Nottingham Monthly Market Wrap

August 31, 2016

Nottingham Advisors

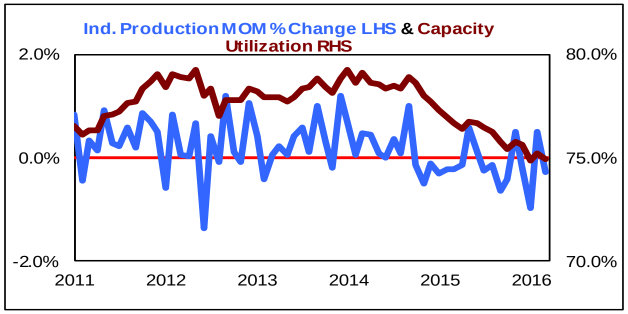
Economic Overview

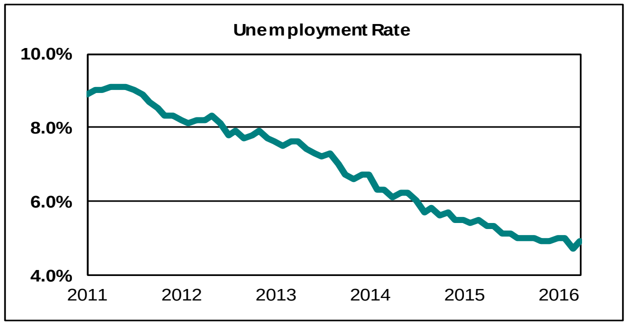
August economic data broadly missed market expectations, as the Citi U.S. Eco Surprise Index, a gauge of whether or not key economic data releases beat or missed market expectations, fell from 16.30 at the end of July to 13.50 at the end of August. What's more, the index reached a 52-week high on July 26th, with a reading of 43.10, the highest reading since December 2014, highlighting recent weakness. The second look at Q2 GDP was revised down slightly to +1.1% Q/Q, from +1.2% Q/Q prior, even as personal consumption, which represents nearly 70% of the U.S. economy, rose at a +4.4% annual rate, from +4.2% prior, and ahead of expectations for an unchanged reading.

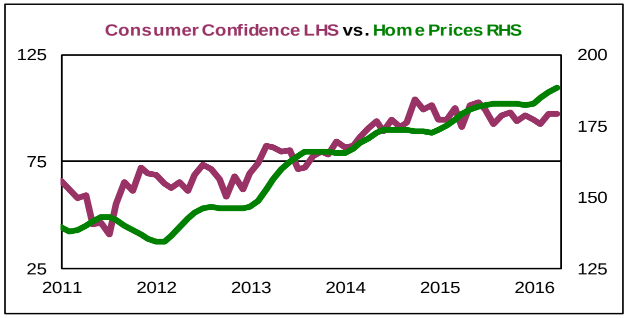
Non-farm payrolls rose +255,000 in July, ahead of market expectations for a +180,000 gain. Net revisions from the prior two months totaled +18,000, adding to an overall strong employment report. The headline Unemployment Rate was unchanged at 4.9%, while the Underemployment Rate rose slightly to 9.7%, from 9.6% prior. The Labor Force Participation Rate ticked up slightly to 62.8%, from 62.7% prior. Perhaps most importantly, average hourly earnings rose +0.3% M/M, ahead of market expectations for a +0.2% M/M gain. On an annual basis, wages rose +2.6% Y/Y in July, continuing an upward sloping trend of rising wages and a strengthening employment picture.

Headline inflation, as measured by the Consumer Price Index (CPI) was unchanged in July, while CPI ex- Food and Energy rose +0.1% M/M, slightly less than the +0.2% M/M expectation. On a year over year basis, headline CPI rose +0.8% in July, shy of expectations for a +0.9% Y/Y gain. Stripping out food and energy, core CPI rose +2.2% Y/Y in July, short of estimates for a +2.3% Y/Y gain. While CPI continues to remain healthy, the Fed's preferred inflation metric, the core Personal Consumption Expenditure (PCE) Index rose +1.8% Q/Q, ahead of the prior reading of +1.7% and an unchanged expectation.

From a housing standpoint, home prices leveled off slightly, with the S&P CoreLogic CS Index rising +5.1% Y/Y in June, in line with expectations. Housing starts rose +2.1% M/M to an annualized 1.21 million rate in July, ahead of expectations for a decline to 1.18 million, while building permits fell -0.1% M/M to a 1.15 million annualized rate, missing expectations for a +0.6% M/M gain to 1.16 million. Additionally, New Home Sales rose +12.4% M/M in July to a 654,000 annualized rate, beating market expectations for a -2.0% M/M decline to 580,000, while Existing Home Sales fell -3.2% M/M to 5.39 million units, shy of expectations for a -1.1% M/M decline to 5.51 million units. Lastly, the National Association of Home Builders (NAHB) housing price index rose from 59 in July to 60 in August, continuing to show positive momentum in the housing market.

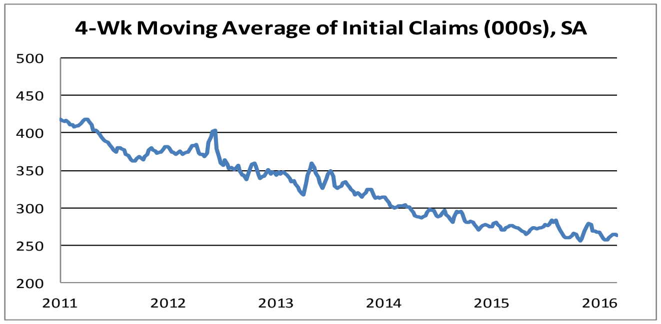


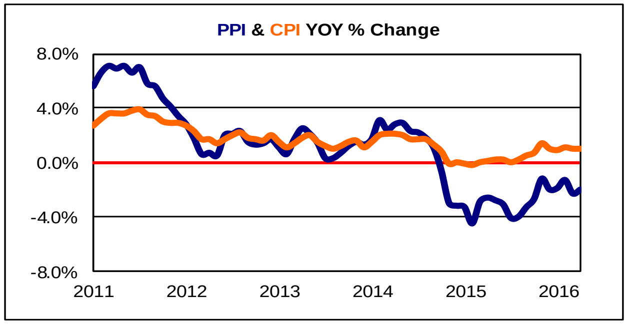




Key Data Points

Name	Current	For	Previous	For
Retail Sales ex. Autos MOM %	-0.30%	July	0.90%	June
Housing Starts	1211K	July	1186K	June
Factory Orders MOM %	-1.50%	June	-1.20%	May
Leading Indicators MOM %	0.40%	July	0.30%	June
Unit Labor Costs	4.30%	Q2 2016	-0.30%	Q1 2016
GDP QOQ (Annualized)	1.10%	Q2 2016	0.80%	Q1 2016
Wholesale Inventories	0.00%	July	0.20%	June
MBA Mortgage Applications	2.80%	August	-3.50%	July



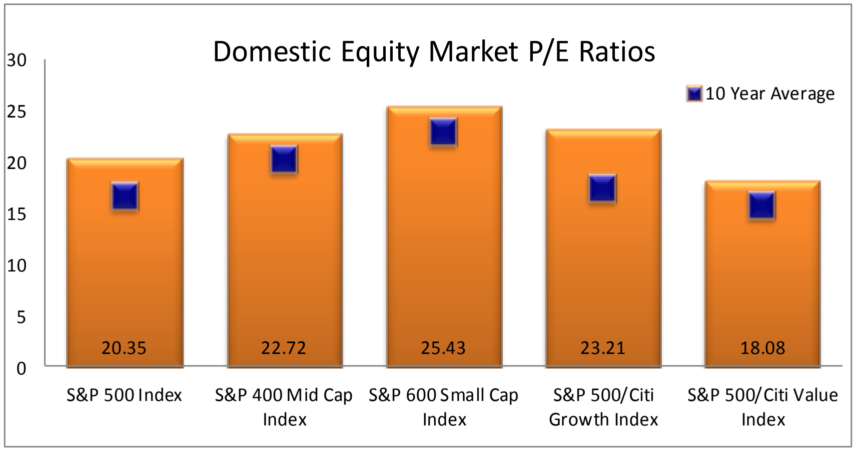


Domestic Equity

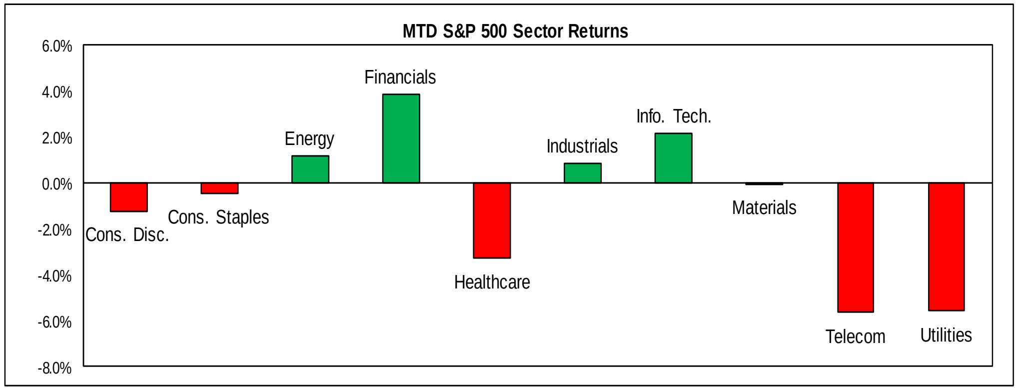
U.S. equities finished out the month of August in positive territory, continuing an upward trend post "Brexit." Small-caps led the market higher, rising +1.36%, while mid- and large-caps followed suit, rising +0.50% and +0.14%, respectively. Small-caps have emerged as market leaders over the past few months, and are outperforming their mid- and large-cap peers on a year to date basis, up +13.14%. The rally in small-caps has been mirrored by mid-caps as well, which are up +13.12% on the year, albeit stealthily.

Large-caps, as measured by the S&P 500 have lagged their smaller cap brethren, gaining "only" +7.82% on the year. Not bad for a year in which oil fell below $30/bbl in February, and large-cap equities were once down nearly double digits. Within the large-cap space, much dispersion has occurred at the style and sector levels. From a style perspective, Growth stocks as measured by the S&P 500/Citi Growth Index, lagged Value stocks, as measured by the S&P 500/Citi Value Index, by 78bps on the month. On the year, the delta between Growth and Value stands at +381bps in favor of Value stocks thanks to the rise in Energy stocks (+15.17% on the year), which are a large component of the Value stock index.

At the sector level, a rotation out of defensive sectors such as Telecoms (-5.67%), Utilities (-5.62%), and Healthcare (-3.32%) stocks, and into more cyclical sectors such as Financials (+3.83%), Technology (+2.12%), and Industrials (+0.83%) clearly took place in August, and may continue as the Fed gears up for a potential interest rate hike in September or December. Logically, as interest rates get set to rise, the relative attractiveness of defensive sectors, which have run up in price so far this year and look relatively expensive, should wane. Telecoms and Utilities remain the two top performing sectors on a year to date basis, having gained +18.96% and +15.67%, respectively. Should interest rates rise, these sectors could be at risk, while year to date laggards such as Financials, should benefit. Financials have gained +4.24% on the year, but most of that has taken place post "Brexit" and specifically in the month of August. We would expect this trend to continue into the end of the year, barring poor economic data that would likely keep the Fed on hold into December or early 2017.



Domestic Equity Returns						
Name	**MTD**	**QTD**	**YTD**	**1 Year**	**3 Year**	**5 Year**
S&P 500 Index	0.14%	3.83%	7.82%	12.54%	12.27%	14.66%
S&P 400 Mid Cap Index	0.50%	4.81%	13.12%	12.32%	11.42%	14.02%
S&P 600 Small Cap Index	1.36%	6.51%	13.14%	13.22%	10.98%	15.14%
S&P 500/Citi Growth Index	-0.29%	4.34%	5.96%	11.76%	13.97%	15.11%
S&P 500/Citi Value Index	0.59%	3.32%	9.77%	13.16%	10.34%	14.13%

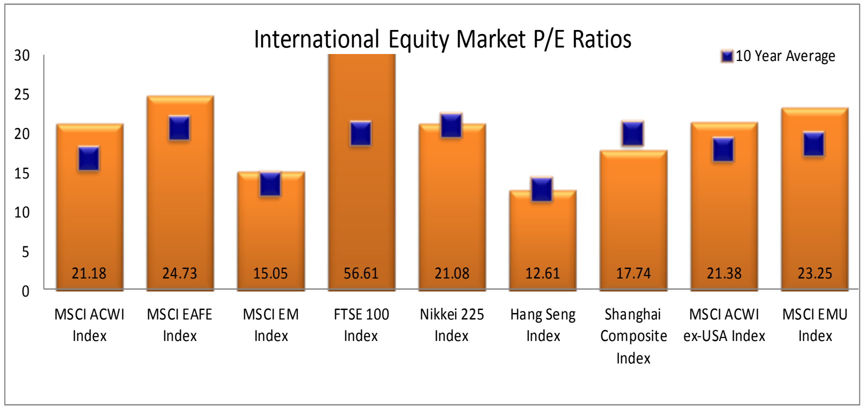


S&P 500 Sector Returns							
Sector	**MTD**	**QTD**	**YTD**	**1 Year**	**3 Year**	**5 Year**	**% of S&P 500**
Consumer Discretionary	-1.24%	3.26%	3.96%	9.29%	13.60%	18.46%	12.47%
Consumer Staples	-0.48%	-1.19%	9.15%	18.10%	14.08%	14.96%	11.10%
Energy	1.15%	-0.80%	15.17%	7.71%	-2.61%	2.52%	6.88%
Financials	3.83%	7.51%	4.24%	7.11%	10.21%	15.14%	15.80%
Healthcare	-3.32%	1.46%	1.88%	4.97%	15.72%	19.04%	14.41%
Industrials	0.83%	4.25%	10.99%	17.64%	12.49%	15.27%	9.78%
Information Technology	2.12%	10.17%	9.83%	18.69%	17.61%	16.68%	20.93%
Materials	-0.07%	5.02%	12.86%	14.69%	8.49%	9.02%	2.91%
Telecommunications	-5.67%	-4.72%	18.96%	23.40%	9.95%	12.24%	2.58%
Utilities	-5.62%	-6.27%	15.67%	20.32%	13.83%	12.03%	3.15%

International Equity

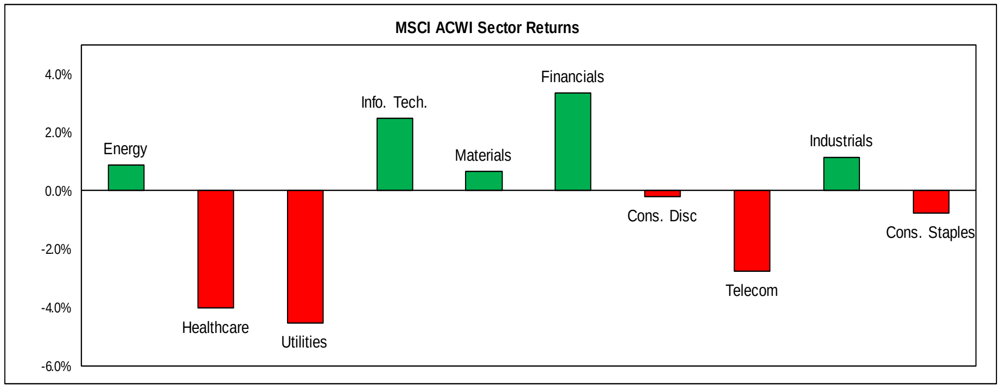
International equities posted positive returns in August, led higher by risk assets such as Emerging Markets. The MSCI EM Index returned +2.52% during the period, while select EM countries such as Hong Kong's Hang Seng Index (+5.23%) and China's Shanghai Composite (+3.87%) outperformed. Looking at the broader international developed equity space a different trend occurred. International developed equities, as measured by the MSCI EAFE Index rose a scant +0.10% on the month, while select countries and regions performed meaningfully better. Eurozone stocks, as measured by the MSCI EMU Index, rose +1.36% during the month, and are up +6.59% so far this quarter. So much for "Brexit" fears. Moreover, the FTSE 100, a measure of the top 100 companies on the London Stock Exchange, rose +1.68% on the month, and has also shrugged off "Brexit" uncertainty by rising +5.17% during the quarter. Japanese equities, as measured by the Nikkei 225 Index, performed even better, gaining +1.99% during the month. Their quarter to date tally is an even stronger gain of +8.50%. From a sector standpoint, defensive sectors such as Utilities, Telecoms, and Healthcare underperformed during the month, as cyclical sectors such as Financials, Tech, and Industrials led the way.

Turning back to Emerging Markets, market sentiment remains strong in terms of asset flows into EM equity and fixed income funds as well as relative strength. As an asset class, believer's in mean reversion are still waiting for EM's day in the sun. Trailing 5-year annual performance for Emerging Markets has been a dismal -0.09% per annum. This stands in stark contrast to the MSCI EAFE Index (+5.59% over the same time frame) and the S&P 500 (+14.66% annual return over the past 5-years). That return gap has potential to close as investors realize the diverging growth prospects of EM countries compared to Developed Market (DM) countries, meaning expectations are for EM to grow faster than DM moving forward. Couple that idea with attractive relative and absolute valuations within EM, and there's still potential for more gains ahead. However, EM equities remain one of the most volatile asset classes, and have rallied nearly +30% off their February lows, highlighting the potential for consolidation in the near term, especially with a Fed rate hike on deck. For longer-term investors, EM equities remain a compelling trade, albeit for those who can stomach the volatility.



International Equity Returns

Name	MTD	QTD	YTD	1 Year	3 Year	5 Year
MSCI ACWI Index	0.39%	4.75%	6.39%	7.90%	7.34%	8.94%
MSCI EAFE Index	0.10%	5.18%	0.94%	0.47%	3.06%	5.59%
MSCI EM Index	2.52%	7.74%	14.77%	12.23%	1.45%	-0.09%
FTSE 100 Index	1.68%	5.17%	12.18%	13.01%	5.71%	8.67%
Nikkei 225 Index	1.99%	8.50%	-10.32%	-8.89%	9.91%	15.64%
Hang Seng Index	5.23%	10.85%	8.12%	10.39%	5.71%	6.12%
Shanghai Composite Index	3.67%	6.47%	-11.10%	-1.73%	16.39%	6.39%
MSCI ACWI ex-USA Index	0.66%	5.66%	4.95%	3.49%	2.57%	3.85%
MSCI EMU Index	1.36%	6.59%	-2.58%	-0.90%	9.24%	11.32%



MSCI ACWI Sector Returns

Sector	MTD	QTD	YTD	1 Year	3 Year	5 Year	% of ACWI
Energy	0.90%	-0.59%	16.10%	6.97%	-4.64%	-1.29%	6.79%
Healthcare	-4.03%	0.34%	-0.90%	-0.48%	12.37%	15.82%	10.41%
Utility	-4.53%	-3.48%	9.71%	11.00%	7.84%	5.91%	3.51%
Information Technology	2.49%	10.55%	10.53%	18.54%	15.48%	14.79%	14.62%
Materials	0.67%	7.84%	18.19%	12.58%	0.62%	-2.40%	5.11%
Financials	3.37%	8.46%	1.58%	1.48%	4.38%	7.93%	20.28%
Consumer Discretionary	-0.21%	6.19%	2.01%	5.10%	8.52%	12.86%	12.60%
Telecommunications	-2.77%	-1.09%	8.71%	6.86%	6.69%	7.18%	5.00%
Industrials	1.17%	5.71%	10.04%	12.43%	8.02%	9.82%	10.53%
Consumer Staples	-0.78%	-0.48%	8.37%	14.56%	10.12%	11.47%	11.14%

Fixed Income

Federal Reserve officials were out in full force during the month of August, highlighted by the Fed's annual Jackson Hole symposium in Wyoming. Fed Vice Chair Stanley Fischer was quick to iterate his hawkish tone, which was followed up by commentary from Fed Chair Janet Yellen, which highlighted the resiliency of the U.S. economy, and put the September FOMC meeting in focus. Looking at Fed Funds futures, which infer the market's probability of a Fed rate hike, a notable shift has taken place since the end of the second quarter. According to data compiled by Bloomberg and Strategas, the probability of a September rate hike stood at just 2% on June 30th, only to rise to 26% on August 23rd pre-Jackson Hole, and then to 42% on August 29th post-Jackson Hole. Those expectations stand at 32% as of this morning. Furthermore, it's important to point out that the expectations for a November rate hike are largely in line with the September probability; however, December still remains a little better than a coin flip at 58%. Coupled with the hawkish rhetoric from numerous Fed officials, it can be suggested that a decent August employment report, due out tomorrow, could be the final data point that causes the Fed to consider raising rates at its September 20-21 meeting.

U.S. Treasury yields backed up to 1.62% at the end of August, rising +13 basis points from a month ago, as markets re-priced ahead of September's FOMC meeting. The 2/10 Treasury spread continued to contract, dropping to 79bps in August, from 81bps in July. The back up in rates caused the ML U.S. Treasury/Agency Master Index to fall -0.55% during the month. Broadly speaking, the ML U.S. Broad Market Index fell -0.14%, highlighting the relative demand and attractiveness of investment grade corporate bonds, which continue to be the favorite when it comes to finding yield in the current environment. Investors continue to be forced to reach for yield by moving down the credit spectrum, as seen by the performance of the ML Corporate Master Index, ML U.S. High Yield Master II Index, and ML USD Emerging Markets Sovereign & Credit Index, which rose +0.27%, +2.23%, and +2.01%, respectively during the period. Fixed income asset classes, especially the riskier credit sensitive areas, continue to post equity like returns year to date. U.S. High Yield and Dollar denominated EM debt have gained +14.58% and +16.46% apiece, while even higher quality fixed income asset classes have returned between +5-10% year to date.

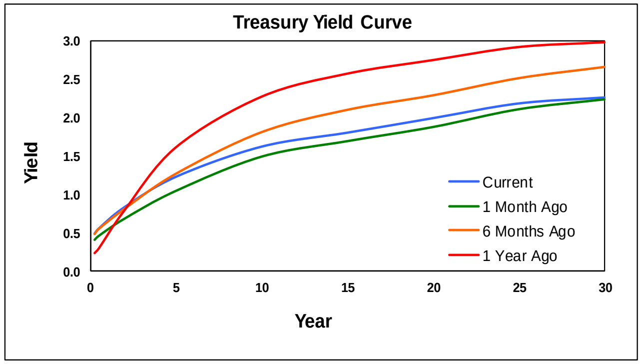
International sovereign debt with negative yields continues to pile up, reiterating the relative attractiveness of U.S. corporate debt and Treasuries. Even if the Fed decides to raise interest rates in September, there is likely a natural ceiling in the short term, as international investors would likely flock to higher yielding risk free assets in the U.S., keeping yields in check.

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%	0.50%	0.50%	0.50%

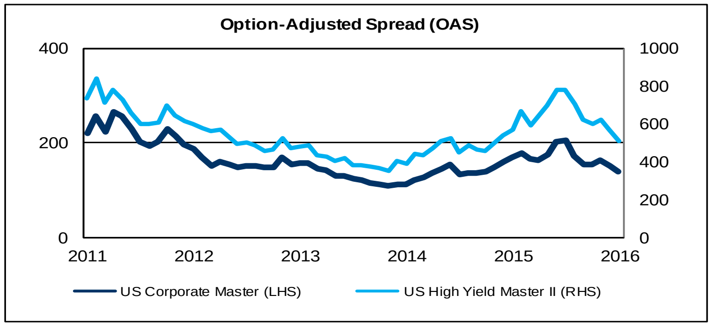
Fixed Income Returns

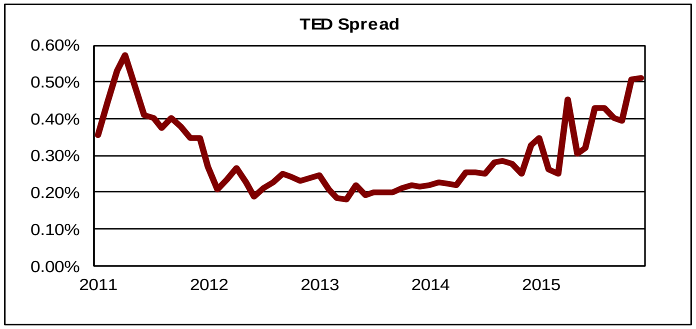
Name	MTD	QTD	YTD	1 Year
ML U.S. Treasury/Agency Master Index	-0.55%	-0.14%	5.40%	2.35%
ML U.S. Broad Market Index	-0.14%	0.51%	5.97%	6.06%
ML U.S. Corporate Master Index	0.27%	1.73%	9.42%	9.38%
ML U.S. High Yield Master II Index	2.23%	4.81%	14.58%	9.18%
ML USD Emerging Market Sovereign & Credit Index	2.01%	4.23%	16.46%	19.36%
ML Global Government Bond II Index	-0.41%	-0.16%	6.34%	7.20%
ML Municipal Master Index	0.23%	0.18%	4.59%	7.11%
ML Municipal High Yield Index	0.74%	1.61%	10.18%	14.88%

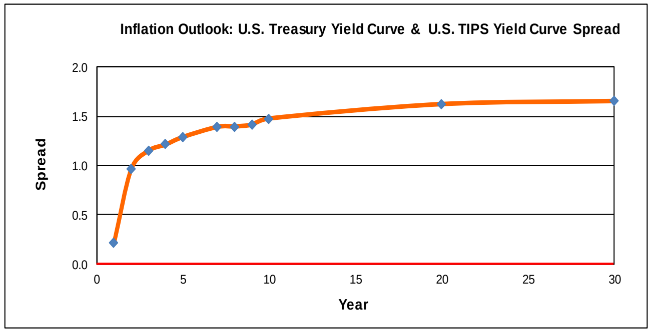


U.S. Treasury Yields

Period	3 Month	6 Month	2 Year	5 Year	10 Year	15 Year	20 Year	25 Year	30 Year
Current	0.49%	0.56%	0.83%	1.23%	1.62%	1.80%	1.99%	2.18%	2.26%
1 Month Ago	0.41%	0.46%	0.68%	1.05%	1.49%	1.69%	1.88%	2.11%	2.24%
6 Months Ago	0.48%	0.55%	0.81%	1.27%	1.81%	2.10%	2.29%	2.51%	2.66%
1 Year Ago	0.23%	0.30%	0.79%	1.61%	2.27%	2.57%	2.75%	2.92%	2.98%





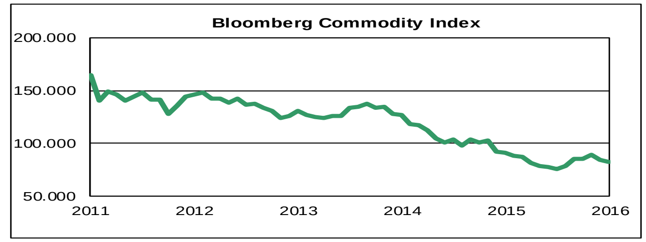


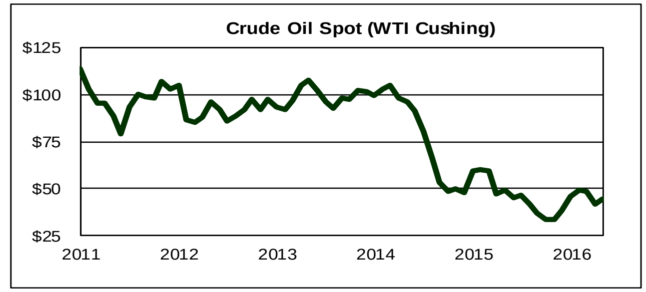
Alternative Investments

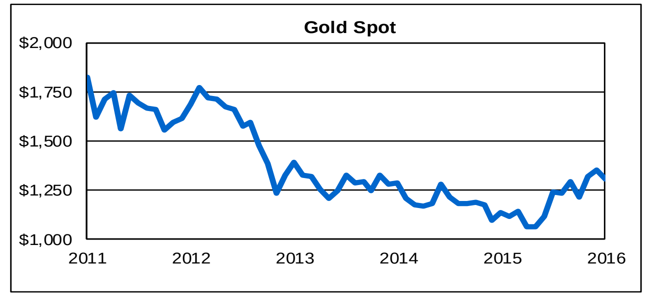
Alternative investments were a mixed bag in August, as changes in expectations for the Fed Funds rate impacted many asset classes from currencies, commodities, and real estate. Market based probabilities of a Fed rate hike in September changed meaningfully after many hawkish comments from Fed Vice Chair Stanley Fischer and Fed Chair Janet Yellen in Jackson Hole, WY. These changing expectations, well in place before Jackson Hole, caused a rally in the U.S. Dollar, as measured by the DXY Index, which gained +0.5% on the month. The Dollar's strength also caused gold to fall by -3.1% during the month to close at $1,309/ounce. Gold has remained in a consolidated trading range over the past three months after rallying more than +17.9% during the first four months of the year. Since then, the shiny metal has gained a mere +1.2%, highlighting the slowing momentum heading into September. Real Estate Investment Trusts (REITs), as measured by the FTSE NAREIT All REIT Index, fell -3.5% on the month, as defensive yield oriented sectors felt the pain of the prospects for higher interest rates. It will be interesting to see the attention that REITs get in the coming weeks and months as Standard & Poor's makes REITs the 11th GICS sector. REITs have previously been lumped in with broader Financials, but will be separated on a stand alone basis moving forward.

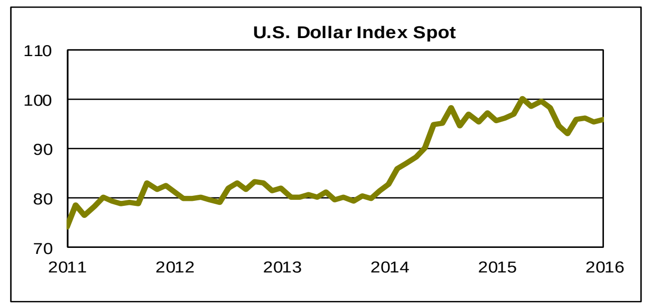
The strong Dollar also caused a mix reaction amongst the major commodities within the Bloomberg Commodity Index, which fell -1.8% during the month, even as West Texas Intermediate (WTI) crude oil rallied +7.5% during the month to close at $44.70/bbl. Oil continues to be a topic of hot discussion – is the next major move up or down? While nobody has the answer to that question, a reasonable answer is that oil is likely to stay in a trading range of $40-$60/bbl for the foreseeable future as excess inventories and stockpiles are worked off. This trading range, while broad based and general in nature, is largely defined by management commentary from large oil producers in the U.S. For example, we've heard the management team at Pioneer Natural Resources talk of profitability at $45/bbl oil at which they would add drilling rigs. WTI briefly traded above $50 earlier this summer, and we've seen the Baker Hughes rig count increase for weeks on end, albeit slowly off of a depressed base. This evidence most likely points to a price ceiling on oil in the short term, as higher prices naturally cause more oil production to come on line as companies can maintain profitability within the $40-$60 range.

The currency market was fairly stable in August, with all eyes focused on the Federal Reserve's upcoming decision on interest rates due in September. Interestingly, the Bank of Japan (BoJ) meets the same day, and could announce further stimulus as part of their strategic review. So while the Summer months have been a lull in terms of currency movements, the Fall should be filled with multiple major central bank announcements that are likely to move currency and asset class prices alike.



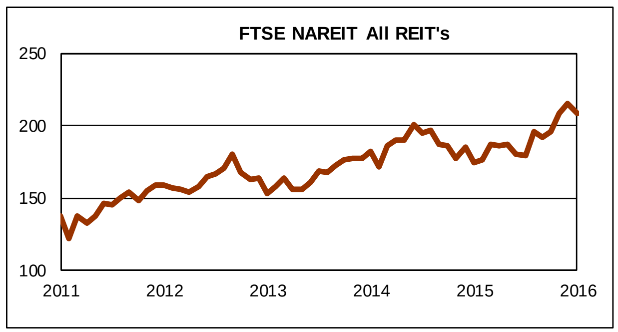






Hedge Funds

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	1.30	1.30	1.35	1.31
JPY / USD	103.43	102.06	110.73	112.69	121.23
USD / GBP	1.31	1.32	1.45	1.39	1.53
USD / EUR	1.12	1.12	1.11	1.09	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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