Nottingham Monthly Market Wrap

November 30, 2015

NOTTINGHAM ADVISORS

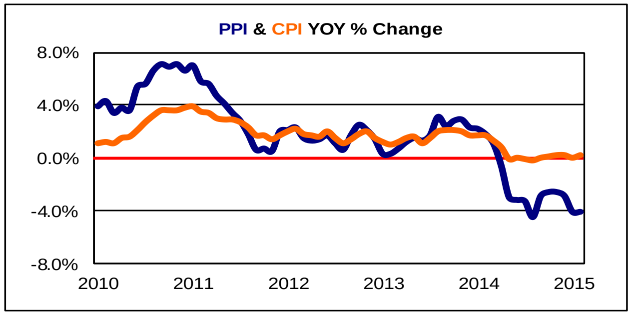
Economic Overview

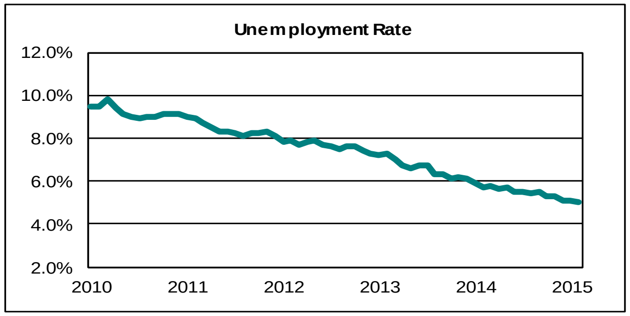
November got off to a strong start, economically speaking, as the jobs report for October showed a surprise increase in payrolls, pulling forward market expectations for a Federal Reserve interest rate hike into December of this year. Investors everywhere are anticipating a move off the zero bound will take place at the December 16-17 Fed gathering, with the futures market currently pricing in a 74% chance for a rate hike. As we've seen the yield on the Treasury 2yr note surge from 0.60% in mid October to 0.93% today, one can say that the anticipated Fed move has already been priced into the market.

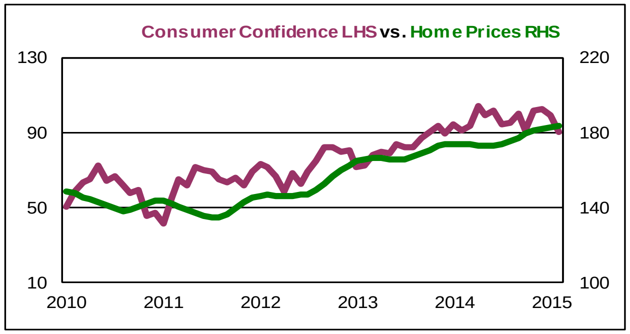
A larger than anticipated 271,000 nonfarm jobs were created in October, far exceeding estimates for 185,000. The Unemployment Rate in the U.S. dipped to 5.0%, down from 5.1%, while the U6, or Underemployment Rate, dipped below 10.0% to 9.8%. Average hourly earnings rose +0.4% MoM in October and are now up +2.5% from a year ago. The Labor Force Participation Rate held steady at 62.4%, the low end of the recent range.

The balance of November's economic reports were less robust, including the first revision to the Q3 GDP report, which showed the U.S. economy growing at a +2.1% annualized rate, slightly better than the initial reading of +1.5%. Personal Consumption, meanwhile, the biggest driver of growth here in the U.S., rose +3.0% during the quarter, slightly below analyst expectations for +3.2% growth.

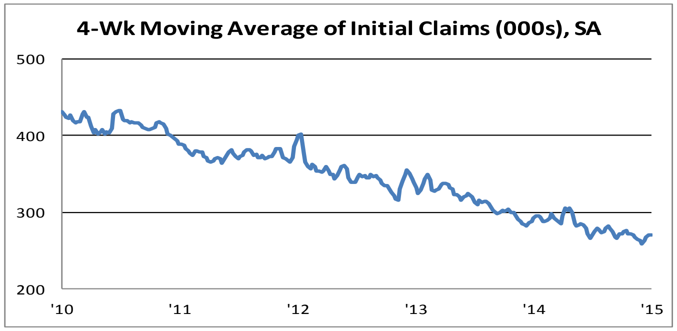
Certainly inflation won't be the reason behind the Fed's anticipated rate hike. Consumer prices rose just +0.2% MoM during October and are up just +0.2% YoY. Ex-food and energy, the CPI rose +0.2% MoM and is up +1.9% YoY. The Personal Consumption Expenditure reading favored by the Fed was unchanged last month and is now up just +1.3% YoY. Despite the absence of inflation, the Fed feels compelled to begin the process of normalizing interest rates here in the U.S., in stark contrast with its peers in both the Eurozone and Japan, which continue to lower interest rates in their respective regions. The U.S. Dollar has rallied strongly as it has become more evident the Fed will act soon. It remains our belief, however, that the pace of future hikes will remain modest and generally low interest rates will remain with us for years to come.

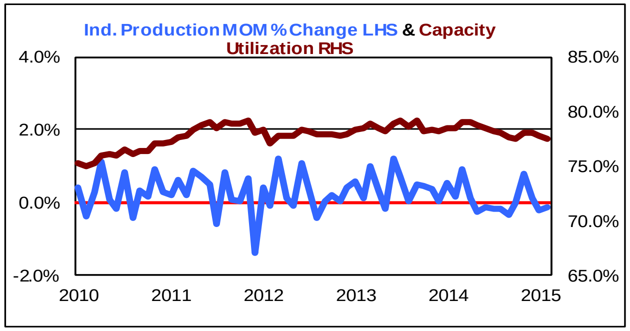






Key Data Points				
Name	**Current**	**For**	**Previous**	**For**
Retail Sales ex. Autos MOM %	0.20%	October	-0.40%	September
Housing Starts	1060K	October	1191K	September
Factory Orders MOM %	-1.00%	September	-2.10%	August
Leading Indicators MOM %	0.60%	October	-0.10%	September
Unit Labor Costs	1.40%	3Q15	-1.80%	2Q15
GDP QOQ (Annualized)	2.10%	3Q15	3.90%	2Q15
Wholesale Inventories	0.50%	September	0.30%	August
MBA Mortgage Applications	-3.20%	November	-0.80%	October



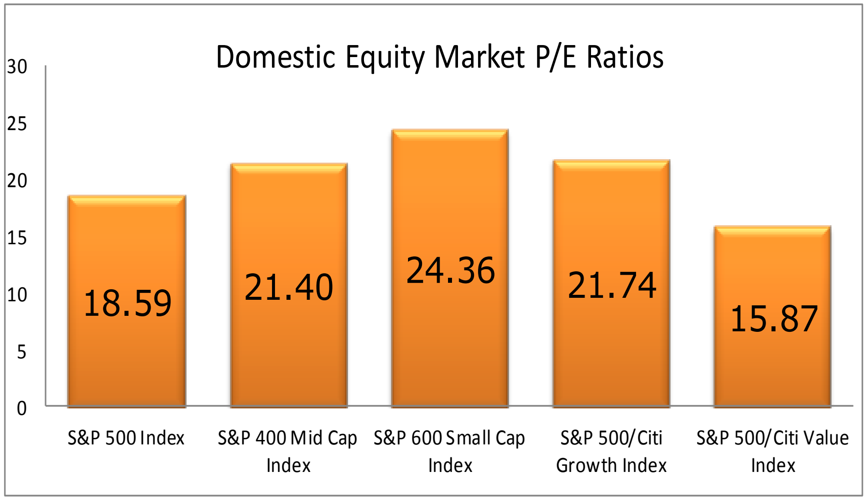


Domestic Equity

U.S. equity markets posted positive returns in November, led by small- and mid-caps, which gained +2.67% and +1.35%, respectively. Large-cap U.S. equities managed to eke out a +0.30% gain, but were overshadowed by strong performance of SMID cap companies. Value stocks, as measured by the S&P 500/Citi Value Index, rose +0.51% on the month, while Growth stocks, as measured by the S&P 500/Citi Growth Index, rose +0.12%. November marked the first time since April that Value stocks outperformed Growth stocks by a significant margin, outperforming by +0.39%. On a year to date basis, Growth has still outperformed Value by a wide margin (+7.15% versus -1.48%), but we believe more opportunity exists in Value stocks, which trade at a trailing price to earnings multiple of 15.6x, compared to 18.6x for the S&P 500 and 21.7x for Growth stocks.

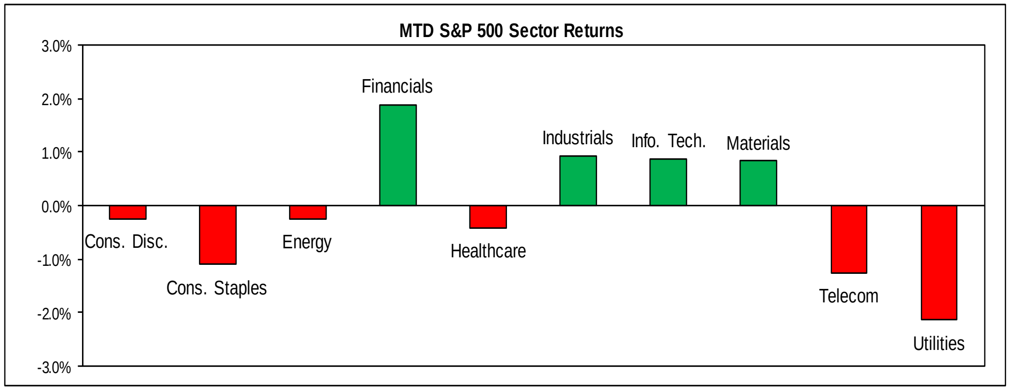
Digging further into individual company performance, it can be seen that the top 10 largest companies in the S&P 500 have posted outsized returns on the year, keeping the broader S&P 500 in positive territory. Interestingly, however, is the notion that most other stocks within the index are flat to down on the year. Excluding the top ten companies in the index, the S&P 500 would be in negative territory on the year. This overall trend can also be seen in rolling S&P 500 correlations, which have fallen sharply in recent weeks, highlighting the fact that stock picking has been extremely difficult in the current macro environment. Rising correlations would suggest that the average stock is moving directionally with the overall S&P 500 Index, which does not appear to be the case today.

As for individual sector performance, cyclical sectors such as Industrials, Technology, and Materials outperformed the broader S&P 500, returning +0.93%, +0.87%, and +0.83%, respectively. The best performing sector was Financials, which rose +1.89% on the back of rising expectations for the Federal Reserve to raise interest rates mid-December. Moreover, it logically follows that the worst performing sectors were rate sensitive sectors such as Utilities, Telecoms, and Consumer Staples, which lost -2.14%, -1.26%, and -1.11%, respectively. On a year to date basis, the top performing sector is Consumer Discretionary, up +13.26%; however, much of the performance can be attributed to the sector's largest holdings (Amazon, Netflix, and Home Depot, to name a few), which have gained +116%, +155%, and 31% on the year to carry the index. The three companies mentioned comprise roughly 20% of the index. This trend becomes more pronounced as more of the top holdings are included. An equal weighted version of the same index has posted a return of only +1.03% on the year, again highlighting the notion that individual companies are driving both sector and broad market performance.



Domestic Equity Returns

Name	MTD	QTD	YTD	1 Year	3 Year	5 Year
S&P 500 Index	0.30%	8.76%	3.01%	2.74%	16.08%	14.38%
S&P 400 Mid Cap Index	1.35%	7.06%	2.07%	2.91%	15.17%	13.01%
S&P 600 Small Cap Index	2.67%	8.93%	2.93%	5.87%	16.69%	14.23%
S&P 500/Citi Growth Index	0.12%	9.53%	7.15%	6.12%	17.73%	15.57%
S&P 500/Citi Value Index	0.51%	7.87%	-1.48%	-0.95%	14.27%	13.09%



S&P 500 Sector Returns

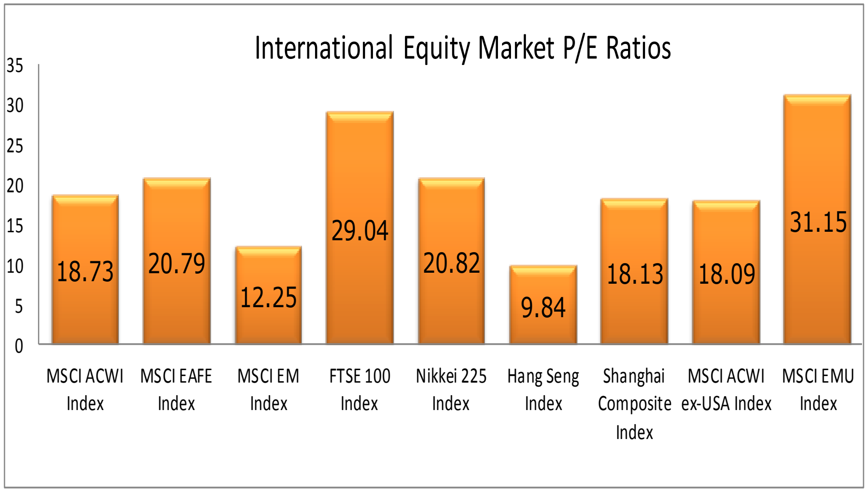
Sector	MTD	QTD	YTD	1 Year	3 Year	5 Year	% of S&P 500
Consumer Discretionary	-0.24%	8.81%	13.26%	14.36%	21.33%	19.47%	13.30%
Consumer Staples	-1.11%	4.65%	3.63%	2.55%	14.05%	14.81%	10.51%
Energy	-0.24%	11.17%	-12.48%	-12.05%	0.50%	3.79%	6.94%
Financials	1.89%	8.26%	0.61%	2.41%	18.06%	13.18%	16.13%
Healthcare	-0.41%	7.31%	5.02%	3.64%	22.94%	20.91%	14.40%
Industrials	0.93%	10.21%	-0.54%	-0.69%	16.34%	13.65%	9.99%
Information Technology	0.87%	11.73%	8.41%	6.56%	18.69%	15.65%	20.83%
Materials	0.83%	14.46%	-4.40%	-5.04%	9.81%	8.01%	2.85%
Telecommunications	-1.26%	5.76%	1.62%	-4.61%	4.95%	9.59%	2.27%
Utilities	-2.14%	-1.08%	-6.86%	-3.59%	10.81%	11.23%	2.78%

International Equity

International equities were again a mixed bag in November, with pockets of strength in specific countries and regions. Broadly speaking, international equities, as measured by the MSCI ACWI ex-USA Index, lost -2.03% on the month. However, within the international space, the top performing countries were Japan, China, and the United Kingdom, as measured by the Nikkei 225 Index, the Shanghai Composite Index, and the FTSE 100 Index, which gained +3.48%, +1.87%, and +0.37%, respectively. Regionally speaking, the Eurozone, as measured by the MSCI EMU Index, gained +3.02% as renewed hopes for increased monetary stimulus from the European Central Bank (ECB) and improving economic data buoyed equity prices. The ECB is scheduled to meet on Thursday December 3rd.

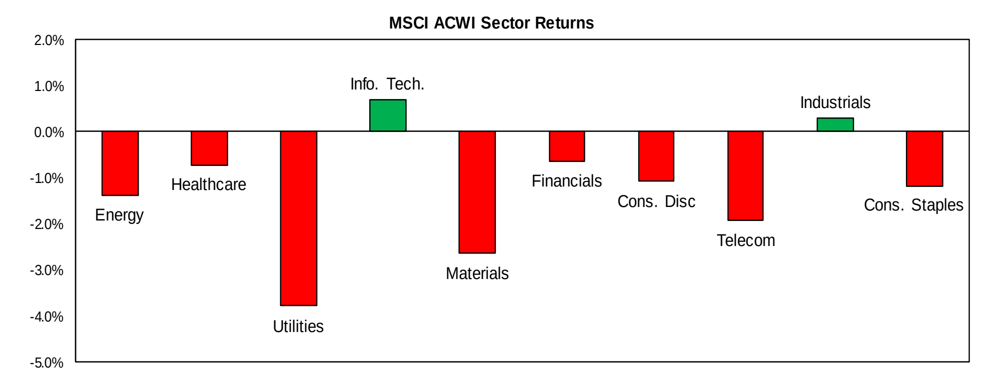
In terms of emerging markets, the MSCI EM Index lost -3.90% on the month, and is now down -12.76% on the year. Emerging markets equities continue to trade at attractive valuations (trailing price to earnings multiple of 12.3x) relative to developed markets; however, fears of a global economic slowdown, depressed commodity prices, and the strong U.S. Dollar remain headwinds for emerging markets. Such downside risks to emerging markets could further depress valuations moving forward. Within emerging markets, China remains a standout, up +8.20% on the year. As the world's second largest economy continues to open its doors to foreigners, pockets of the country may become more attractive over time. Yesterday, the International Monetary Fund (IMF) added the Chinese Yuan to its SDR basket of reserve currencies, which will go into effect on October 1, 2016. The move could increase demand for Yuan and perhaps slow the capital outflows that have plagued China more recently. Furthermore, increased trading of the currency and establishment of currency trading hubs in western cities could create further demand for the currency and Yuan denominated assets moving forward.

Finally, global sector returns were unspectacular in November, with Technology and Industrials the only sectors posting positive returns, up +0.69% and +0.29%, respectively. Utilities, Materials, and Telecoms were the worst performers, losing -3.79%, -2.64%, and -1.93%, respectively.



International Equity Returns

Name	MTD	QTD	YTD	1 Year	3 Year	5 Year
MSCI ACWI Index	-0.77%	7.05%	-0.02%	-1.90%	9.81%	8.63%
MSCI EAFE Index	-1.51%	6.21%	1.13%	-2.33%	7.28%	6.20%
MSCI EM Index	-3.90%	2.96%	-12.76%	-16.70%	-4.24%	-2.73%
FTSE 100 Index	0.37%	5.59%	0.68%	-1.59%	6.80%	7.00%
Nikkei 225 Index	3.48%	13.57%	15.03%	15.13%	30.09%	16.89%
Hang Seng Index	-2.72%	5.80%	-3.57%	-5.10%	3.64%	2.67%
Shanghai Composite Index	1.87%	12.90%	8.20%	30.46%	23.47%	6.67%
MSCI ACWI ex-USA Index	-2.03%	5.29%	-3.35%	-6.78%	3.90%	3.57%
MSCI EMU Index	3.02%	13.07%	17.58%	15.03%	16.60%	11.06%



MSCI ACWI Sector Returns

Sector	MTD	QTD	YTD	1 Year	3 Year	5 Year	% of S&P 500
Energy	-1.37%	9.43%	-13.73%	-15.72%	-4.43%	-0.95%	6.78%
Healthcare	-0.72%	5.34%	5.23%	2.56%	19.70%	18.44%	10.72%
Utility	-3.79%	-0.18%	-8.64%	-9.10%	6.09%	4.19%	3.28%
Information Technology	0.69%	11.06%	5.91%	4.15%	16.24%	13.06%	13.54%
Materials	-2.64%	7.41%	-12.59%	-15.00%	-5.20%	-4.56%	4.66%
Financials	-0.64%	5.78%	-3.31%	-4.81%	9.06%	7.13%	21.40%
Consumer Discretionary	-1.08%	7.58%	7.03%	6.31%	16.06%	13.54%	13.31%
Telecommunications	-1.93%	5.12%	-0.37%	-5.90%	7.28%	7.25%	4.85%
Industrials	0.29%	8.95%	-0.07%	-1.31%	10.65%	8.30%	10.63%
Consumer Staples	-1.20%	4.95%	5.07%	2.51%	9.95%	12.04%	10.82%

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Fixed Income

Fixed Income returns were largely geographically segmented in November, as U.S. fixed income returns were mostly negative, while international fixed income returns were generally positive. This should come as no surprise, as monetary policies of the Federal Reserve and the European Central Bank (ECB) are set to diverge for the first time in more than a decade. While such divergence is not official yet (the Fed meets mid-December and the ECB meets December 3rd), fixed income markets have prepared for such a move. The futures market is currently implying a 74% probability of a Fed rate hike in December, while European bond yields are substantially more negative than the ECB's deposit rate. The ECB has stated that it will buy bonds that meet its criteria, one of which is having a yield greater than the deposit rate, even if that yield is negative. Current pricing in the market implies a -10bp to -20bp reduction in the deposit rate, which will be announced Thursday.

As far as returns are concerned, the ML U.S. Treasury/Agency Master Index lost -0.41% on the month, followed closely by the ML U.S. Broad Market Index, which lost -0.29%. Corporate bonds were a much different story, as the ML Corporate Master Index lost -0.22%, and the ML U.S. High Yield Master II Index lost -2.25%. The divergence in investment grade and high yield corporate debt performance has been a key barometer for the health of the bond market ahead of the Fed rate decision later this month. Flows out of high yield debt have been sizeable as investors have chosen to sacrifice yield and move into higher quality debt. High yield spreads have continued to widen, with option adjusted spreads (OAS) on the ML U.S. High Yield Master II Index widening 50bps to 640bps in November, closing in on the 662bp OAS spread reached in September and 682bps OAS reached in May 2012. The lone bright spot in the U.S. bond market was munis, as the ML Municipal Master Index and ML Municipal High Yield Index managed gains of +0.49% and +0.04%, respectively.

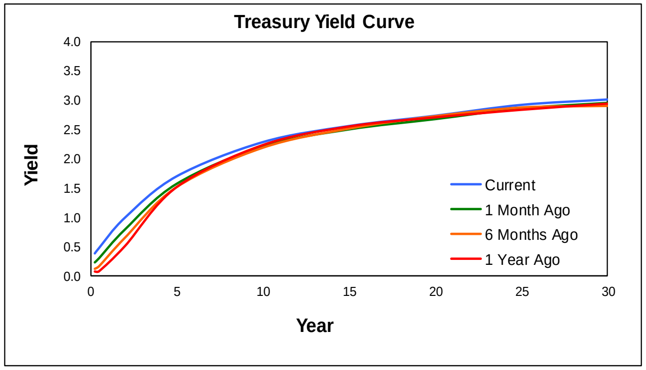
In terms of international fixed income markets, emerging markets led all sectors yet again in November, with the ML USD Emerging Market Sovereign & Credit Index posting a positive return of +0.87%. November's gain brings EM USD debt returns to +10.92% on the year, by far the best performing part of the global fixed income market. More broadly, the ML Global Government Bond II Index managed to squeeze out a +0.02% gain on the month. While the absolute performance of the index was quite muted, it is notable given the performance of U.S. fixed income markets, and largely a testament of the prospects of rising rates in the U.S. compared to other parts of the world.

Central Bank Activity

Name	Current	1 Month Ago	6 Months Ago	1 Year Ago
Fed Funds Rate	0.25%	0.25%	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	-0.41%	-0.76%	1.01%	1.25%
ML U.S. Broad Market Index	-0.29%	-0.25%	0.94%	1.01%
ML U.S. Corporate Master Index	-0.22%	0.31%	0.24%	0.10%
ML U.S. High Yield Master II Index	-2.25%	0.42%	-2.12%	-3.56%
ML USD Emerging Market Sovereign & Credit Index	0.87%	3.84%	10.92%	4.63%
ML Global Government Bond II Index	0.02%	0.17%	1.47%	2.33%
ML Municipal Master Index	0.49%	0.92%	2.74%	3.33%
ML Municipal High Yield Index	0.04%	1.30%	0.06%	0.49%



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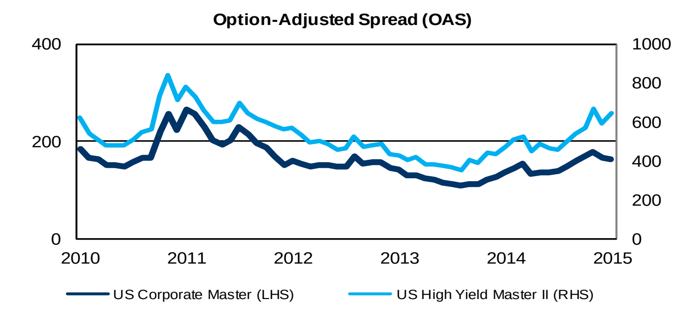
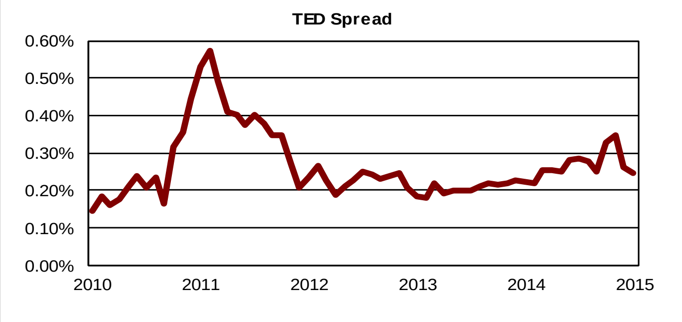
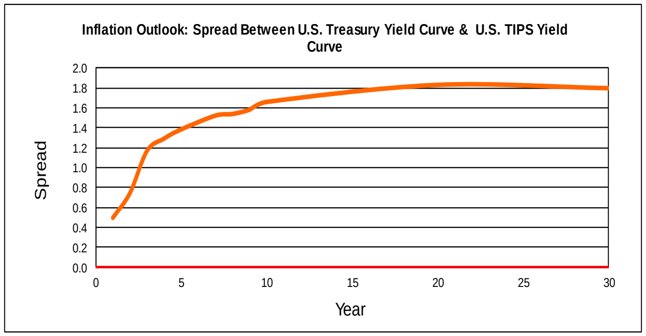
Bank of Japan Target Rate	0.10%	0.10%	0.10%	0.10%
European Central Bank Rate	0.05%	0.05%	0.05%	0.05%
Bank of England Official Bank Rate	0.50%	0.50%	0.50%	0.50%



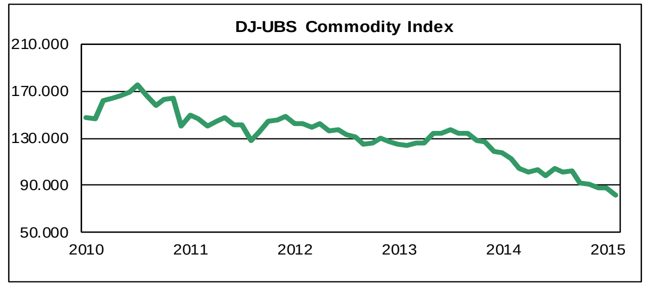


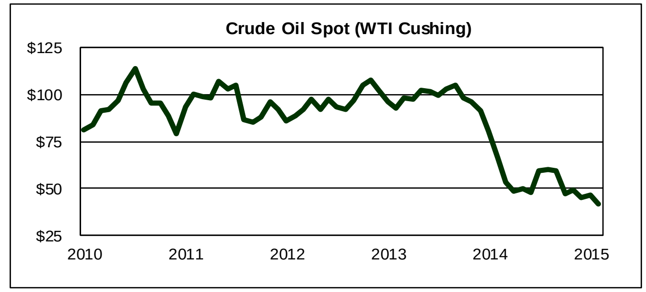


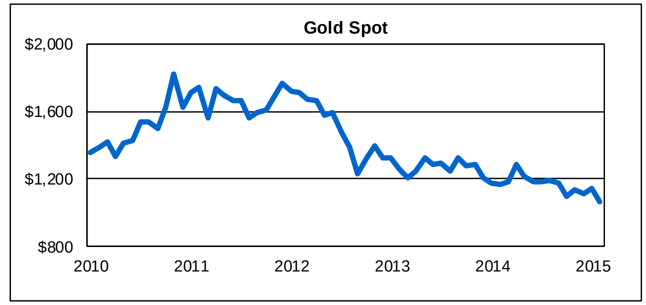
Alternative Investments

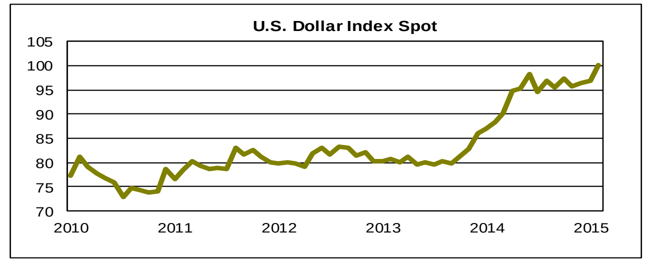
Alternative investments largely posted negative returns in November. The lone positive performer was the U.S. Dollar, as measured by the DXY Index, which gained +3.3% on the month to close at 100.17. The DXY Index marked its highest monthly close since December 2002. It should be noted that the DXY Index briefly closed above 100 on March 13th of this year. The Dollar has rallied +11.0% year to date as expectations for a Fed rate hike have increased substantially. Furthermore, stable U.S. economic data, strong relative growth rates, and continued (and perhaps expanding) quantitative easing from the European Central Bank (ECB) and Bank of Japan (BoJ) have continued to put downward pressure on the Euro and Yen versus the Dollar, which are the two largest constituents in the DXY Index. The Euro and Yen both weakened -4.2% and -2.1% against the Dollar during the month, closing at 1.06 USD/EUR and 123.1 JPY/USD, respectively. It is widely expected that the ECB will increase its quantitative easing program later this week, which could cause the Euro to weaken further versus the Dollar, perhaps putting USD/EUR parity in play for 2016. As for precious metals, gold continued its decline, falling -6.8% to $1,065/ounce in anticipation of higher interest rates. It remains likely that further downside remains in gold as the prospects for higher rates increase the opportunity costs of holding gold.

West Texas Intermediate (WTI) crude oil was the worst performing alternative investment in November, falling nearly -$5/bbl, or -10.6%, to close at $41.65/bbl. November's monthly closing price marks the lowest closing price since January 2009. WTI has now lost -21.8% on the year amidst a growing global oil glut. Pressure has been building on members of the Organization of the Petroleum Exporting Countries, better known as OPEC, to reduce output in a bid for higher prices. Last year's strategy to continue pumping oil at full bore has come back to haunt the cartel as prices have plummeted. Instead of putting pressure on U.S. frackers, it appears as if more pressure has been put on higher cost producers from Canada. Regardless, the U.S. continues to pump high levels of crude, and OPEC members continue to pump at above-quota levels. OPEC's current production target of 30 million barrels per day will surely come into question this Friday December 4th when OPEC members meet in Vienna. Even if pressure mounts to reduce the output quota (individually or as a whole), the market largely expects production levels to remain unchanged. Saudi Arabia, long the swing producer, has committed itself to defending market share. Pressure is likely to mount on the Saudi's to cut back, a demand they are unlikely to comply with. The Saudi's are well aware that Iranian output is scheduled to come back online in 2016 (as sanctions are lifted) and an estimated 500,000 barrels per day of additional supply could be turned on almost immediately. What's more, Iran estimates it could scale production to 1 million barrels fairly quickly. The end result is likely a market that remains awash in excess crude oil, which may ultimately drive prices even lower.



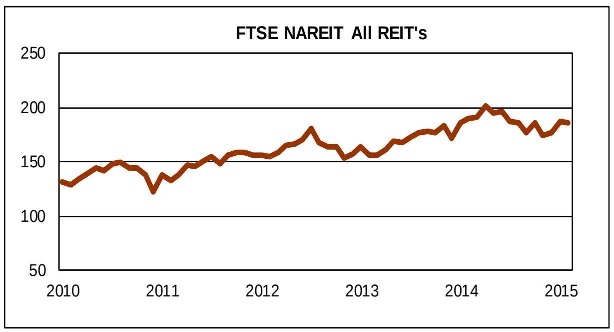






Hedge Funds

Name	MTD	QTD	YTD	1 Year	3 Year	5 Year
Global Hedge	-0.65%	0.80%	-2.27%	-3.00%	1.52%	0.03%
Convertible Arbitrage	-1.03%	-0.35%	0.99%	0.02%	0.72%	1.16%
Distressed Securities	-3.60%	-3.45%	-8.02%	-8.95%	-0.71%	-1.65%
Equity Hedge (L/S)	0.06%	1.96%	-1.23%	-1.76%	3.79%	-0.14%
Equity Market Neutral	-0.45%	0.62%	5.19%	5.20%	3.54%	0.45%
Event Driven	-1.62%	0.57%	-5.84%	-6.28%	1.38%	0.94%
Macro	2.21%	1.25%	-0.33%	0.01%	1.21%	-0.34%
Merger Arbitrage	0.00%	1.90%	7.03%	7.41%	4.79%	2.65%
Relative Value Arbitrage	-2.40%	-0.53%	-1.34%	-3.36%	-0.12%	-0.20%
Absolute Return	-0.63%	0.52%	3.16%	2.49%	2.68%	0.99%



Spot Rates

Description	Current	1 Month Ago	3 Months Ago	6 Months Ago	1 Year Ago
CAD / USD	1.33	1.31	1.31	1.25	1.13
JPY / USD	123.11	120.62	121.23	124.77	118.40
USD / GBP	1.51	1.54	1.53	1.52	1.57
USD / EUR	1.06	1.10	1.12	1.09	1.25

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

If you have any questions or comments, please feel free to contact any member of our investment team:

Tom Quealy, *Chief Executive Officer* – tom.quealy@nottinghamadvisors.com
Larry Whistler, CFA, *President/Chief Investment Officer* – larry.whistler@nottinghamadvisors.com
Nick Verbanic, *V.P./Portfolio Manager* – nick.verbanic@nottinghamadvisors.com
Matthew Krajna, CFA, *Portfolio Manager* – matthew.krajna@nottinghamadvisors.com
Brock Wilkinson, *Associate Portfolio Manager* – brock.wilkinson@nottinghamadvisors.com
Jason Cassorla, *Associate Portfolio Manager* – jason.cassorla@nottinghamadvisors.com