Nottingham Monthly Market Wrap
August 31, 2015

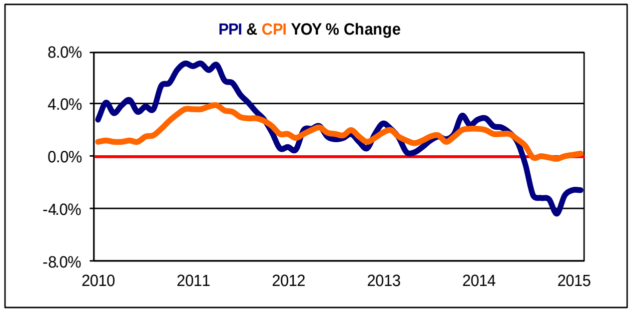
Economic Overview

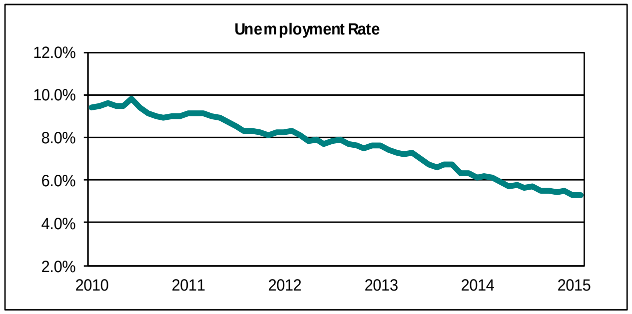
August ended on a strong note, economically speaking, as the revision to second quarter GDP showed the US economy growing at a +3.7% annualized rate in Q2, beating analyst forecasts for +3.2% growth, and up from a previous estimate of +2.3%. The report showed strong consumer growth during the quarter, as well as a buildup in inventories, which will likely correct over the balance of the year. A strong labor market, robust home prices across much of the country, and cheap gasoline all helped fuel the rise in consumer spending, which accounts for 2/3 of US economic activity. Investors are hopeful these trends carry on into Q3 and the balance of the year as elevated equity markets will require solid growth in order to maintain their current levels.

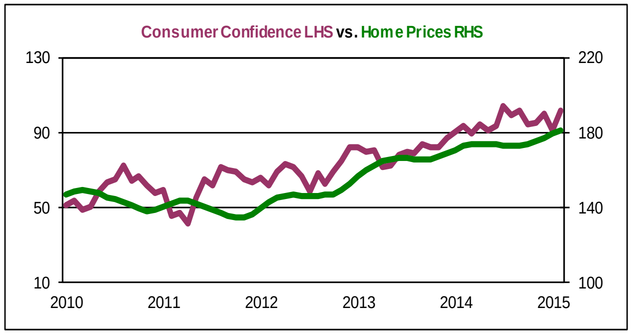
The Federal Reserve meets in two weeks and could potentially raise interest rates for the first time in over 9 years. Recent turmoil in equity markets around the globe, however, has many economists thinking the Fed will hold off until December, or perhaps 2016, despite the favorable economic scenario discussed above. Markets will remain on edge until we get more clarity on future Fed policy; however, it's unlikely a quarter-point move will have too much of an impact on US growth. Beyond the initial move, it will remain the Fed's message around the timing of future hikes that's important.

Unemployment in the US held at 5.3% in July as 215,000 nonfarm jobs were created, slightly below analysts estimates for +225,000. Importantly, Average Hourly Earnings rose +0.2% on the month and are now up +2.1% YoY. Wage growth is a key measure being monitored by the Fed as they look for any signs of inflation in the US economy. The U6, or Underemployment Rate, fell -0.1% to 10.4% while the Labor Force Participation Rate held firm at 62.6%. The weekly Initial Jobless Claims number averaged +272,000 over the past 4 weeks.

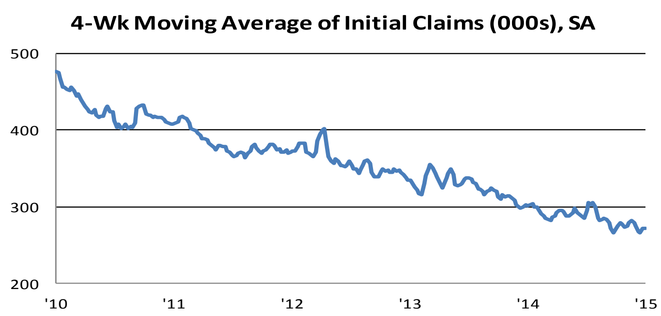
Despite the recent return of volatility to markets around the globe, consumer confidence is solid, housing remains stable to robust, inflation is low and the strong dollar hasn't hampered manufacturing yet – a Goldilocks scenario if there ever was one. All eyes will be on the FOMC come September 17th for signs of an initial rate hike, potentially disrupting this golden scenario, though likely not ending it.

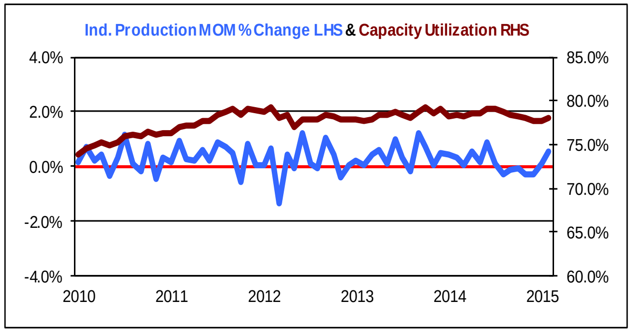






Key Data Points				
Name	**Current**	**For**	**Previous**	**For**
Retail Sales ex. Autos MOM %	0.4	July	0.4	June
Housing Starts	1206	July	1204	June
Factory Orders MOM %	1.8	June	-1.1	May
Leading Indicators MOM %	-0.2	July	0.6	June
Unit Labor Costs	0.5	2Q15	2.3	1Q15
GDP QOQ (Annualized)	3.7	2Q15	0.6	1Q15
Wholesale Inventories	0.9	June	0.6	May
MBA Mortgage Applications	0.2	August	4.7	July



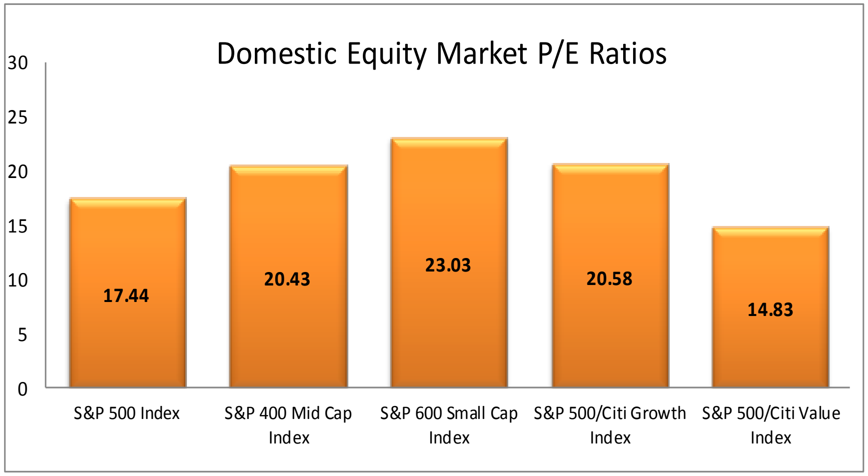


Domestic Equity

U.S. equity markets fell sharply in August, led lower by large-caps, but followed closely by mid- and small-caps. The benchmark S&P 500 Index shed -6.03%, while the S&P 400 (mid-cap) and S&P 600 (small-cap) lost -5.58% and -5.18%, respectively. Growth and Value stocks sold off in tandem in August, after diverging sharply year to date, with the S&P 500/Citi Growth Index outperforming the S&P 500/Citi Value index by more than 600 basis points. Growth stocks remain the best game in town from a domestic standpoint, returning +0.03% year to date, while all other major equity indices are in the red.

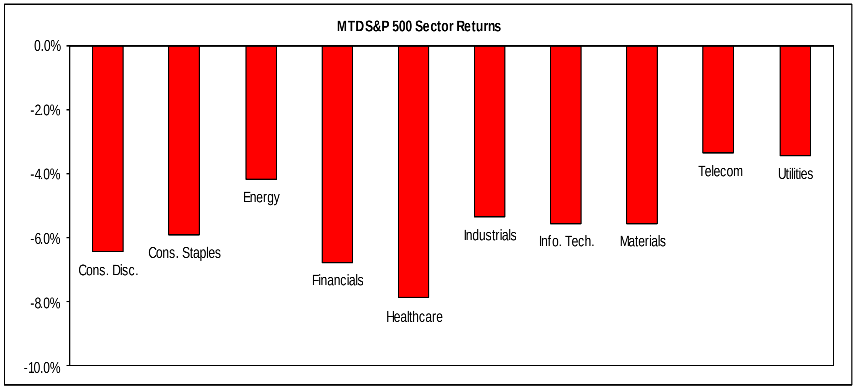
From a sector standpoint, Healthcare stocks bore the brunt of the selling in August, losing -7.88%, dragged lower by a -12.88% decline in the S&P 500 Biotech Index (roughly 20% of the Healthcare sector). Typical defensive sectors such as Telecoms and Utilities fared the best on the month, posting smaller losses of -3.36% and -3.44%, respectively. Energy stocks rallied sharply to end the month, as West Texas Intermediate (WTI) crude oil rallied more than +25% in just three trading days. With that being said, energy still lost -4.18% month to date, putting it near the middle of the pack for the month. However, energy remains the worst performing sector on a year to date basis, having posted a -15.65% loss. Moreover, energy stocks have lost more than -30% of their value over the past year, as WTI prices have collapsed, and a pick up in demand (or a decrease in supply/production) remains unlikely in the near-term. Long-term, the outlook for crude oil remains mixed amidst fears of a global growth slowdown.

Looking ahead to the back half of the year, the outlook for equity markets remains mixed. Sell-side strategists are predicting returns of more than +10%, while uncertainty around S&P 500 earnings per share growth and a Federal Reserve rate hike cloud the waters. If S&P earnings come in strong, valuations look neither stretched nor cheap in absolute terms, but rather in the fairly valued camp. Sticking with the theme that *there is no alternative* to equities, recent stock market volatility is likely to prove a decent entry point for longer term investors seeking additional exposure. While we're likely not at the bottom yet, nor finished with market volatility, incremental buying on pullbacks may prove a prudent market strategy moving forward.



Domestic Equity Returns

Name	MTD	QTD	YTD	1 Year	3 Year	5 Year
S&P 500 Index	-6.03%	-4.06%	-2.88%	0.47%	14.30%	15.86%
S&P 400 Mid Cap Index	-5.58%	-5.45%	-1.49%	-0.01%	15.06%	16.10%
S&P 600 Small Cap Index	-5.18%	-5.98%	-2.08%	1.78%	15.24%	17.34%
S&P 500/Citi Growth Index	-6.08%	-2.69%	0.03%	3.94%	15.14%	17.46%
S&P 500/Citi Value Index	-5.98%	-5.62%	-6.04%	-3.28%	13.45%	14.19%



S&P 500 Sector Returns

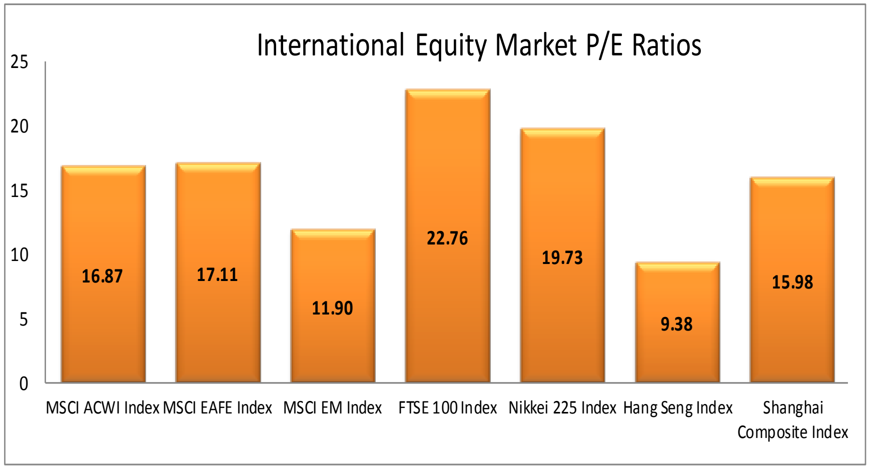
Sector	MTD	QTD	YTD	1 Year	3 Year	5 Year	% of S&P 500
Consumer Discretionary	-6.45%	-1.95%	4.73%	10.74%	20.09%	22.00%	12.85%
Consumer Staples	-5.90%	-0.71%	-1.48%	7.22%	12.86%	15.36%	10.71%
Energy	-4.18%	-11.51%	-15.65%	-30.35%	-0.75%	7.15%	7.14%
Financials	-6.76%	-3.85%	-4.21%	2.31%	17.90%	13.58%	16.22%
Healthcare	-7.88%	-5.30%	3.75%	11.99%	24.16%	22.52%	15.06%
Industrials	-5.35%	-5.16%	-8.07%	-2.93%	14.41%	15.17%	9.71%
Information Technology	-5.55%	-2.72%	-1.98%	2.45%	13.01%	17.05%	20.07%
Materials	-5.55%	-10.30%	-9.84%	-12.83%	8.88%	10.00%	2.96%
Telecommunications	-3.36%	-3.37%	-0.32%	-4.08%	3.81%	10.80%	2.38%
Utilities	-3.44%	2.41%	-8.52%	1.62%	9.50%	11.04%	2.89%

International Equity

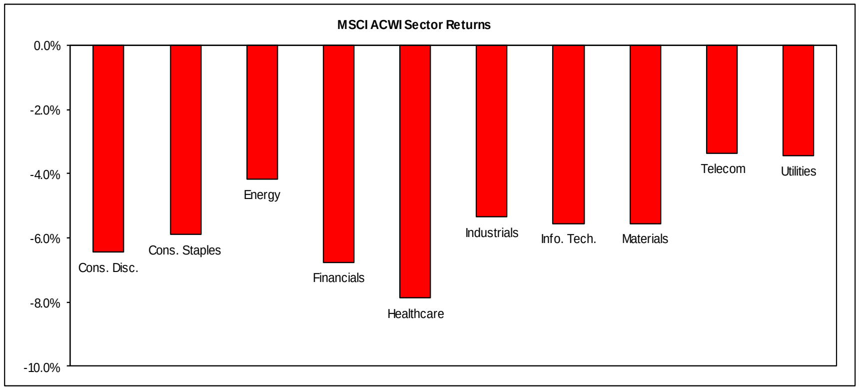
International equity markets fell markedly in August, as Chinese markets continued to crater. The Shanghai Composite (SHCOMP Index) fell -12.46% in August, bringing its two month decline to -24.35%. Shockingly, the Shanghai Composite is still in positive territory year to date, up +0.55%, and over the past one year, up a whopping +47.03%. Shanghai's losses spilled over into global equities in general, especially to Emerging Markets, which lost -9.01% on the month, and are now down -12.67% on the year. Interestingly, Emerging Markets as a whole did not follow China's meteoric rise in value over the past year, mainly due to their own structural difficulties and weakening currencies.

Fears of a China slowdown permeated all corners of international equity markets, hitting Japanese equities the hardest, as the Nikkei shed -8.18% on the month. Japan relies heavily on China for exports, and the fallout from China's Yuan devaluation is most likely not over. However, despite the rout in Japanese equities on the month, the Nikkei 225 Index is still in positive territory for the year, up +9.25%. Looking ahead, Japan remains one of our top tactical trade ideas, as improving economic activity, coupled with attractive relative and absolute valuations, continue to grab our attention. Furthermore, continued weakness in the Yen should bode well for Japanese equities, and all eyes will be on the Bank of Japan (BoJ) this fall as to whether or not they boost economic stimulus.

From a sector standpoint, global financials fared the worst, losing -8.08% on the month. Financial stocks continue to be cast away given a dimmer outlook on global growth as a whole, and concerns over the timing of the first Federal Reserve interest rate hike. Rate hikes typically act as catalysts for banks as they can boost net interest margins (NIM's) by lending at higher rates. However, fears over global growth slowing may make banks less likely to lend. Lastly, the top performing sectors on the month were Telecoms and Utilities, which posted declines of -5.20% and -5.46%, respectively. On a year to date basis, global Healthcare remains atop the leaderboard with a gain of +6.38%. Looking ahead, fears over a China slowdown are likely to persist, but increasingly attractive international equity valuations may prove to be a unique buying opportunity, once the smoke clears.



International Equity Returns						
Name	**MTD**	**QTD**	**YTD**	**1 Year**	**3 Year**	**5 Year**
MSCI ACWI Index	-6.80%	-5.96%	-3.15%	-5.73%	10.05%	10.24%
MSCI EAFE Index	-7.31%	-5.38%	0.24%	-6.88%	9.21%	7.73%
MSCI EM Index	-9.01%	-15.27%	-12.67%	-22.68%	-2.10%	-0.59%
FTSE 100 Index	-5.88%	-3.28%	-1.82%	-4.74%	7.19%	7.83%
Nikkei 225 Index	-8.18%	-6.59%	9.25%	24.51%	31.08%	18.64%
Hang Seng Index	-11.82%	-17.20%	-5.89%	-9.60%	7.35%	4.68%
Shanghai Composite Index	-12.46%	-24.35%	0.55%	47.03%	19.26%	6.57%



MSCI ACWI Sector Returns							
Sector	**MTD**	**QTD**	**YTD**	**1 Year**	**3 Year**	**5 Year**	**% of MSCI ACWI**
Energy	-6.08%	-12.17%	-14.80%	-33.45%	-4.91%	1.76%	6.98%
Healthcare	-7.21%	-3.38%	6.38%	10.13%	21.83%	20.27%	11.15%
Utility	-5.46%	-1.50%	-8.36%	-7.58%	6.23%	4.44%	3.40%
Information Technology	-6.05%	-5.29%	-3.38%	-1.14%	12.53%	14.42%	12.79%
Materials	-7.37%	-12.46%	-11.56%	-22.02%	-2.70%	-1.30%	4.98%
Financials	-8.08%	-7.43%	-4.89%	-6.77%	11.42%	7.89%	21.34%
Consumer Discretionary	-7.04%	-4.91%	1.54%	3.38%	16.23%	16.26%	13.10%
Telecommunications	-5.20%	-4.16%	0.52%	-4.56%	7.11%	8.63%	5.14%
Industrials	-6.02%	-6.01%	-4.71%	-6.16%	10.70%	10.34%	10.57%
Consumer Staples	-6.24%	-1.92%	0.04%	0.87%	9.51%	12.54%	10.55%

Fixed Income

With the exception of municipals and treasuries, bonds suffered broad-based declines in August, despite a spike in equity market volatility. China's surprise devaluation of the yuan proved the culprit as it triggered a large sell-off in all things "EM," leading to declines in both US and developed market equities. The rally in treasuries would likely have been more robust had the Chinese government not been a seller of US debt in order to help manage capital flight at home. Events in August effectively put a nail in the coffin as far as a September FOMC rate hike goes. It now appears the Fed won't begin the interest rate normalization process until December at the earliest and more likely early 2016.

Municipal bonds benefited from a light new issuance calendar (and absence of headline news over potential defaults) to stage a nice summer rally, with the ML Municipal Master Index rising +0.22% and the ML Municipal High Yield Index gaining +0.43% on the month. As Puerto Rico works on a debt restructuring initiative, tax-free investors will likely see limited supply over the balance of the year, despite extremely low interest rates.

Corporate bonds continued to see spread widening in August as the ML US Corporate Master Index widened out 11 bps on the month, generating a total return of -0.67% for August. The ML US High Yield Master II Index saw spreads over treasuries widen out by 81 bps mid-month, before coming in a little at the month's end, widening by 31 bps in all. Much of the spread widening can be traced to the debt of energy companies, which are under severe stress as oil trades near $40 per barrel. We're likely to see increased defaults in the energy sector should prices remain at these levels through year-end. Energy currently makes up approximately 13% of the broad high yield index.

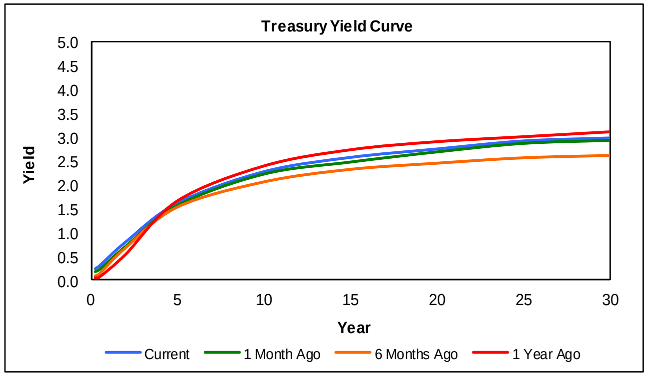
Local currency emerging market debt has taken it on the chin in 2015 with the price of ELD, the WisdomTree Emerging Markets Local Debt ETF, down -14% so far this year, while EMB, the iShares JP Morgan USD Emerging Markets Bond ETF is off only -1.5%. EM currencies have been tumbling versus the US Dollar and China's recent move to unpeg the yuan has raised fears over a renewed currency war amongst EM nations. Analysts everywhere are brushing off playbooks from 1997-98 to see how things may play out. Although we believe the situation today is materially different from then, there doesn't appear to be an easy way out for many of these countries absent more pain.

Central Bank Activity

Name	Current	1 Month Ago	6 Months Ago	1 Year Ago
Fed Funds Rate	0.25%	0.25%	0.25%	0.25%
Bank of Japan Target Rate	0.10%	0.10%	0.10%	0.10%
European Central Bank Rate	0.05%	0.05%	0.05%	0.15%
Bank of England Official Bank Rate	0.50%	0.50%	0.50%	0.50%

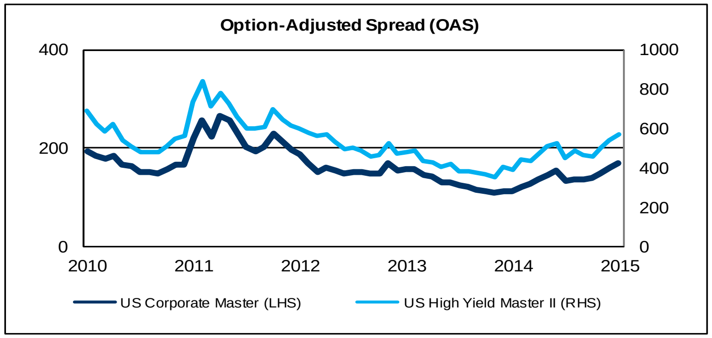
Fixed Income Returns

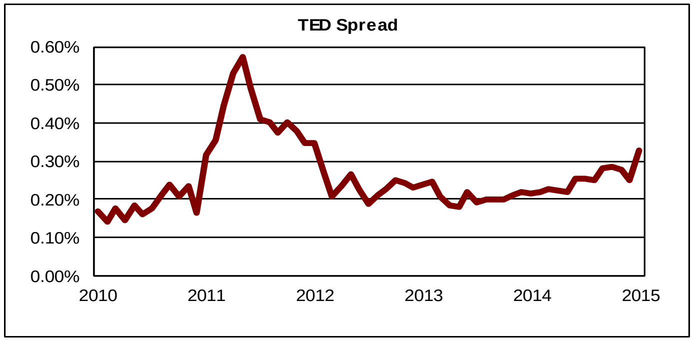
Name	MTD	QTD	YTD	1 Year
ML U.S. Treasury/Agency Master Index	0.06%	0.96%	0.89%	2.49%
ML U.S. Broad Market Index	-0.15%	0.57%	-0.51%	1.69%
ML U.S. Corporate Master Index	-0.67%	-0.14%	-0.59%	-0.42%
ML U.S. High Yield Master II Index	-1.76%	-2.36%	0.07%	-3.07%
ML USD Emerging Market Sovereign & Credit Index	-0.48%	0.06%	6.49%	-4.54%
ML Global Government Bond II Index	-0.18%	1.04%	0.41%	2.95%
ML Municipal Master Index	0.22%	1.01%	1.12%	2.61%
ML Municipal High Yield Index	0.43%	-0.01%	-4.13%	-3.00%

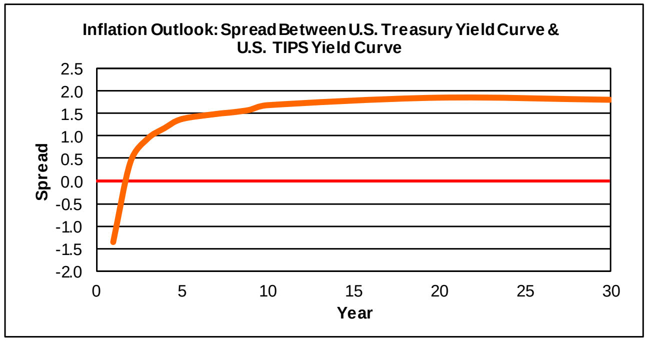


U.S. Treasury Yields

Period	3 Month	6 Month	2 Year	5 Year	10 Year	15 Year	20 Year	25 Year	30 Year
Current	0.23%	0.30%	0.79%	1.61%	2.27%	2.57%	2.75%	2.92%	2.98%
1 Month Ago	0.17%	0.22%	0.70%	1.56%	2.22%	2.47%	2.69%	2.87%	2.93%
6 Months Ago	0.08%	0.13%	0.67%	1.53%	2.06%	2.32%	2.45%	2.56%	2.61%
1 Year Ago	0.04%	0.06%	0.53%	1.66%	2.39%	2.73%	2.90%	3.01%	3.11%







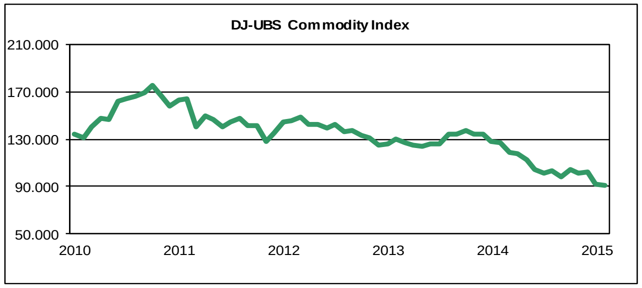
Alternative Investments

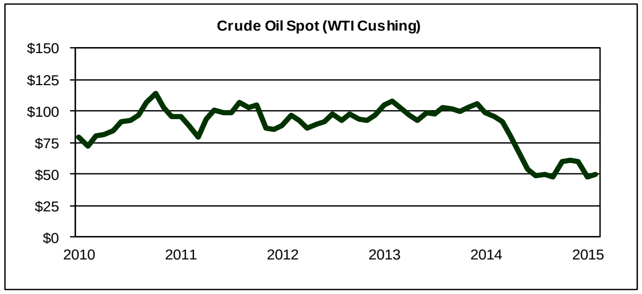
The so-called "alternative" space was once again dominated on the month by the price action in commodities, and more specifically, oil. WTI crude oil started the month at $47.50 per barrel, declined to $38.60 late-month, before rallying strongly the last 3 days of August to close at $49.20. (As we go to press here on the first day of September, the price of a barrel of oil is back down to $45.90.) Slowing growth in China and a worsening economic situation in many other emerging market countries has the commodity arena under severe pressure. With the exception of gasoline and cotton, the price of nearly every traded commodity has declined meaningfully thus far in 2015.

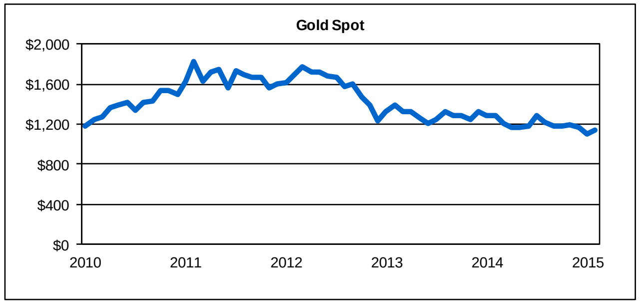
Industrial metals have been particularly hard hit with copper down -18.5%, aluminum off -13.5% and palladium tumbling -26.7%. Precious metals such as gold and silver have fared marginally better, gold down only -3.7% and silver sliding -7.0%. The agricultural sector hasn't been spared either, with coffee down -28%, sugar off -26% and wheat down -17%. This all should prove beneficial to those of us that consume these products in our daily lives, as we'll all have more left in our wallets to either add to our savings or spend on other things. For producers of commodities – farmers, miners and drillers, the picture is far less rosy. Depending on how levered they are, bankruptcy will be the only option for many.

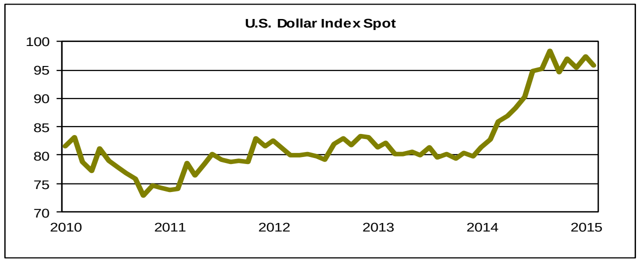
August has seen the pain continue for many popular "go anywhere" funds such as Pimco All-Asset and MainStay Marketfield, two of the largest of this type. Having successfully managed through 2008, these funds attracted billions of investor dollars over the past few years, only to see performance sag. The Pimco fund has fallen -11.7% over the past year (versus essentially an unchanged S&P 500) while MainStay is down nearly -13%. Heavy exposure to EM countries hasn't helped, but investors must decide whether these managers are "early" or just plain "wrong" in their outlook. Ultimately, we feel both commodities and the broader EM space in general will prove a good bet, though we're not ready to make that call just yet.

Hedge funds have struggled of late with souring bets in the energy space and some high profile misses abroad. Merger-arb has proven an effective strategy this year, with plenty of action in that space and a low correlation to the broader equity market. Both absolute return and market neutral strategies are looking okay so far this year, though longer-term they've badly trailed the broader equity indices. If nothing else, the surge in volatility and stress seen in the energy space should create plenty of opportunities for thoughtful hedge fund mangers. If there ever was a chance to prove the merits of the "hedge" fund model, now would seem an auspicious time.



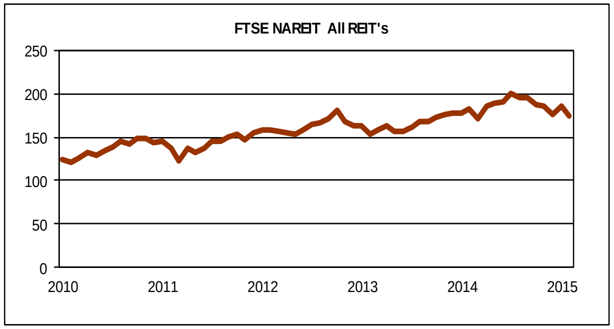






Hedge Funds

Name	MTD	QTD	YTD	1 Year	3 Year	5 Year
Global Hedge	-2.15%	-2.17%	-0.93%	-3.40%	2.08%	0.81%
Convertible Arbitrage	-0.63%	-0.38%	2.11%	-7.02%	1.15%	1.90%
Distressed Securities	-2.61%	-3.35%	-2.51%	-7.48%	0.34%	0.37%
Equity Hedge (L/S)	-2.93%	-3.21%	-0.92%	-0.85%	4.49%	0.95%
Equity Market Neutral	0.10%	1.54%	2.39%	3.73%	2.74%	0.87%
Event Driven	-3.02%	-4.69%	-3.33%	-11.47%	2.41%	1.70%
Macro	-1.73%	0.54%	-0.82%	3.35%	0.61%	-0.74%
Merger Arbitrage	0.47%	1.13%	4.72%	6.38%	3.64%	2.82%
Relative Value Arbitrage	-0.78%	-0.51%	1.31%	-2.50%	0.75%	0.88%
Absolute Return	-0.12%	0.12%	2.13%	0.93%	2.40%	1.11%



Spot Rates

Description	Current	1 Month Ago	3 Months Ago	6 Months Ago	1 Year Ago
CAD / USD	1.31	1.31	1.25	1.25	1.09
JPY / USD	121.23	1.24	1.24	1.20	1.04
USD / GBP	1.53	1.56	1.53	1.54	1.66
USD / EUR	1.12	1.10	1.10	1.12	1.31

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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