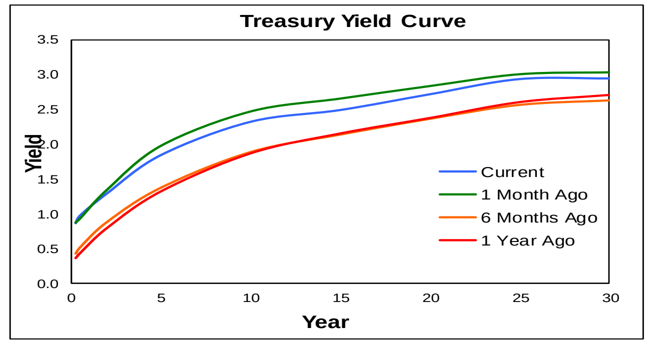
While yields in the U.S. remain low on an absolute basis, relative to Europe and Japan they are positively robust. From an international investor's standpoint, the relative yield advantage combined with the prospects for a stronger dollar make U.S. fixed income a very desirable place to invest.

Central Bank Activity

Name	Current	1 Month Ago	6 Months Ago	1 Year Ago
Fed Funds Rate	1.00%	1.00%	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%	0.00%
Bank of England Official Bank Rate	0.25%	0.25%	0.25%	0.50%

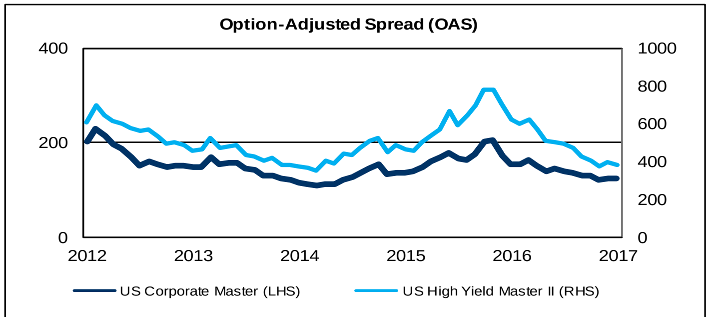
Fixed Income Returns

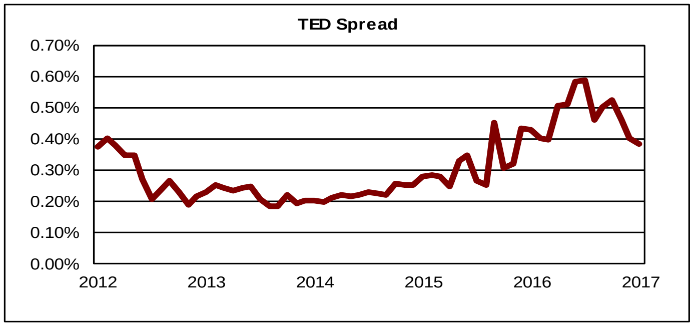
Name	MTD	QTD	YTD	1 Year
ML U.S. Treasury/Agency Master Index	0.69%	0.69%	1.38%	-0.60%
ML U.S. Broad Market Index	0.76%	0.76%	1.63%	0.81%
ML U.S. Corporate Master Index	1.00%	1.00%	2.43%	3.04%
ML U.S. High Yield Master II Index	1.13%	1.13%	3.87%	13.66%
ML USD Emerging Market Sovereign & Credit Index	2.14%	2.14%	6.41%	14.45%
ML Global Government Bond II Index	0.59%	0.59%	0.46%	-0.11%
ML Municipal Master Index	0.72%	0.72%	2.12%	0.15%
ML Municipal High Yield Index	1.06%	1.06%	3.69%	7.08%

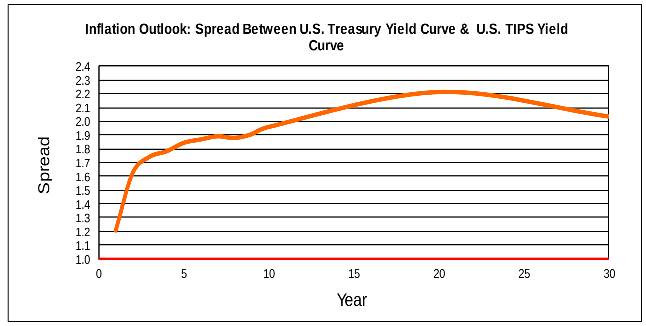


U.S. Treasury Yields

Period	3 Month	6 Month	2 Year	5 Year	10 Year	15 Year	20 Year	25 Year	30 Year
Current	0.86%	0.98%	1.29%	1.84%	2.32%	2.49%	2.71%	2.93%	2.94%
1 Month Ago	0.87%	0.93%	1.34%	1.97%	2.47%	2.65%	2.83%	3.00%	3.03%
6 Months Ago	0.43%	0.52%	0.88%	1.37%	1.89%	2.14%	2.36%	2.56%	2.63%
1 Year Ago	0.36%	0.44%	0.80%	1.32%	1.87%	2.15%	2.37%	2.60%	2.70%







Alternative Investments

Alternative investments were largely negative performers in April. West Texas Intermediate (WTI) crude oil prices slid for the second straight month, losing -2.5% to settle at $49/barrel on the NYMEX. Crude prices have been largely range bound between $45-$55/barrel over the past year and are likely to remain in that range for the foreseeable future (WTI has not closed above $55/barrel on a monthly basis since June 2015). Inventory levels remain high and the U.S. continues to add rigs in shale basins across the country. It remains to be seen whether or not OPEC will extend production cuts, or if crude stock piles will be meaningfully drawn down to rebalance the supply/demand equilibrium. In the meantime, the world remains awash with crude oil and stuck in a stagnant growth environment. The weakness in WTI helped to drag down the Bloomberg Commodities Index, which lost -1.6% on the month, and has lost -4.0% on the year. Weaker than expected U.S. economic data helped drag down the U.S. Dollar, as measured by the DXY Index. The Dollar lost -1.3% in April and has now lost -3.1% on the year, hovering near the lowest levels since the end of October 2016. The Citi Eco Surprise Index, a gauge of whether or not economic data is beating or missing market expectations fell to -4.8 at the end of April, from 48.00 at the end of March, a sharp reversal.

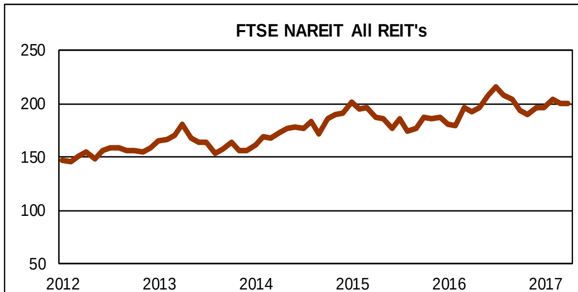
Political uncertainty in both the U.S. and Eurozone (re: French elections), coupled with the risk of military confrontation with North Korea helped propel gold spot prices by +1.5% during the month to close at $1,268/ounce. Gold has gained for four (4) straight months and has quietly returned +10.1% for the year, even outpacing the S&P 500 (+7.2% YTD). Many scenarios exist (i.e. French election Part Deux, North Korea, inflation scare, weaker than expected global economic data, return of volatility, etc.) where gold could continue to rise in value, despite the threat of rising interest rates from the Federal Reserve. Gold remains a reasonable hedge within an overall asset allocation.

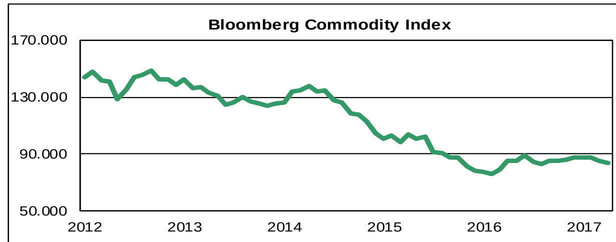
In other currency news, the Canadian Dollar weakened by nearly -3% against the Dollar after the U.S. slapped tariffs on Canadian Lumber, and a deposit run on Home Capital Group shed nearly 70% of its market value, fanning fears of a property bubble in Canada. The Pound strengthened after calls for snap elections in the U.K., and the Euro surged post-French elections.

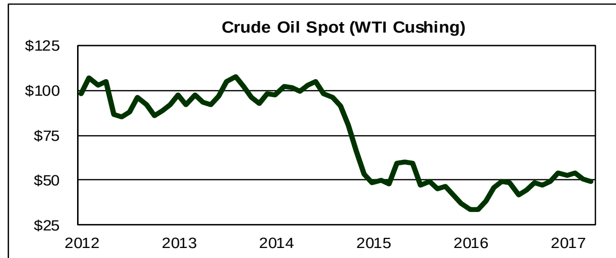
Hedge Funds

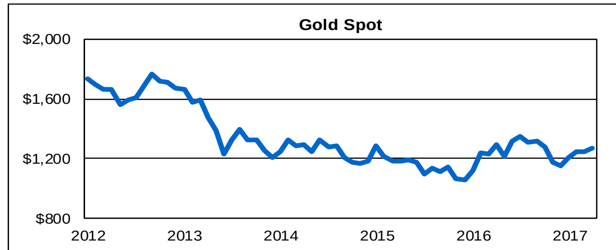
Name	MTD	QTD	YTD	1 Year	3 Year	5 Year
Global Hedge	0.45%	0.45%	2.12%	6.24%	-0.03%	1.42%
Convertible Arbitrage	0.30%	0.30%	2.80%	7.84%	-0.78%	2.33%
Distressed Securities	0.43%	0.43%	2.02%	18.92%	1.88%	1.96%
Equity Hedge (L/S)	0.70%	0.70%	3.41%	6.61%	0.90%	2.84%
Equity Market Neutral	-0.32%	-0.32%	1.18%	0.46%	0.74%	1.00%
Event Driven	0.70%	0.70%	3.68%	16.10%	0.23%	3.26%
Macro	0.12%	0.12%	-0.64%	-3.94%	0.37%	-0.49%
Merger Arbitrage	0.48%	0.48%	0.58%	3.14%	4.95%	3.71%
Relative Value Arbitrage	0.19%	0.19%	1.22%	4.25%	-1.61%	-0.28%
Absolute Return	0.22%	0.22%	0.87%	1.70%	1.26%	1.79%

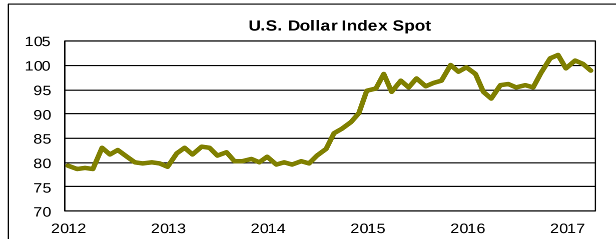
Note: Price Return, Returns as of 04/27/17











Spot Rates

Description	Current	1 Month Ago	3 Months Ago	6 Months Ago	1 Year Ago
CAD / USD	1.37	1.33	1.30	1.34	1.26
JPY / USD	111.49	111.39	112.80	104.82	106.50
USD / GBP	1.30	1.26	1.26	1.22	1.46
USD / EUR	1.09	1.07	1.08	1.10	1.15

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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