Nottingham Monthly Market Wrap
September 30, 2016

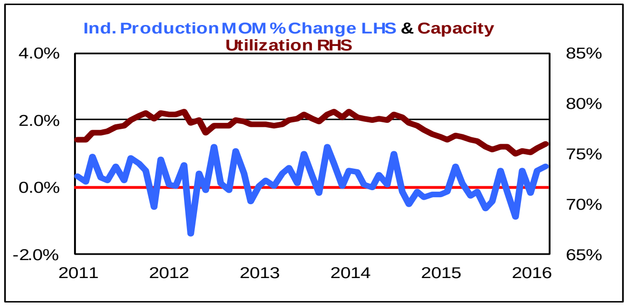
Economic Overview

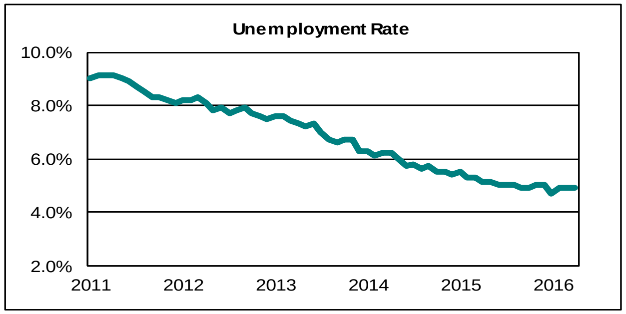
The early summer pickup in economic activity appears to have waned throughout September with softness in the housing market the primary culprit. As the third quarter comes to a close, the US economy appears to be crawling along at a subpar, albeit positive, rate of growth. It's likely the Federal Reserve took this into consideration in deciding to hold off raising interest rates at their September meeting. Currently, the futures market is pricing in just a 17% chance for a rate hike in November and a 57% chance for a quarter-point hike in December. We continue to think December is the likely month for the FOMC to take the Fed Funds rate back above 50 bps as employment remains near it's lower bound while inflation, particularly wage inflation appears to be picking up.

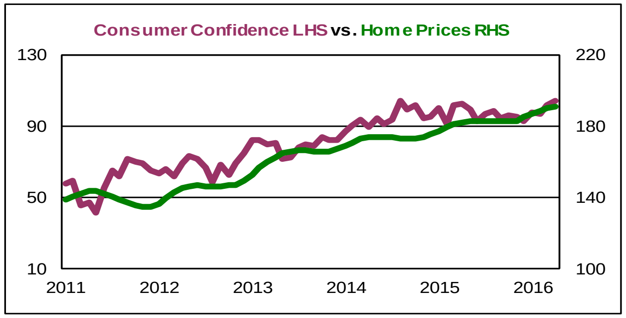
As mentioned above, housing is showing signs of weakening despite the paucity of newly built homes in many parts of the country. The latest reading on Pending Home Sales showed a decline of -2.2% YoY while Housing Starts fell -5.8% MoM and Building Permits came in -0.4% lower than the prior month. Despite spectacular summer weather in many parts of the country, Existing Home Sales declined -0.9% in August while New Home Sales fell -7.6% MoM. This weakness is contributing to some of the pullback we've seen in the Materials and Consumer spaces over the summer.

With an Unemployment Rate of +4.9%, any further gains will likely come at the expense of employee wages, which are already starting to tick higher. Average Hourly Earnings were up +0.1% MoM in August and are up +2.4% YoY, contributing to some of the decline in corporate profit margins that we've seen in 2016. Unit Labor Costs for the 2nd quarter rose +4.3%, nearly double economist's estimates for a rise of +2.1%. The latest JOLTS number (Job Openings and Labor Turnover Survey) came in at a 10+ year higher, indicating a growing demand for labor.

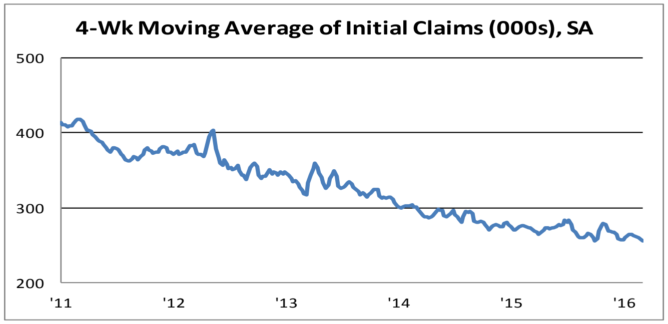
With the limits of monetary policy having been reached, it will be up to Congress to enact sufficient fiscal stimulus to take the US economy higher and GDP growth back over 3.0%. Both candidates for President have announced intentions for large scale infrastructure spending, which is sorely needed here in the US. Let's all hope that whichever candidates prevails remains true to their word, instead of offering us all another empty promise.

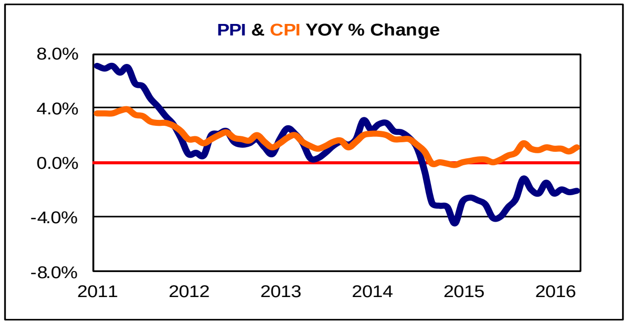






Key Data Points				
Name	**Current**	**For**	**Previous**	**For**
Retail Sales ex. Autos MOM %	-0.10%	August	-0.40%	July
Housing Starts	1142K	August	1212K	July
Factory Orders MOM %	1.90%	July	-1.80%	June
Leading Indicators MOM %	-0.20%	August	0.50%	July
Unit Labor Costs	4.30%	2Q16	-0.30%	1Q16
GDP QOQ (Annualized)	1.40%	2Q16	0.80%	1Q16
Wholesale Inventories	-0.10%	August	-0.10%	July
MBA Mortgage Applications	-0.70%	September	2.80%	August





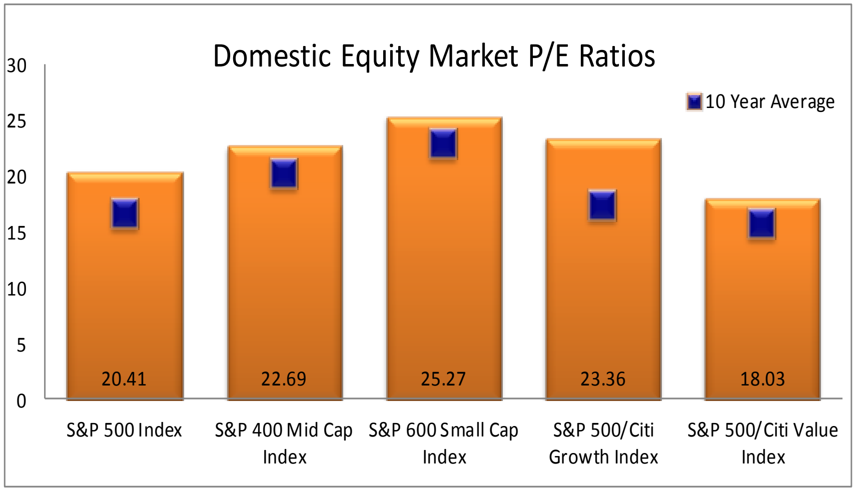
Domestic Equity

U.S. equities were mixed on the month, as investors grappled with global interest rates, muddling domestic and international economic growth, and the uncertainties surrounding the U.S. presidential election next month. Large-Cap stocks, as measured by the S&P 500, rose +0.02% during the month. Small-Caps outperformed both Large- and Mid-Caps by +62 bps and +128 bps, respectively. Small-Caps, which have returned +7.2% during the quarter, continue to outperform their larger counterparts. Growth stocks, as measured by the S&P 500/Citi Growth Index, returned +0.4%, bringing the year to date performance of the index to +9.36%. Value stocks reversed last month's trend, underperforming Growth stocks by -77 bps. Although Value has underperformed Growth over the last quarter, Value remains in leadership on the year by almost 300 bps of outperformance.

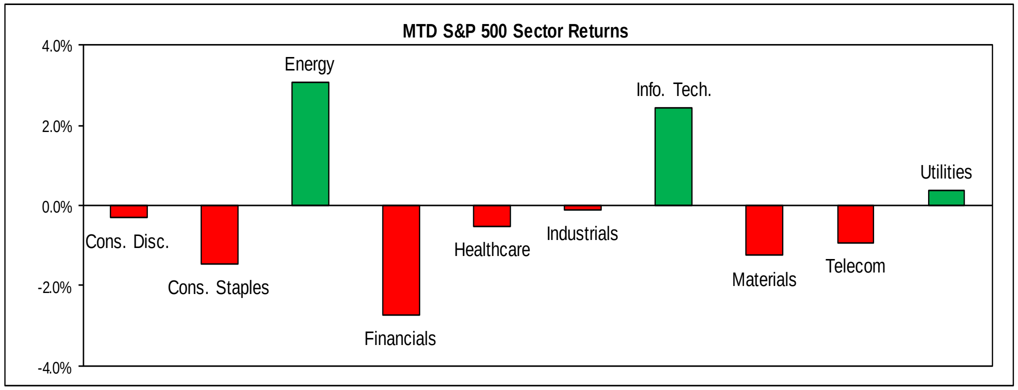
Most domestic equities look expensive compared to their historical averages, especially with the S&P 500 trading at 20.4x trailing earnings compared to its 10-year average of 16.6x. Growth stocks appear to be the most expensive compared to averages, trading at 23.4x trailing earnings while its 10-year average of only 17.4x.

From a sector standpoint, Energy and Information Technology led the pack, returning +3.08% and +2.44% on the month, respectively. Energy companies benefited from the sharp increase in oil prices from the end of August, as OPEC stated it would cut its oil output to between 32.5 million barrels per day and 33.0 million barrels per day from upwards of 33.5 million barrels per day. The Tech sector was the best performing sector over the past quarter, returning +12.86%, and outperforming the S&P 500 by over 900 bps. Information Technology's 21% weight in the S&P 500 helped keep the index positive in the month. While Financials are the second best performer on the quarter, the sector lagged all others this month, falling -2.72%. Headlines, such as Wells Fargo's fraudulent opening of accounts and the postponement of an interest rate hike both hurt the sector's performance.

Defensive sectors, such as Consumer Staples, Utilities, and Telecoms, lost much of the allure they had in the beginning of the year, with the sectors falling -2.63%, -5.91%, and -5.60% QoQ. Expectations for a December rate hike may hurt the prospects for outperformance from defensive sectors as we move towards the Fed's December monetary policy meeting.



Domestic Equity Returns						
Name	**MTD**	**QTD**	**YTD**	**1 Year**	**3 Year**	**5 Year**
S&P 500 Index	0.02%	3.85%	7.84%	15.42%	11.14%	16.35%
S&P 400 Mid Cap Index	-0.64%	4.14%	12.40%	15.33%	9.33%	16.45%
S&P 600 Small Cap Index	0.64%	7.20%	13.86%	18.07%	9.01%	17.82%
S&P 500/Citi Growth Index	0.40%	4.76%	6.38%	14.73%	12.74%	16.78%
S&P 500/Citi Value Index	-0.37%	2.94%	9.36%	15.97%	9.32%	15.84%



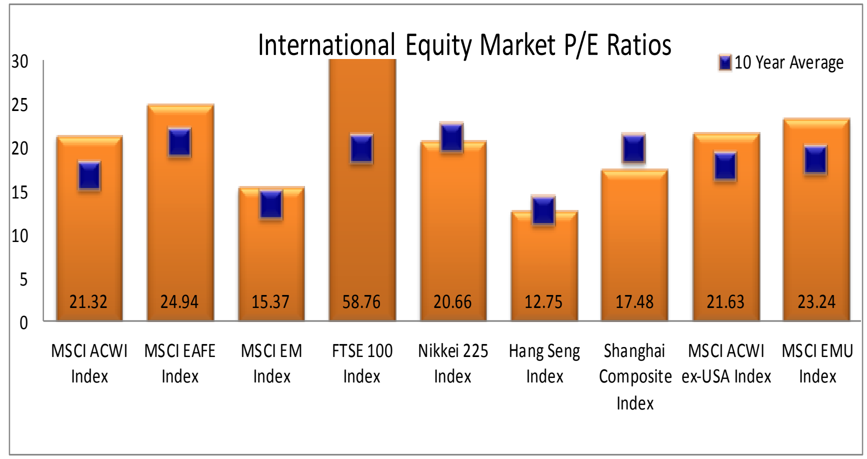
S&P 500 Sector Returns							
Sector	**MTD**	**QTD**	**YTD**	**1 Year**	**3 Year**	**5 Year**	**% of S&P 500**
Consumer Discretionary	-0.31%	2.94%	3.64%	9.64%	11.51%	20.07%	12.87%
Consumer Staples	-1.46%	-2.63%	7.55%	15.77%	13.04%	15.40%	10.90%
Energy	3.08%	2.26%	18.72%	18.96%	-2.19%	5.94%	7.11%
Financials	-2.72%	4.59%	1.40%	7.40%	8.23%	17.31%	12.34%
Healthcare	-0.51%	0.94%	1.37%	10.71%	14.34%	20.00%	14.40%
Industrials	-0.11%	4.14%	10.87%	19.70%	10.41%	17.50%	9.65%
Information Technology	2.44%	12.86%	12.51%	22.82%	17.46%	18.05%	21.11%
Materials	-1.25%	3.71%	11.45%	22.25%	6.50%	12.69%	2.86%
Telecommunications	-0.93%	-5.60%	17.86%	26.82%	9.79%	12.28%	2.56%
Utilities	0.39%	-5.91%	16.13%	17.37%	13.56%	12.08%	3.15%

International Equity

International equities managed to eke out slight gains on the month, with notable losses coming from Asia (Japan and China). Developed International equities, as measured by the MSCI EAFE Index, gained +1.25% on the month. Those gains were surpassed marginally by Emerging Markets, as measured by the MSCI EM Index, which gained +1.32% during the period. Single countries such as the United Kingdom, as measured by the FTSE 100 Index, and Hong Kong, as measured by the Hang Seng Index, outperformed both benchmarks, gaining +1.80% and +1.82% respectively on the month. Notable laggards were Japanese shares, as measured by the Nikkei 225 Index, and Chinese issues, as measured by the Shanghai Composite Index, which lost -2.0% and -2.5%, respectively. It should also be noted that at a regional level, the Eurozone, as measured by the MSCI EMU Index, squeaked out a +0.04% gain on the month, but is still down more than -2.5% on the year, underperforming both Developed International (+2.2%) and Emerging Markets (+16.3%) equities by a wide margin. This comes largely as political and economic uncertainties, as well as dwindling growth prospects have held back Eurozone equity performance.

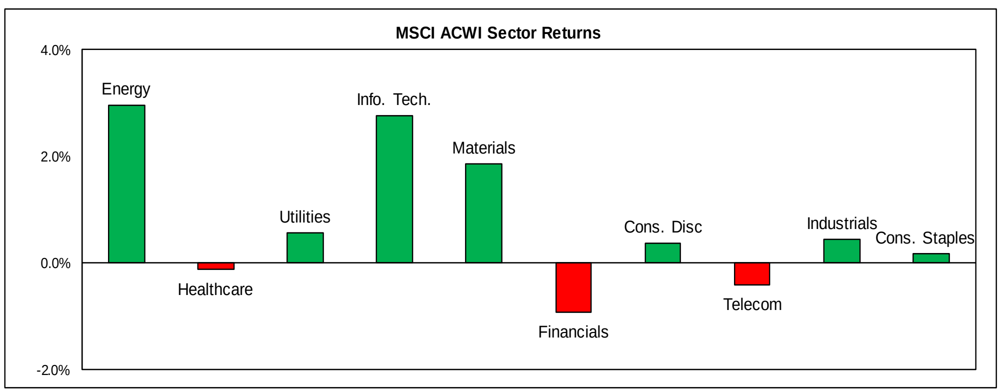
At the sector level, global Energy and Technology shares were the month's best performers, gaining +2.96% and +2.76%, respectively, as oil prices rebounded and a flurry of M&A activity propelled Tech shares. The worst performing sectors during the period were global Financials, which fell -0.93%, as company specific woes from the likes of Wells Fargo in the U.S. and Deutsche Bank in Germany dragged down the sector as a whole. Continued regulatory risks surround Wells Fargo (the largest bank in the U.S.) and Deutsche Bank (owner of the largest derivatives book in the world) as it relates to potential regulatory action and fines. At some point these shares and the sector as a whole should become buyable; however, the sizeable uncertainty around the sector and interest rates are likely to hold the sector back in the near term.

Lastly, on a valuation basis, it is becoming harder to find good value outside of the U.S. given that most major international indices trade above their 10-year average price to earnings multiples; however, on a relative value basis Emerging Markets continue to look appealing, even after a more than +16% gain YTD.



International Equity Returns

Name	MTD	QTD	YTD	1 Year	3 Year	5 Year
MSCI ACWI Index	0.65%	5.43%	7.08%	12.62%	5.77%	11.26%
MSCI EAFE Index	1.25%	6.50%	2.20%	7.10%	1.04%	7.97%
MSCI EM Index	1.32%	9.16%	16.29%	17.20%	-0.23%	3.38%
FTSE 100 Index	1.80%	7.06%	14.20%	18.46%	6.04%	10.12%
Nikkei 225 Index	-2.00%	6.33%	-12.12%	-3.66%	6.23%	15.66%
Hang Seng Index	1.82%	12.86%	10.09%	16.06%	4.41%	9.71%
Shanghai Composite Index	-2.54%	3.76%	-13.36%	0.48%	13.95%	7.60%
MSCI ACWI ex-USA Index	1.27%	7.00%	6.27%	9.83%	0.71%	6.58%
MSCI EMU Index	0.04%	6.63%	-2.54%	3.93%	7.15%	12.65%



MSCI ACWI Sector Returns

Sector	MTD	QTD	YTD	1 Year	3 Year	5 Year	% of ACWI
Energy	2.96%	2.35%	19.53%	19.03%	-4.75%	2.07%	7.22%
Healthcare	-0.12%	0.21%	-1.02%	5.85%	10.98%	16.97%	10.69%
Utility	0.56%	-2.94%	10.33%	11.76%	6.37%	6.79%	3.62%
Information Technology	2.76%	13.60%	13.58%	23.43%	14.90%	16.45%	15.32%
Materials	1.85%	9.84%	20.38%	24.62%	-0.67%	1.91%	5.35%
Financials	-0.93%	7.46%	0.64%	4.63%	2.12%	10.56%	17.30%
Consumer Discretionary	0.38%	6.59%	2.40%	7.67%	6.27%	14.98%	13.04%
Telecommunications	-0.41%	-1.50%	8.27%	12.88%	4.50%	8.34%	5.12%
Industrials	0.44%	6.18%	10.52%	17.32%	5.66%	12.52%	10.84%
Consumer Staples	0.17%	-0.31%	8.56%	14.68%	8.89%	12.72%	11.51%

Fixed Income

The bond market was once again held hostage to an increasingly divided Federal Open Market Committee, which elected to hold off raising rates at its September meeting. Fed Chair Janet Yellen cited soft business fixed investment and an inflation rate running below target as reasons for holding off on a rate hike in September; however, notably three FOMC members voted in favor of hiking 25 bps, and the odds for a December hike are now close to 60%. Following the meeting, the MOVE Index touched a one and a half year low, reflecting a growing investor complacency pervading the bond market.

Of equal importance to the Fed meeting was the Bank of Japan's latest confab in which it meaningfully altered it's monetary policy agenda, choosing to target the yield curve rather than pursuing increasingly negative interest rates. Recognizing that its negative interest rate policy was hurting bank profits, BOJ Governor Kuroda chose to target the shape of the yield curve, targeting a 0.0% rate for the Japanese 10-year note. This shift in monetary policy coming on the heels of the ECB's decision to refrain from further increasing its QE program, is seen as perhaps marking the turning point in this era of global central bank quantitative easing. The US 10-year Treasury note saw its yield surge from 1.53% to 1.73% during September as investors positioned for what could be the bottom in global interest rates.

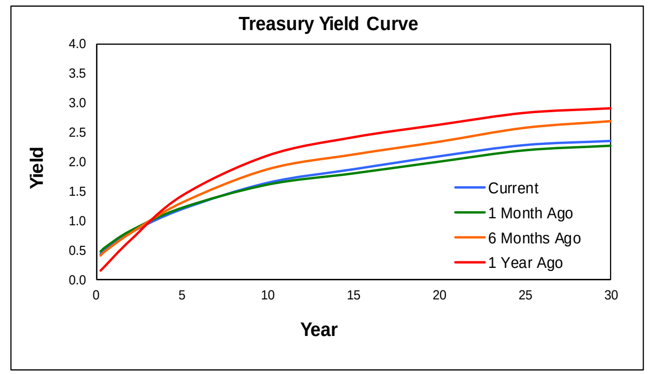
A stable equity market and continued strong demand for bonds has contributed to a strong year for high yield debt with the ML US High Yield Master II Index climbing +0.65% in September and up +15.3% YTD. Junk-rated spreads to government bonds have declined throughout 2016 after peaking in February at +888 bps, now checking in at +510 bps. With the 10-year average spread of 634 bps over Treasuries, high-yield bonds, like the equity market itself, appears to be priced for perfection, with any unanticipated spike in the corporate default rate likely to deal investors a serious setback. For now default rates ex-energy remain modest, in no small part due to the large issuance of cov-lite and other issuer friendly debt seen over the past decade. While we don't anticipate any near-term stress in this space, we would be on guard, favoring the higher end of the non-investment grade spectrum of securities.

Central Bank Activity

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

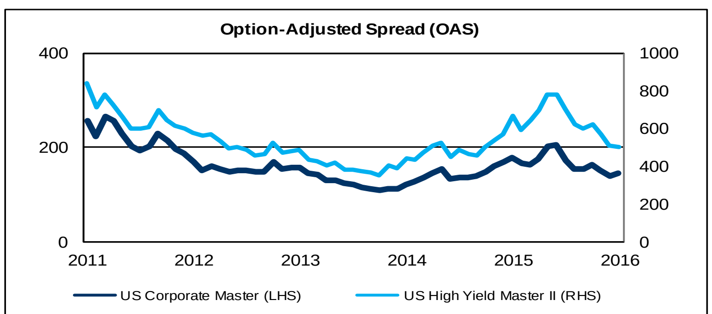
Fixed Income Returns

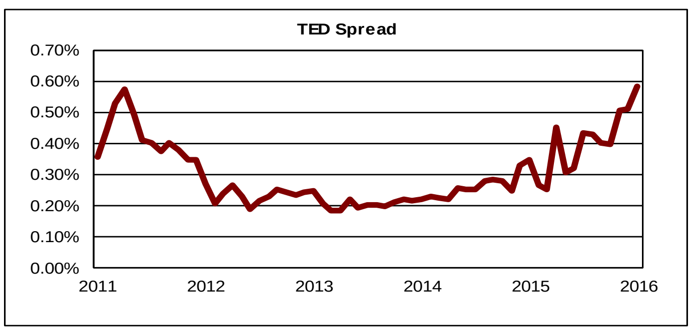
Name	MTD	QTD	YTD	1 Year
ML U.S. Treasury/Agency Master Index	-0.17%	-0.31%	5.22%	4.25%
ML U.S. Broad Market Index	-0.09%	0.43%	5.87%	5.27%
ML U.S. Corporate Master Index	-0.29%	1.44%	9.11%	8.50%
ML U.S. High Yield Master II Index	0.65%	5.49%	15.32%	12.82%
ML USD Emerging Market Sovereign & Credit Index	1.19%	5.47%	17.85%	20.40%
ML Global Government Bond II Index	-0.17%	-0.33%	6.16%	6.08%
ML Municipal Master Index	-0.48%	-0.31%	4.09%	5.88%
ML Municipal High Yield Index	0.79%	2.40%	11.05%	12.51%

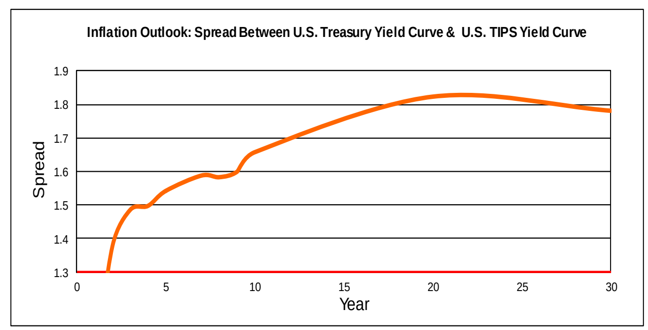


U.S. Treasury Yields

Period	3 Month	6 Month	2 Year	5 Year	10 Year	15 Year	20 Year	25 Year	30 Year
Current	0.43%	0.51%	0.79%	1.19%	1.64%	1.87%	2.09%	2.28%	2.35%
1 Month Ago	0.47%	0.54%	0.82%	1.21%	1.61%	1.80%	2.00%	2.19%	2.27%
6 Months Ago	0.40%	0.47%	0.78%	1.30%	1.87%	2.12%	2.34%	2.57%	2.68%
1 Year Ago	0.15%	0.22%	0.67%	1.42%	2.10%	2.41%	2.62%	2.83%	2.90%





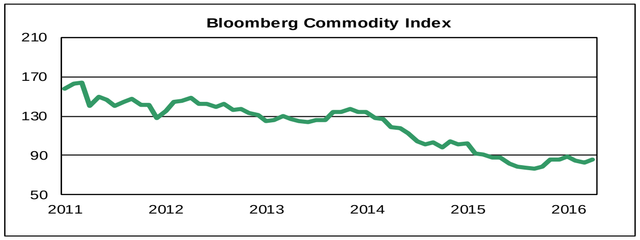


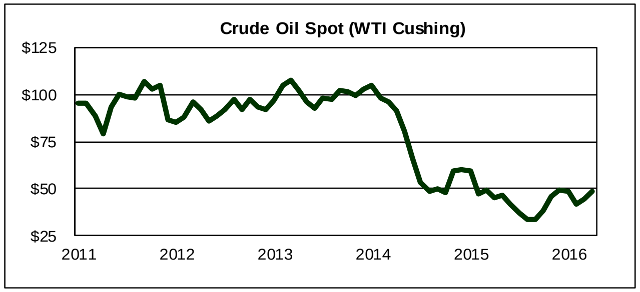
Alternative Investments

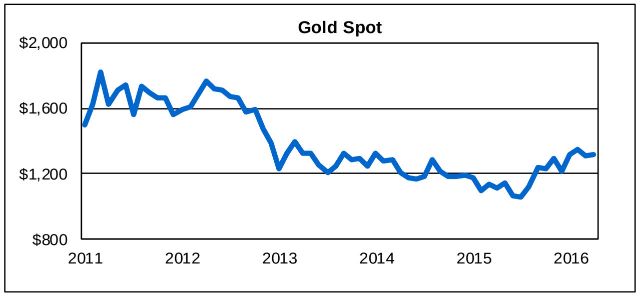
Alternative investments fared well in September, given the headline event risks on the calendar at the beginning of the month. The Federal Reserve decided to keep interest rates at rock bottom levels in September, which caused the Dollar, as measured by the DXY index, to sell off slightly. The Dollar finished the month down -0.6%, and is now down -3.2% on the year as the Fed has yet to tighten monetary policy after forecasting four rate hikes this year back in December 2015. The selloff in the Dollar caused Gold to rally, with spot prices closing the month at $1,316/ounce up +0.5% on the month. Gold prices have fallen in recent months, but are nonetheless up +24.0% on the year. Real Estate Investment Trusts (REITs), as measured by the FTSE NAREIT All REIT Index, also sold off during the month, falling -2.0%. While the decline in REIT shares was modest, the asset class still managed to perform worse than other high yielding equity sectors such as Consumer Staples (-1.46%), Telecoms (-0.93%), and Utilities (+0.46%). On a year to date basis, REITs have gained +9.3%, ranking the sector 7th out of the now 11 GICS sectors, as REITs were broken out from the Financial sector this month.

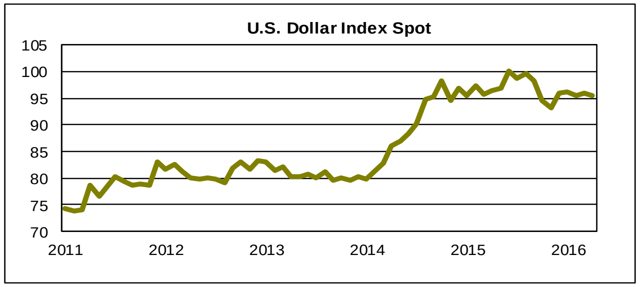
The Bloomberg Commodities Index gained +3.1% on the month, thanks to a +7.9% gain in West Texas Intermediate (WTI) crude oil. Crude gains came mostly towards the end of the month as OPEC member nations agreed to a production cut of 750,000 barrels per day. While OPEC did manage to come to an agreement, the timing of implementation and size of the output cut are likely not to be as impactful as headlines profess. This is largely due to the fact U.S. shale producers are now the marginal producer and have been increasing production for weeks. Not to mention that OPEC members have never been known to actually adhere to their own quotas or mandates, historically disregarding them to gain a competitive advantage against their rivals (i.e. Iran and Saudi Arabia). Last week's jawboning by OPEC oil ministers likely comes too late, with cuts likely be too small to cause crude prices to surge anytime soon.

On the currency front, the Pound continued to weaken versus the U.S. Dollar, finishing the month at $1.30 USD/GBP, down from $1.44 USD/GBP six months ago pre-Brexit. The Pound is likely to come under increasing pressure in the near term as U.K. lawmakers plan for a formal exit from the European Union (EU). Over the weekend, PM May announced that Article 50 will likely be enacted in early 2017, with a full exit from the EU unlikely until closer to 2020. With years of uncertainty ahead for the U.K., and by extension the rest of Europe, both the Pound and Euro could continue to come under pressure against political and economic uncertainties, stagnating growth, and continued quantitative easing (QE) from both the Bank of England (BoE) and the European Central Bank (ECB).



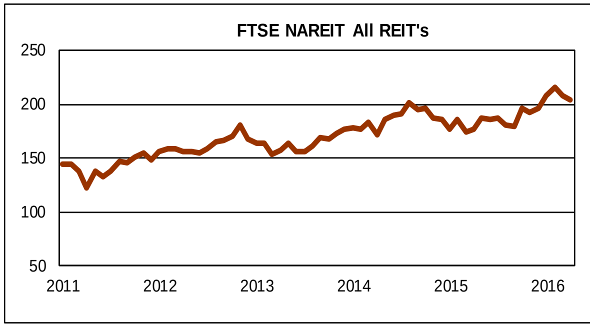






Hedge Funds

Name	MTD	QTD	YTD	1 Year	3 Year	5 Year
Global Hedge	0.27%	1.73%	0.89%	-1.80%	-0.05%	0.61%
Convertible Arbitrage	1.04%	3.32%	4.85%	2.73%	-1.33%	1.87%
Distressed Securities	1.65%	5.43%	13.22%	2.74%	0.76%	0.55%
Equity Hedge (L/S)	0.05%	2.04%	-1.96%	-3.21%	0.84%	1.31%
Equity Market Neutral	-0.28%	0.90%	-4.08%	-1.29%	2.30%	-0.20%
Event Driven	1.53%	3.94%	7.31%	3.21%	0.16%	2.60%
Macro	-1.13%	-0.83%	-1.16%	-2.11%	0.87%	-0.97%
Merger Arbitrage	0.03%	0.29%	2.71%	6.32%	4.93%	3.29%
Relative Value Arbitrage	0.28%	1.11%	-0.65%	-4.92%	-1.77%	-0.52%
Absolute Return	-0.17%	0.45%	0.21%	0.68%	1.93%	1.50%



Spot Rates

Description	Current	1 Month Ago	3 Months Ago	6 Months Ago	1 Year Ago
CAD / USD	1.31	1.31	1.29	1.30	1.33
JPY / USD	101.35	103.43	103.20	112.57	119.88
USD / GBP	1.30	1.31	1.33	1.44	1.51
USD / EUR	1.12	1.12	1.11	1.14	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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