Nottingham Monthly Market Wrap

July 31, 2016

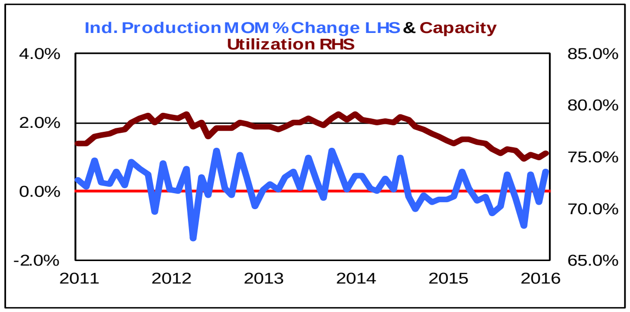
Economic Overview

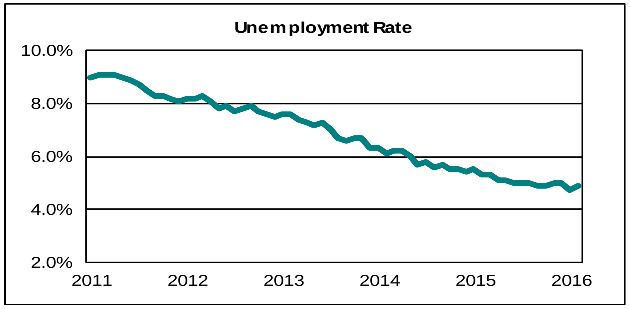
July ended with a bit of an economic thud, as the first look at second quarter GDP failed to inspire much confidence that the US economy was turning a corner. Second quarter growth came in at just +1.2%, versus expectations for a +2.5% annualized real growth rate. Adding insult to injury, first quarter growth estimates were revised down to +0.8% from +1.1%, further reinforcing the notion of a muddle-through economy. As noted in the weekend headline of the Wall Street Journal, the +2.1% average annual growth rate since the end of the 2008 recession marks the weakest expansion since 1949. As we've highlighted here before, however, despite lackluster GDP growth, many other areas of the economy continue to do well, specifically on the employment front, housing and with respect to the consumer.

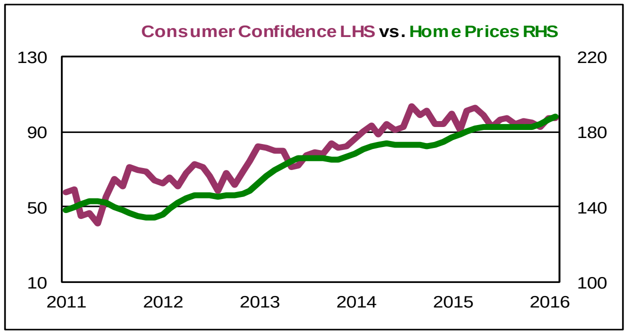
Nonfarm payrolls surged +287,000 in June while the unemployment rate ticked slightly higher to 4.9% from the prior month's 4.7%. The underemployment rate dropped slightly to 9.6% from 9.7% while the labor force participation rate edged up to 62.7% from 62.6%. Average hourly earnings rose slightly in June and are up +2.6% from a year ago. Weekly initial jobless claims averaged 256,000 during July, continuing their downtrend.

Home prices leveled off in May with the S&P CaseShiller Home Price Index declining -0.05% in May, though still up +5.24% YoY. Housing Starts surged +4.8% in June while Building Permits edged up +1.5%. New Home Sales increased a better than expected +3.5% while Existing Home Sales rose +1.1% versus expectations for a decline of -0.9%. Record low interest rates continue to spur new home buying as inventories generally remain low.

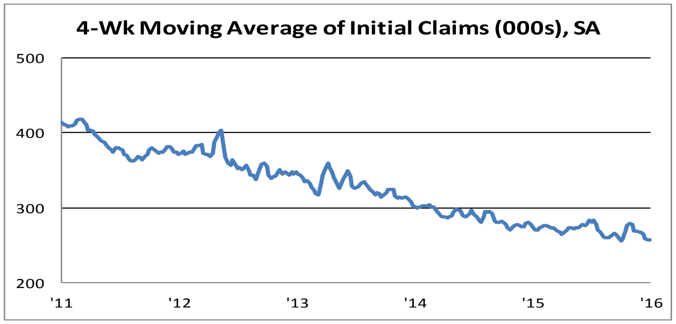
Inflation remains below longer-term averages as CPI for June came in at +0.2% MoM (+1.0% YoY) while the core measure also came in +0.2% MoM but a slightly stronger +2.3% YoY. Producer prices rose +0.5% MoM (but up just +0.3% YoY) while core PPI rose +0.4% MoM and +1.3% YoY. The GDP Price Index rose +2.2% during the second quarter while the Core PCE measure edged up +1.7% QoQ. The somewhat tepid economic recovery referenced above continues to weigh on prices, limiting corporate America's pricing power.

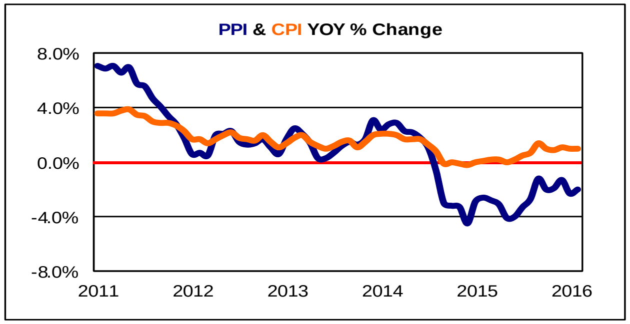






Key Data Points				
Name	**Current**	**For**	**Previous**	**For**
Retail Sales ex. Autos MOM %	0.70%	June	0.40%	May
Housing Starts	1189K	June	1135K	May
Factory Orders MOM %	-1.00%	May	1.80%	April
Leading Indicators MOM %	0.30%	June	-0.20%	May
Unit Labor Costs	4.50%	Q1 2016	5.40%	Q4 2015
GDP QOQ (Annualized)	1.20%	Q2 2016	0.80%	Q1 2016
Wholesale Inventories	0.00%	June	0.10%	May
MBA Mortgage Applications	-11.20%	July	-2.60%	June





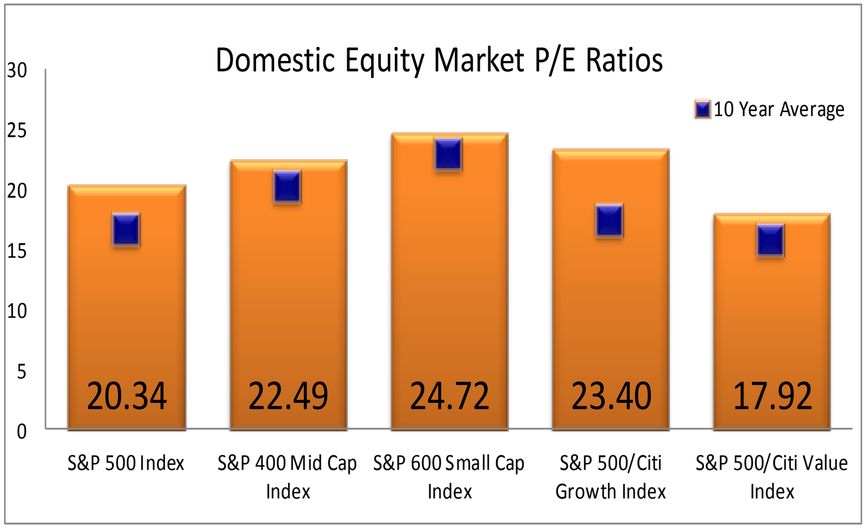
Domestic Equity

U.S. stocks posted strong gains in July as investors quickly forgot any fears of "Brexit." The selloff in equities lasted all of 72 hours before a true "risk on" rally ensued. U.S. equity returns were driven by small-caps, as measured by the S&P 600 Index, which gained +5.09% during the month. Mid- and Large-caps weren't far behind, gaining +4.29% and +3.69%, respectively on the month. Global central bank easing continues to bode well for risk assets, especially in the U.S., which continues to muddle through with good but not great economic data. The result is a U.S. equity market that has stealthily posted exceptional returns year to date, for those investors that could withstand the roller coaster ride equity prices have been on. Mid-caps are the best performing group year to date, up +12.56%, while small-caps remain in striking distance, up +11.63% on the year. Large-caps have also done well, up +7.66% on the year; however, much dispersion has taken place within sub-sector returns.

From a sector standpoint, Technology and Healthcare were two of the top performing sectors in July, gaining +7.89% and +4.94%, respectively, and handily outperforming the broader S&P 500 Index. Sector level outperformance was largely driven by positive earnings announcements from the likes of Apple, Google, Microsoft and a the supermajority of the Healthcare sector. According to data compiled by Strategas Research Partners, both Technology and Healthcare companies have reported earnings beats from 77% and 80% of respective constituents. This trend also held true in terms of the number of companies beating revenue estimates, which came in at 79% and 83%, respectively. With roughly 2/3 of S&P 500 companies reporting, Technology and Healthcare are clearly the standouts thus far. What's more, Healthcare has been a notable laggard year to date, but that trend looks to be reversing as biotechnology shares appear no longer to be their Achilles heel, gaining more than +12.4% in July.

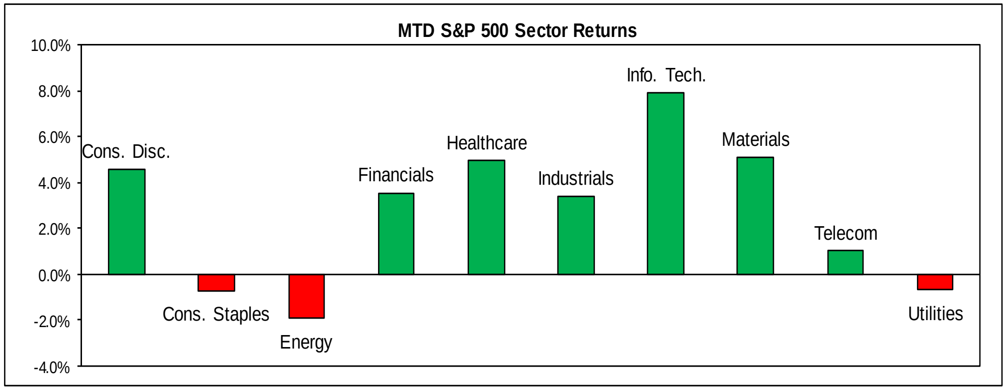
Defensive sectors were notable underperformers in July, even as bond yields fell further. Utilities, Staples, and Telecoms returned -0.71%, -0.69%, and +1.01%, respectively. Defensive stocks were in need of a breather after gaining +22.56%, +9.67%, and +26.11% year to date. Add in Real Estate Investment Trusts (REITs), which gained +3.7% on the month, and defensive stocks have been clear winners, despite valuations that look increasingly rich.

REITs will be broken out of Financials into their own sector next month, which could help to explain some of their gains year to date, but the ultimate driver (like other defensive sectors) continues to be a thirst for yield, at almost any price.



Domestic Equity Returns

Name	MTD	QTD	YTD	1 Year	3 Year	5 Year
S&P 500 Index	3.69%	3.69%	7.66%	5.60%	11.16%	13.35%
S&P 400 Mid Cap Index	4.29%	4.29%	12.56%	5.53%	9.85%	12.24%
S&P 600 Small Cap Index	5.09%	5.09%	11.63%	5.92%	9.61%	13.02%
S&P 500/Citi Growth Index	4.65%	4.65%	6.27%	5.27%	13.27%	14.06%
S&P 500/Citi Value Index	2.72%	2.72%	9.13%	5.78%	8.82%	12.56%



S&P 500 Sector Returns

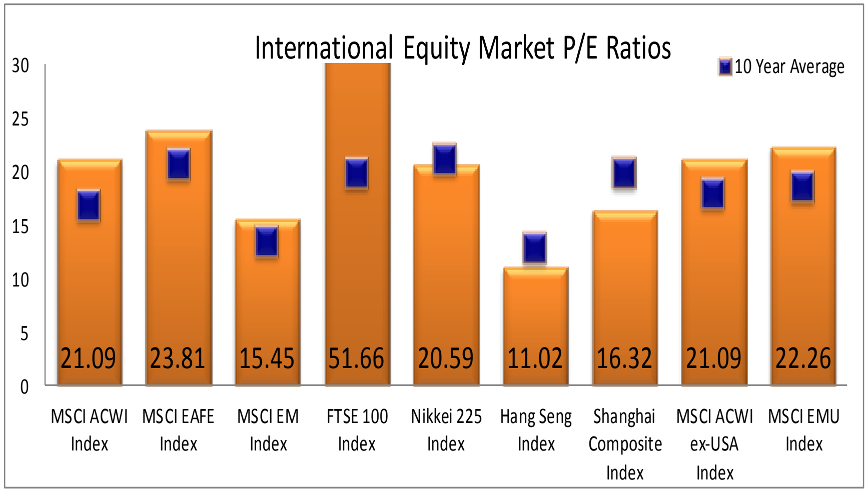
Sector	MTD	QTD	YTD	1 Year	3 Year	5 Year	% of S&P 500
Consumer Discretionary	4.56%	4.56%	5.26%	3.53%	13.02%	17.48%	12.65%
Consumer Staples	-0.71%	-0.71%	9.67%	11.67%	12.59%	15.20%	11.15%
Energy	-1.93%	-1.93%	13.86%	2.03%	-3.53%	0.22%	6.81%
Financials	3.55%	3.55%	0.39%	-3.81%	7.01%	12.00%	15.27%
Healthcare	4.94%	4.94%	5.38%	0.01%	15.69%	19.34%	14.90%
Industrials	3.40%	3.40%	10.08%	10.43%	11.28%	13.55%	9.76%
Information Technology	7.89%	7.89%	7.55%	9.77%	16.64%	14.77%	20.50%
Materials	5.10%	5.10%	12.94%	8.40%	8.53%	7.54%	2.91%
Telecommunications	1.01%	1.01%	26.11%	26.42%	10.57%	13.25%	2.73%
Utilities	-0.69%	-0.69%	22.56%	23.10%	14.12%	13.85%	3.33%

International Equity

International equities bounced back sharply post-"Brexit" with virtually all major indices ending July with positive gains. Developed international equities, as measured by the MSCI EAFE Index, gained +5.07% on the month, bringing their year to date returns to a measly +0.83%. Developed international equities continue to be relative laggards compared to their domestic counterparts. Over the past year developed international has returned -6.99%, compared to +5.60% for the S&P 500 Index. Looking out longer term, developed international equities have returned an annualized +3.59% for the past 5-years, versus +13.35% for the S&P 500 Index. This performance disparity can be partly attributed to currency risk – the U.S. Dollar has strengthened meaningfully versus other G10 peers – but can also be attributed to the stability, both politically and economically, that the U.S. offers.

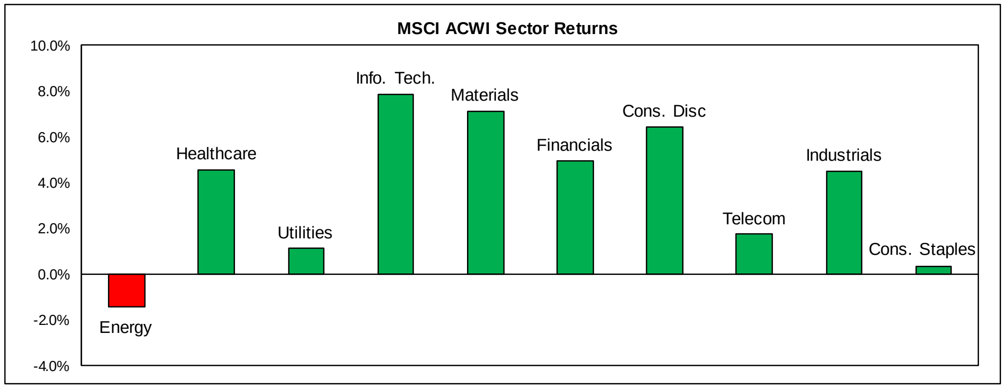
Emerging Markets, as measured by the MSCI Emerging Markets Index, posted returns that broadly tracked their developed international brethren, gaining +5.09% during the month. Emerging Markets are now up a stellar +11.95% year to date, fueled by a weaker U.S. Dollar and continued easy money policies from global central banks. While Emerging Markets returns have been strong in the short term, their long-term performance is worse than that of developed international equities. EM annualized returns of -2.42% over the past 5 years have paled versus nearly every other major equity index; however, this underperformance may be a large contributor to its outperformance in the short term, and perhaps in the years to come. This comes largely as a function of re-accelerating growth differentials when comparing Emerging Markets to both developed international equities and U.S. equities. According to the Institute of International Finance, net monthly flows into Emerging Markets have been positive over the past two months, and 4 of the last 5, with net flows positive YTD, likely contributing to positive EM performance.

From a valuation standpoint, international equities continue to be a mixed bag, with certain countries and regions offering more favorable valuations than others. Uncertainties are around every corner, especially in the aftermath of Brexit, which could take years to figure out. With that being said, as long as central banks remain highly accommodative, Emerging Markets should continue to catch a bid.



International Equity Returns

Name	MTD	QTD	YTD	1 Year	3 Year	5 Year
MSCI ACWI Index	4.34%	4.34%	5.98%	0.16%	6.49%	7.23%
MSCI EAFE Index	5.07%	5.07%	0.83%	-6.99%	2.58%	3.59%
MSCI EM Index	5.09%	5.09%	11.95%	-0.39%	0.05%	-2.42%
FTSE 100 Index	3.44%	3.44%	10.33%	4.53%	4.28%	6.84%
Nikkei 225 Index	6.39%	6.39%	-12.08%	-17.98%	8.49%	13.07%
Hang Seng Index	5.34%	5.34%	2.75%	-7.50%	3.79%	3.26%
Shanghai Composite Index	2.70%	2.70%	-14.25%	-17.02%	17.06%	4.56%
MSCI ACWI ex-USA Index	4.96%	4.96%	4.25%	-5.02%	1.89%	1.88%
MSCI EMU Index	5.15%	5.15%	-3.89%	-10.46%	8.39%	7.99%



MSCI ACWI Sector Returns

Sector	MTD	QTD	YTD	1 Year	3 Year	5 Year	% of ACWI
Energy	-1.48%	-1.48%	15.07%	-0.44%	-5.14%	-3.49%	6.74%
Healthcare	4.55%	4.55%	3.26%	-3.79%	12.93%	15.82%	10.90%
Utility	1.10%	1.10%	14.92%	9.92%	7.96%	6.13%	3.66%
Information Technology	7.87%	7.87%	7.85%	8.66%	14.64%	12.62%	14.31%
Materials	7.12%	7.12%	17.40%	3.56%	0.86%	-4.21%	5.08%
Financials	4.92%	4.92%	-1.73%	-9.76%	2.09%	5.03%	19.73%
Consumer Discretionary	6.41%	6.41%	2.22%	-2.10%	7.78%	11.05%	12.77%
Telecommunications	1.72%	1.72%	11.81%	4.18%	7.15%	6.94%	5.15%
Industrials	4.49%	4.49%	8.76%	4.43%	6.90%	7.53%	10.38%
Consumer Staples	0.31%	0.31%	9.23%	8.24%	9.04%	11.30%	11.27%

NOTTINGHAM ADVISORS

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Fixed Income

Another FOMC meeting came and went during July and still no further evidence of a Fed ready to hike interest rates. Bond yields touched all-time lows during July following the surprise UK Brexit decision, only to quickly spike higher after the strong June jobs report was published. The FOMC is obviously weighing a lot of factors as they debate when and how to begin unwinding the massive stimulus in place since 2009. Despite historically low interest rates, investors continue to pour money into bonds, most recently buying emerging market debt in a vain attempt at finding yield.

As US Treasury yields plummeted, investors turned to riskier areas of the bond market, with the ML US High Yield Master Index gaining +2.53% in July and the ML USD Emerging Market Sovereign & Credit Index rising +2.17%. The ML US Corporate Master index rose +1.45% while the ML US Treasury/Agency Master Index tacked on +0.42%. Year to date, most fixed income classes are sporting equity-like returns, either handsomely rewarding astute investors for eschewing risk, or setting them up for a wicked reversal should growth surprise.

The yield curve continues to flatten as evidenced by the chart to the right. Short-term rates are edging slightly higher while both the 10-year and 30-year have seen their yields plummet. The 2/10 Treasury spread has dropped from 154 bps a year ago to just 81 bps today while 2/30's has fallen from 225 bps to 155 bps today. The flattening yield curve hampers bank profits and has historically been a telling signal of impending recession. While not a perfect indicator, something tells us that absent a Fed artificially holding down short-term rates, we would currently be witnessing a much flatter, if not inverted yield curve.

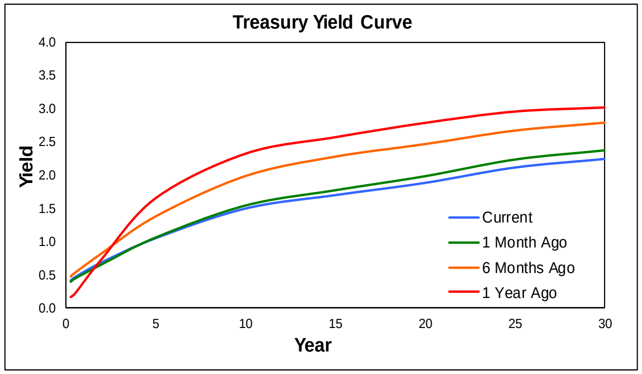
With over 40% of international sovereign debt sporting negative yields, it's no wonder investors are flocking to the relative value of US Treasuries. Currently the futures market is pricing in a 20% chance of a September rate hike and just a 37% chance for a December move. A more aggressive Fed would certainly force investors to rethink their current strategy of buying risk and duration and likely inflict a lot of pain across a wide swath of bondholders.

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	0.50%	0.50%	0.50%	0.50%

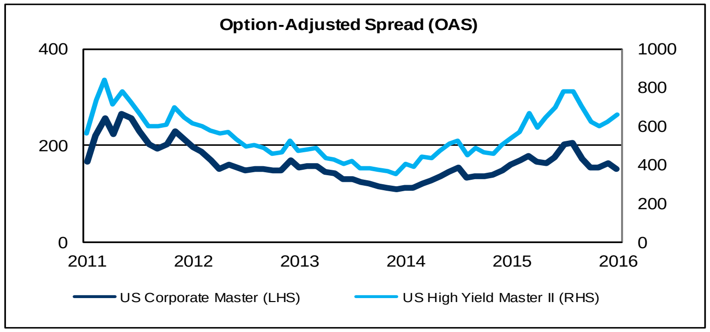
Fixed Income Returns

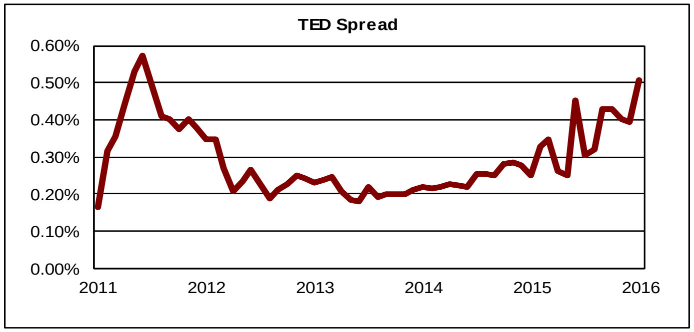
Name	MTD	QTD	YTD	1 Year
ML U.S. Treasury/Agency Master Index	0.42%	0.42%	5.99%	6.00%
ML U.S. Broad Market Index	0.65%	0.65%	6.11%	6.05%
ML U.S. Corporate Master Index	1.45%	1.45%	9.12%	8.35%
ML U.S. High Yield Master II Index	2.53%	2.53%	12.08%	4.92%
ML USD Emerging Market Sovereign & Credit Index	2.17%	2.17%	14.16%	16.44%
ML Global Government Bond II Index	0.25%	0.25%	6.78%	7.45%
ML Municipal Master Index	-0.05%	-0.05%	4.35%	7.10%
ML Municipal High Yield Index	0.86%	0.86%	9.37%	14.52%

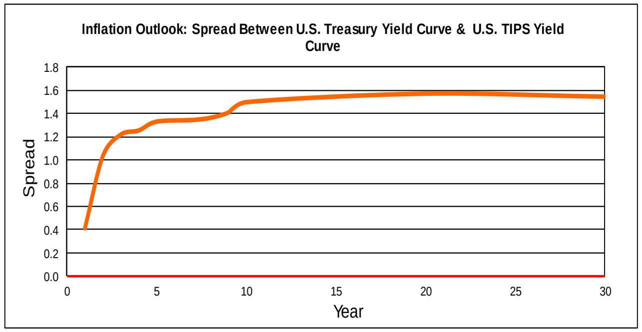


U.S. Treasury Yields

Period	3 Month	6 Month	2 Year	5 Year	10 Year	15 Year	20 Year	25 Year	30 Year
Current	0.41%	0.46%	0.68%	1.05%	1.49%	1.69%	1.88%	2.11%	2.24%
1 Month Ago	0.39%	0.44%	0.65%	1.06%	1.54%	1.77%	1.98%	2.23%	2.37%
6 Months Ago	0.47%	0.53%	0.82%	1.37%	1.98%	2.27%	2.46%	2.66%	2.78%
1 Year Ago	0.16%	0.21%	0.74%	1.65%	2.32%	2.56%	2.78%	2.95%	3.01%







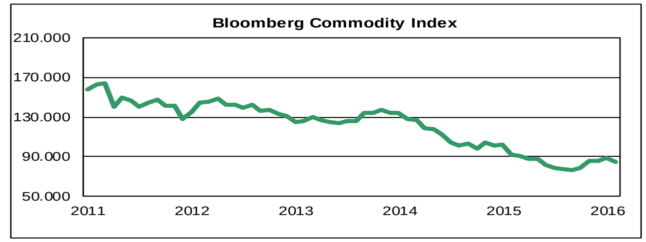
Alternative Investments

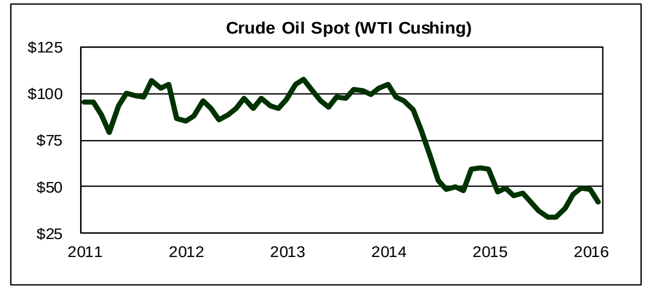
Alternative investments continued to be a mixed bag in July, with stark divergences within sub-asset class performance. Real Estate, as measured by the FTSE NAREIT All REIT Index gained +3.7% on the month and is now up +15.6% year to date. REITs continue to benefit from a “lower for longer” theme in domestic interest rate policy, as the Fed once again remained on hold at its July meeting. While REIT valuations continue to look elevated in our view, their high dividend yields continue to drive both absolute and relative performance. It should be noted that the above mentioned index closed at 216.04 in July, a new monthly closing high, eclipsing the 213.68 level seen in January 2007 before the market collapsed. Looking ahead, REITs likely can continue to move higher thanks to their 3.9% dividend yield, which represents a sizable premium to other defensive sectors, and especially the 10-year U.S. Treasury note.

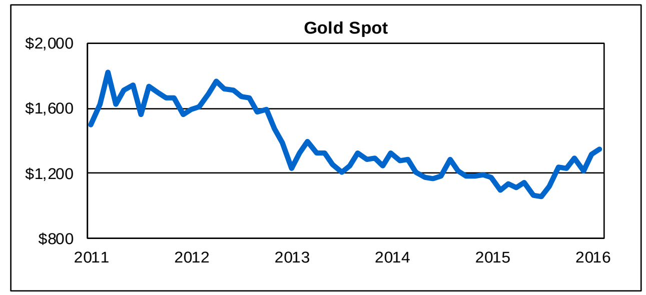
The only other positive performing alternative investment during July was gold, which closed at $1,351/ounce, its highest monthly close since August 2013. Negative interest rates and geopolitical risk factors continue to be supportive of gold prices; however, it remains to be seen if gold can move sustainably higher from here, absent further negative interest rates or a black swan-type event. It has proven its worth as a store of value during the wild currency swings (i.e. Japanese Yen) year to date, but still remains nearly $500/ounce below its all-time high monthly closing high of $1,825 back in August 2011. It remains to be seen if gold can withstand rising U.S. interest rates (if they go up) even with negative interest rates elsewhere in the world, especially as physical demand (i.e. jewelry) for the precious metal wanes.

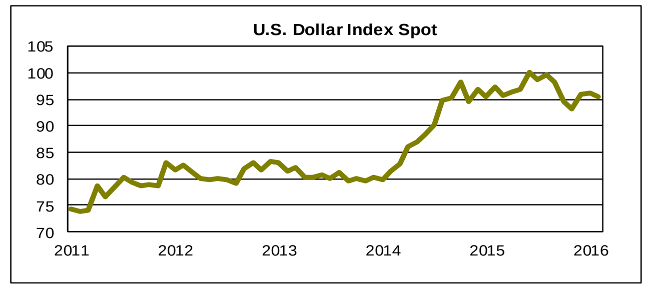
Negative performing alternatives centered around commodities, as West Texas Intermediate (WTI) crude oil lost -13.9% on the month to close below $42/barrel, after rebounding to over $50/barrel intra-month. Crude prices have slipped as the U.S. rig count, produced by Baker Hughes, continues to rebound, the Saudi’s continue to cut pricing to Asian buyers, and both OPEC and other oil producing nations increase output. Stock piles of both refined product (i.e. Gasoline) and unrefined crude remain near record highs heading into seasonal slowdowns in demand from refiners. Furthermore, according to the Commodity Futures Trading Commission (CFTC) short bets against WTI increased by 38.897 contacts for the week ended July 26, hitting an all-time high. It remains to be seen where crude prices go from here, but it appears the path of least resistance is lower for the foreseeable future.

On the currency front, the U.S. Dollar weakened -0.6% on the month, but lost more than -1% after the Federal Reserve left interest rates unchanged. The forward path for the Dollar likely remains higher, but at a slower pace than in 2014-2015.



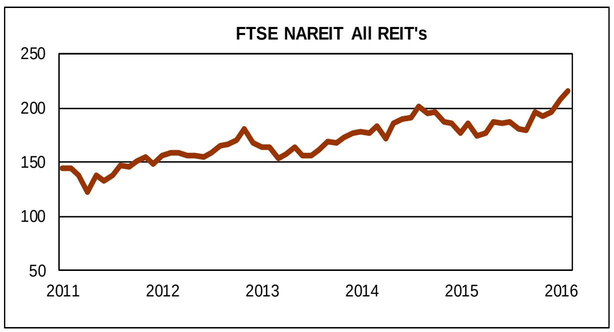






Hedge Funds

Name	MTD	QTD	YTD	1 Year	3 Year	5 Year
Global Hedge	1.35%	1.35%	0.51%	-4.34%	-0.46%	-0.17%
Convertible Arbitrage	2.41%	2.41%	3.92%	1.01%	-1.79%	1.37%
Distressed Securities	3.41%	3.41%	11.05%	-1.41%	0.14%	-0.66%
Equity Hedge (L/S)	1.93%	1.93%	-2.06%	-6.29%	0.17%	0.12%
Equity Market Neutral	1.16%	1.16%	-3.84%	-0.86%	1.84%	-0.64%
Event Driven	1.97%	1.97%	5.28%	-1.70%	-0.65%	1.37%
Macro	0.22%	0.22%	-0.11%	-2.97%	0.95%	-0.78%
Merger Arbitrage	0.23%	0.23%	2.65%	6.76%	4.92%	3.13%
Relative Value Arbitrage	0.94%	0.94%	-0.82%	-5.88%	-1.87%	-1.27%
Absolute Return	0.65%	0.65%	0.42%	1.02%	1.76%	1.35%



Spot Rates

Description	Current	1 Month Ago	3 Months Ago	6 Months Ago	1 Year Ago
CAD / USD	1.30	1.29	1.26	1.40	1.31
JPY / USD	102.06	103.20	106.50	1.21	123.89
USD / GBP	1.32	1.33	1.46	1.42	1.56
USD / EUR	1.12	1.11	1.15	1.08	1.10

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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