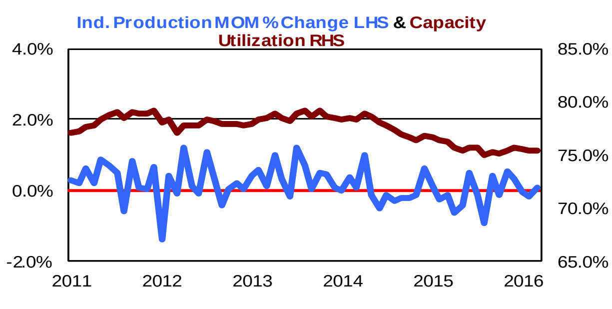
### Economic Overview

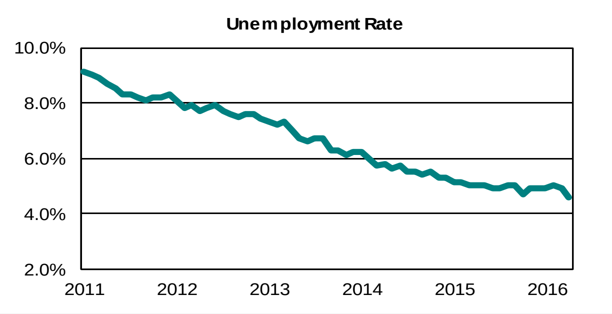
Investor enthusiasm for the newly elected president managed to trump (pardon the pun) most economic data in December. With the imminent passing of the torch from the Fed and monetary policy to Congress and fiscal policy, investors are anticipating a more robust economy in 2017, with equity markets pricing in stronger GDP growth and bond markets pricing in higher inflation. It may be wise to consider, however, that nothing in the current economic data set has changed much and most of the initiatives being discussed by the now Republican-led Congress – tax reform, infrastructure spending, deregulation – likely won't impact the economy until at least 2018. Should any of the above measures fall short of expectations, it may make for a bumpy ride in 2017.

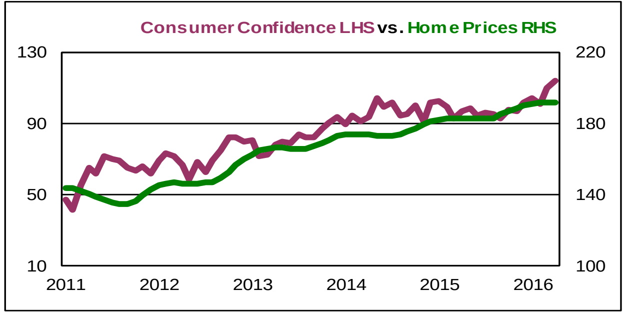
Employment figures held steady in November as Nonfarm Payrolls rose by 178,000, just shy of expectations, while the Unemployment Rate dropped to 4.6%, the lowest level since 2007. Average hourly earnings dipped slightly, with wages registering a +2.5% gain YoY. The Atlanta Fed's Wage Growth Tracker, by contrast, shows a more robust +3.9% YoY increase in wages, consistent with the thesis that labor's share of capital is on the rise. The Underemployment Rate dipped to 9.3% from 9.5% while the Labor Force Participation Rate fell slightly to 62.7%.

Broader measures of inflation, including PPI and CPI, continue to tick higher, but not at an alarming rate. The Producer Price Index for November ticked up +0.4% MoM, registering just a +1.3% YoY gain, while the Consumer Price Index increased +0.2% MoM and +1.7% YoY. The PCE, or Personal Consumption Expenditure measure, was unchanged in November and is up just +1.4% YoY. The current breakeven between nominal 10-year Treasuries and equivalent TIPS is currently 2.00%, implying an expected inflation rate over the next decade slightly below longer term averages.

With the Fed having tightened short-term interest rates by 25 basis points in December, and expectations growing for strong fiscal stimulus measures in the year(s) ahead, our guess is that wage pressures will continue to increase and the broader rate of inflation will continue to trend higher. After 7 years of battling deflationary forces, this should be a welcome change for businesses and investors alike.

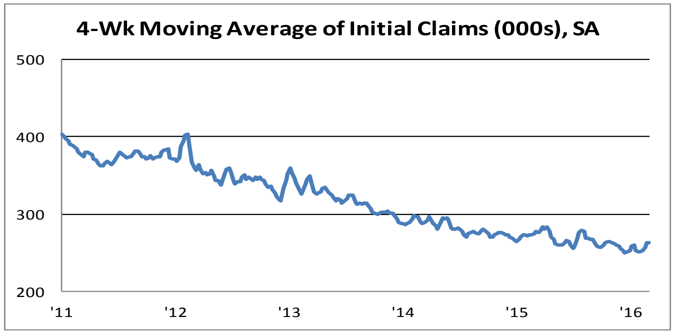


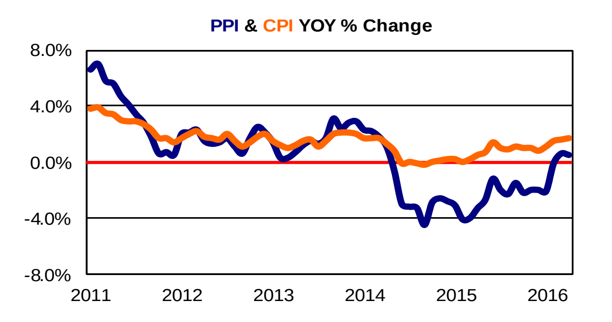




**Key Data Points**

| Name | Current | For | Previous | For |
|---|---|---|---|---|
| Retail Sales ex. Autos MOM % | 0.20% | November | 0.60% | October |
| Housing Starts | 1090K | November | 1340K | October |
| Factory Orders MOM % | 2.70% | October | 0.60% | September |
| Leading Indicators MOM % | 0.00% | November | 0.10% | October |
| Unit Labor Costs | 0.70% | 3Q16 | 6.20% | 2Q16 |
| GDP QOQ (Annualized) | 3.50% | 3Q16 | 1.40% | 2Q16 |
| Wholesale Inventories | 0.90% | November | -0.10% | October |
| MBA Mortgage Applications | 2.50% | December | -9.40% | November |



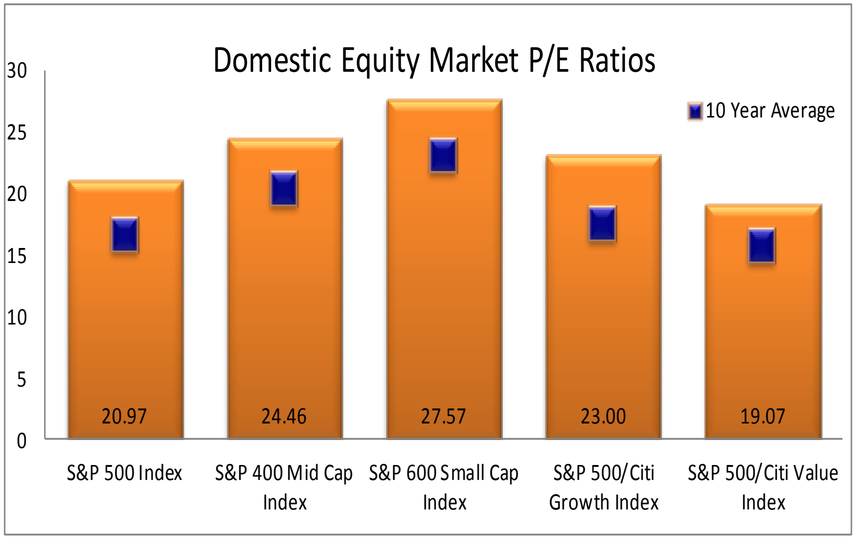



## Domestic Equity

The rally in domestic equities continued in December, as Large-, Mid-, and Small-Caps rose +1.97%, +2.19%, and +3.32%, respectively. While Large-Caps have lagged their smaller counterparts over the past year, the S&P 500 Index rose just shy of +12%. Mid- and Small-Cap stocks, which rose +20.46% and +26.46% respectively in 2016, have benefitted from market expectations for tax reform and a stronger dollar going into 2017. The divide between Value and Growth stocks resumed in December, with Value stocks, as measured by the S&P 500 Value Index, returned +2.54% in December, outpacing Growth stocks by over +100 bps. Value outperformed Growth stocks by over +10% in 2016, which was the largest performance differential between the two indices since Value outperformed Growth in the year 2000. However, over the last 5 years, Growth and Value have had similar annualized performance, returning +14.52% and +14.66%, respectively.

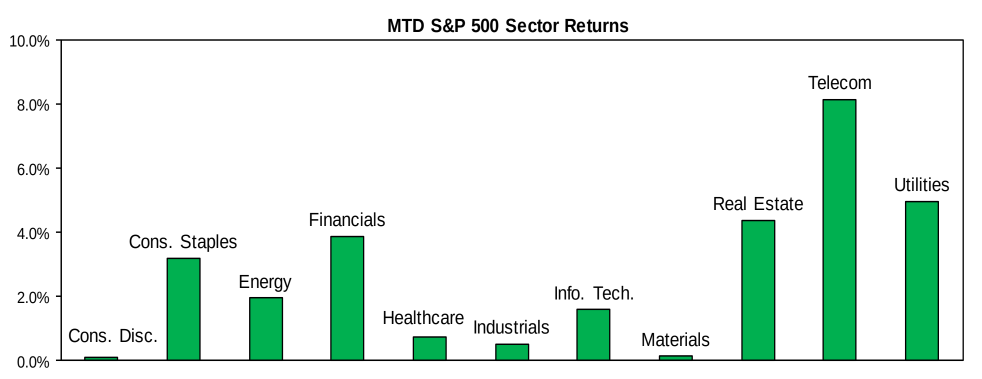
Domestic equity valuations expanded further in December, as the S&P 500 trailing P/E multiple rose from 20.5x to 21x. The positive performance in market cap and style based indices stretched valuations, as domestic equities continue to look expensive relative to historical averages. Furthermore, in 2017, S&P 500 earnings per share are expected to grow by almost +12%, which will be necessary to push the market higher from here.

All 11 sectors in the S&P 500 were positive in December, with Telecoms, Utilities, and Real Estate leading the pack, returning +8.12%, +4.94%, and +4.35%, respectively. Financials benefitted from expectations that President-Elect Trump will lessen the regulatory burden, as the sector closed the year up +22.75%. Nearly all of the positive performance in financials can be attributed to returns that were generated in the 4th quarter of 2017. Health Care and Real Estate were the two worst performing sectors, returning -2.69% and +1.12%, respectively on the year. Health Care was the only sector with negative performance this year, thanks to continued regulatory risks and uncertainty surrounding Obamacare moving forward.




**Domestic Equity Returns**

| Name | MTD | QTD | YTD | 1 Year | 3 Year | 5 Year |
|---|---|---|---|---|---|---|
| S&P 500 Index | 1.97% | 3.82% | 11.95% | 11.95% | 8.86% | 14.63% |
| S&P 400 Mid Cap Index | 2.19% | 7.41% | 20.73% | 20.73% | 9.03% | 15.28% |
| S&P 600 Small Cap Index | 3.32% | 11.06% | 26.46% | 26.46% | 9.43% | 16.56% |
| S&P 500/Citi Growth Index | 1.42% | 0.48% | 6.89% | 6.89% | 9.02% | 14.52% |
| S&P 500/Citi Value Index | 2.54% | 7.34% | 17.39% | 17.39% | 8.50% | 14.66% |




**S&P 500 Sector Returns**

| Sector | MTD | QTD | YTD | 1 Year | 3 Year | 5 Year | % of S&P 500 |
|---|---|---|---|---|---|---|---|
| Consumer Discretionary | 0.06% | 2.31% | 6.03% | 6.03% | 8.59% | 17.80% | 12.36% |
| Consumer Staples | 3.17% | -2.02% | 5.38% | 5.38% | 9.22% | 12.71% | 10.39% |
| Energy | 1.92% | 7.28% | 27.36% | 27.36% | -2.52% | 3.91% | 7.38% |
| Financials | 3.86% | 21.05% | 22.75% | 22.75% | 11.65% | 19.40% | 14.35% |
| Healthcare | 0.73% | -4.00% | -2.69% | -2.69% | 9.24% | 16.78% | 13.34% |
| Industrials | 0.50% | 7.20% | 18.85% | 18.85% | 8.34% | 15.56% | 10.19% |
| Information Technology | 1.56% | 1.19% | 13.85% | 13.85% | 13.14% | 16.37% | 20.65% |
| Materials | 0.12% | 4.70% | 16.69% | 16.69% | 4.55% | 10.53% | 2.83% |
| Real Estate | 4.35% | -4.41% | 1.12% | 1.12% | 8.90% | 8.12% | 2.87% |
| Telecommunications | 8.12% | 4.78% | 23.49% | 23.49% | 9.56% | 11.63% | 2.58% |
| Utilities | 4.94% | 0.14% | 16.29% | 16.29% | 12.59% | 10.34% | 3.06% |

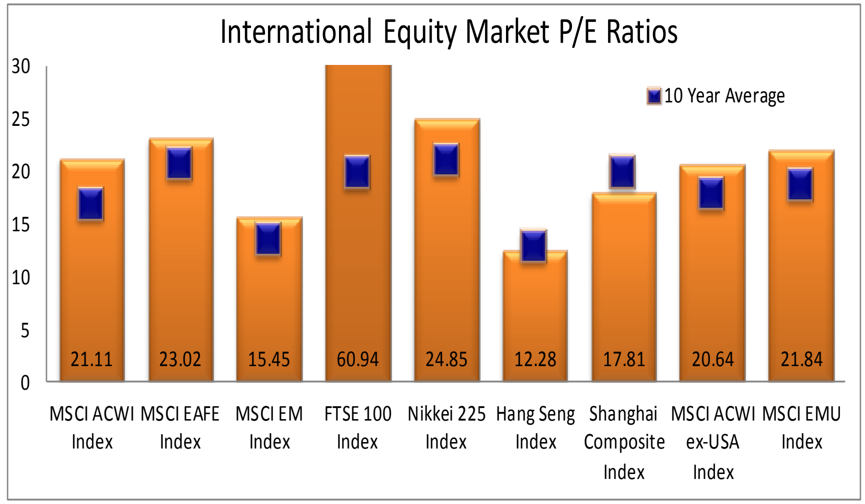
# Nottingham Monthly Market Wrap
## December 31, 2016

### International Equity

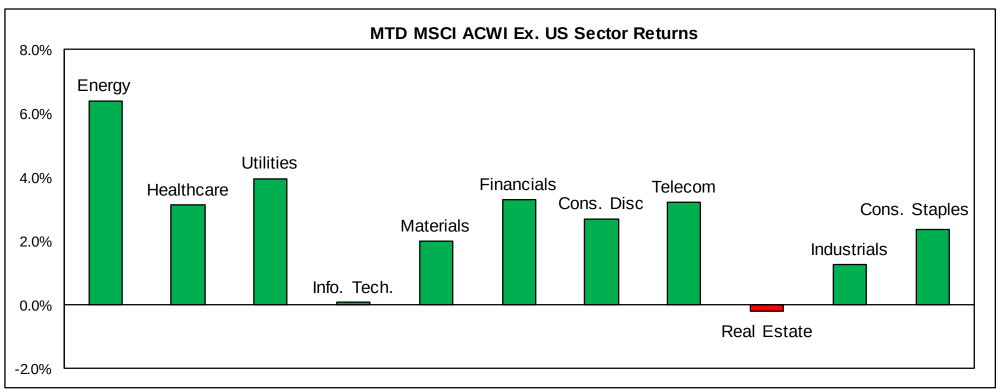
International equities finished the month on a positive note, with both Developed and Emerging Market equities eking out positive returns. Developed equities, as measured by the MSCI EAFE index rose +3.44% in December, which pushed them into positive territory for the year, up +1.59%. Emerging Market equities, as measured by the MSCI EM index, were basically flat on the month, up +0.05%; however, EM equities handily outperformed their developed counterparts, up +11.27% on the year. While both Developed and Emerging Market equities posted positive returns in 2016, their 3-year returns are still negative, having lost -1.03% and -2.34% per annum, respectively. On a 5-year basis performance improves slightly, with +7.13% and +1.55% annual returns, respectively. Regardless of time period, international equities have handily underperformed the S&P 500 by a wide margin over the past 5 years. The MSCI EAFE index has underperformed the S&P 500 by 990 and 750 basis points per year for the past 3- and 5-year periods, while the underperformance for EM equities is even more pronounced, with underperformance of more than 1,100 and 1,300 basis points per year on a trailing 3- and 5-year basis. Moving forward, we continue to believe mean reversion will run its course, as international equities remain considerably cheaper than their US counterparts.

At the country and regional levels, performance varied wildly. December's best performing country was the U.K., as measured by the FTSE 100 index, which gained +5.37% in local terms, and a whopping +19.15% for the year. It is important to note that those returns would need to have been hedged, as the Pound fell more than -17% against the Dollar post-Brexit. Japanese equities, as measured by the Nikkei 225 Index, rose +4.53% on the month, and finished the year in positive territory, up +2.35%, all in local terms. This comes after the Yen went on a wild ride in 2016, strengthening more than +19% through August 18th, only to weaken -14.5% into the end of the year. Lastly, the Eurozone, as measured by the MSCI EMU Index, rose +6.98% in December, and +5.46% on the year in local currency, thanks to a weaker Euro.

Finally, at the sector level, Energy, Utilities, and Financials led the way, gaining +6.38%, +3.95%, and +3.28%, respectively in December. Real Estate and Technology were notable laggards, returning -0.21% and +0.05%, respectively on the month.




| International Equity Returns | | | | | | |
|---|---|---|---|---|---|---|
| **Name** | **MTD** | **QTD** | **YTD** | **1 Year** | **3 Year** | **5 Year** |
| MSCI ACWI Index (USD) | 2.18% | 1.30% | 8.48% | 8.48% | 3.72% | 9.98% |
| MSCI EAFE Index (USD) | 3.44% | -0.62% | 1.59% | 1.59% | -1.03% | 7.13% |
| MSCI EM Index (USD) | 0.05% | -4.31% | 11.27% | 11.27% | -2.34% | 1.55% |
| FTSE 100 Index (GBP) | 5.37% | 4.34% | 19.15% | 19.15% | 5.78% | 9.08% |
| Nikkei 225 Index (JPY) | 4.53% | 16.34% | 2.35% | 2.35% | 7.36% | 19.88% |
| Hang Seng Index (HKD) | -3.45% | -5.28% | 4.28% | 4.28% | 1.80% | 7.45% |
| Shanghai Composite Index (CNY) | -4.50% | 3.31% | -10.50% | -10.50% | 16.26% | 9.82% |
| MSCI ACWI ex-USA Index (USD) | 2.54% | -1.21% | 5.00% | 5.00% | -1.27% | 5.53% |
| MSCI EMU Index (EUR) | 6.98% | 8.21% | 5.46% | 5.46% | 7.28% | 13.16% |




| MSCI ACWI Ex U.S. Sector Returns (in USD) | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Sector** | **MTD** | **QTD** | **YTD** | **1 Year** | **3 Year** | **5 Year** | **% of ACWI Ex. USA** |
| Energy | 6.38% | 8.46% | 32.18% | 32.18% | -5.40% | -1.97% | 7.52% |
| Healthcare | 3.11% | -8.06% | -12.55% | -12.55% | 0.06% | 8.90% | 6.49% |
| Utility | 3.95% | -3.37% | 6.62% | 6.62% | 4.33% | 5.56% | 6.16% |
| Information Technology | 0.05% | -5.13% | 10.81% | 10.81% | 4.72% | 10.32% | 8.96% |
| Materials | 1.98% | 2.56% | 28.06% | 28.06% | -3.51% | -1.60% | 7.21% |
| Financials | 3.28% | 6.99% | 6.81% | 6.81% | -1.08% | 8.14% | 21.17% |
| Consumer Discretionary | 2.69% | -0.91% | -0.25% | -0.25% | -1.21% | 9.08% | 11.74% |
| Telecommunications | 3.21% | -6.39% | -3.49% | -3.49% | -3.32% | 4.13% | 6.05% |
| Real Estate* | -0.21% | -7.84% | N/A | N/A | N/A | N/A | 3.42% |
| Industrials | 1.24% | -2.17% | 6.68% | 6.68% | -0.87% | 6.74% | 11.18% |
| Consumer Staples | 2.34% | -10.06% | -1.55% | -1.55% | 0.75% | 6.66% | 10.10% |

*The MSCI ACWI Ex. USA Real Estate Sector was developed on August 31st, 2016

# Nottingham Monthly Market Wrap
## December 31, 2016

## Fixed Income

The broader bond market managed to eke out gains in December despite president-elect Trump's pro-growth agenda AND a Federal Reserve interest rate hike. Alas, it wasn't enough to salvage the quarter as bonds finished largely in the red. Having touched all-time lows in mid-summer, bond yields are widely expected to begin a slow drift higher, ending the 35+ year bond bull market. While the terminal point and the rate of change are anyone's guess, by our lights higher interest rates should prove a boon to savers, while modest inflation should return some degree of pricing power to corporate America.

In a tight race all year long, US high yield managed to pull out a slight win over emerging market debt to claim the championship for 2016. The Merrill Lynch US High Yield Master II Index returned +17.5% on the year, followed closely by the ML USD Emerging Market Sovereign & Credit Index, which gained +16.0%. Taking 3rd place honors was the ML Municipal High Yield Index, which recovered nicely from various defaults and near-defaults to return +6.3% on the year (tax-free!). US corporates were close behind as the ML US Corporate Master Index gained +6.0%.

With the November elections behind it, the Federal Reserve finally managed to raise the Fed Funds rate a quarter-point in December. The latest Fed dot-plot would seem to indicate an additional 2-3 interest rate hikes are likely in 2017; however, as always, the FOMC will remain "data dependent". The market doesn't appear to be waiting for the Fed, however, as the 2yr Treasury approaches a 1.25% yield and the 5yr touches 2.0%. Any sort of inflation scare, or revolt by the bond vigilantes (thought to be extinct, but still very much alive), could end badly for bond investors as the limited liquidity evident in the market won't prove nearly enough to absorb any large amount of selling.

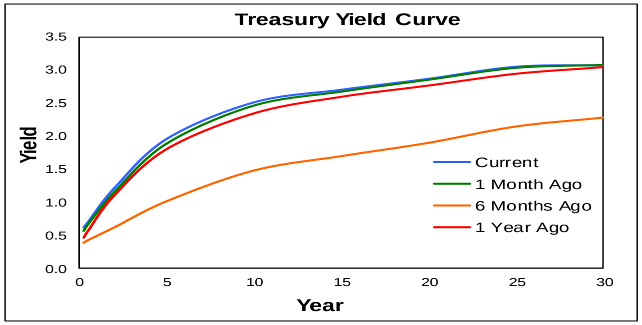
As mentioned above, the end of the long bond bull market appears upon us. Absent some extraneous exogenous shock to the system (geopolitical strife, domestic terrorism, severe recession), it would seem to us that bond yields have begun a slow but steady march higher. Not accustomed to losing money in the bond market, it will be interesting to see how many investors react when they begin to see losses pile up. Our advice, as always, is remember why you own them, and if you hold on til maturity, you should be okay.

**Central Bank Activity**

| Name | Current | 1 Month Ago | 6 Months Ago | 1 Year Ago |
|---|---|---|---|---|
| Fed Funds Rate | 0.75% | 0.50% | 0.50% | 0.50% |
| Bank of Japan Target Rate | 0.10% | 0.10% | 0.10% | 0.10% |
| European Central Bank Rate | 0.00% | 0.00% | 0.00% | 0.05% |
| Bank of England Official Bank Rate | 0.25% | 0.25% | 0.50% | 0.50% |

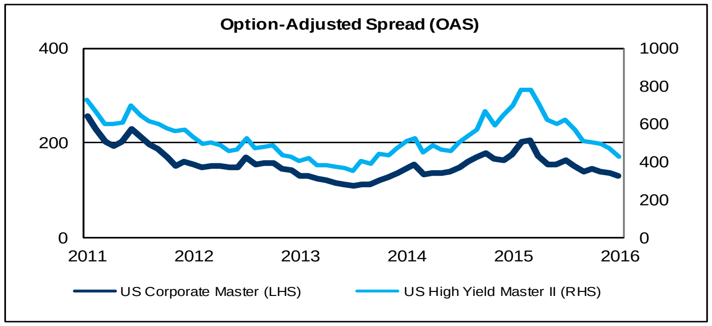
**Fixed Income Returns**

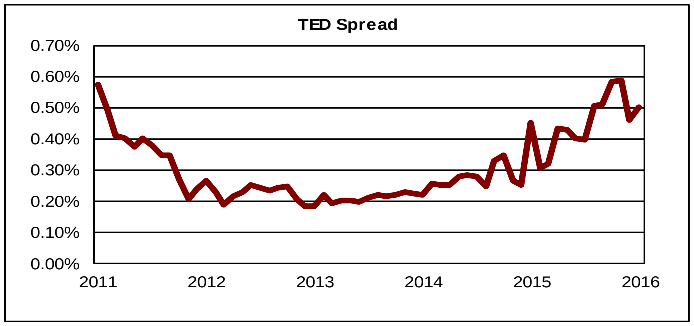
| Name | MTD | QTD | YTD | 1 Year |
|---|---|---|---|---|
| ML U.S. Treasury/Agency Master Index | -0.12% | -3.87% | 1.15% | 1.15% |
| ML U.S. Broad Market Index | 0.11% | -3.08% | 2.62% | 2.62% |
| ML U.S. Corporate Master Index | 0.63% | -2.88% | 5.96% | 5.96% |
| ML U.S. High Yield Master II Index | 1.97% | 1.88% | 17.49% | 17.49% |
| ML USD Emerging Market Sovereign & Credit Index | 1.88% | -1.53% | 16.04% | 16.04% |
| ML Global Government Bond II Index | 0.07% | -3.01% | 2.97% | 2.97% |
| ML Municipal Master Index | 1.09% | -3.50% | 0.44% | 0.44% |
| ML Municipal High Yield Index | 0.36% | -4.30% | 6.27% | 6.27% |

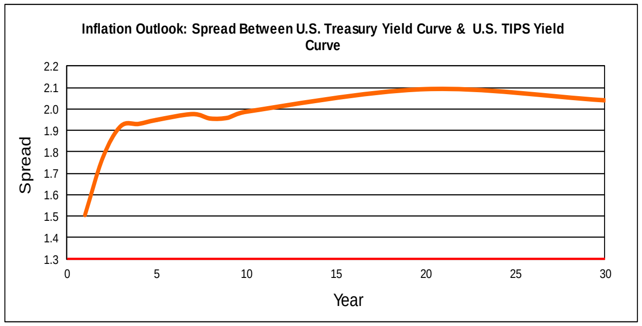



**U.S. Treasury Yields**

| Period | 3 Month | 6 Month | 2 Year | 5 Year | 10 Year | 15 Year | 20 Year | 25 Year | 30 Year |
|---|---|---|---|---|---|---|---|---|---|
| Current | 0.62% | 0.70% | 1.21% | 1.96% | 2.51% | 2.70% | 2.86% | 3.05% | 3.07% |
| 1 Month Ago | 0.57% | 0.67% | 1.15% | 1.89% | 2.46% | 2.67% | 2.85% | 3.03% | 3.07% |
| 6 Months Ago | 0.39% | 0.43% | 0.62% | 1.01% | 1.48% | 1.70% | 1.90% | 2.14% | 2.28% |
| 1 Year Ago | 0.46% | 0.57% | 1.10% | 1.80% | 2.34% | 2.59% | 2.76% | 2.94% | 3.04% |



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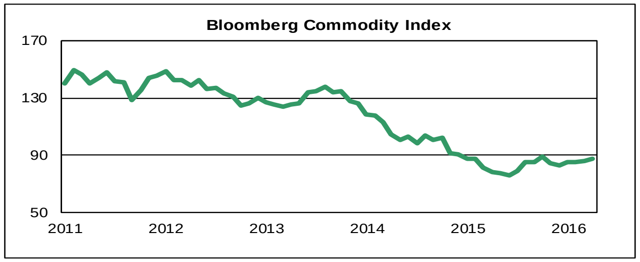
# Nottingham Monthly Market Wrap
## December 31, 2016

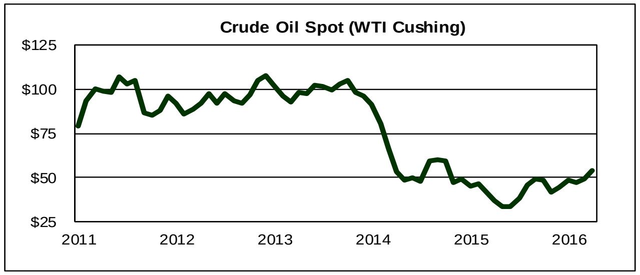
## Alternative Investments

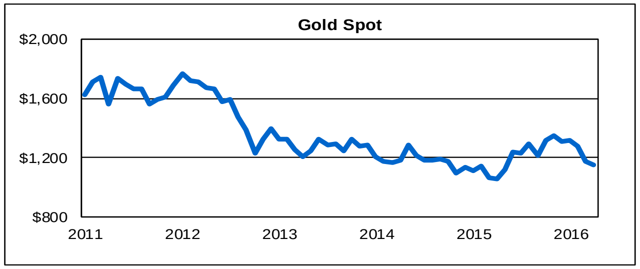
Alternative Investments mostly finished 2016 on a high note, with West Texas Intermediate (WTI) crude oil, Real Estate, Commodities, and the Dollar posting positive returns in December. The lone laggard was Gold, which fell -1.8% on the month. WTI crude oil was the year's top performing alternative, rising +45.0%, from $37/barrel to nearly $54/barrel, after bottoming near $26/barrel in February. Crude has rebounded on hopes that OPEC follows through with planned production cuts, and an uptick in global growth will drawdown stockpiles and spur demand. While this remains to be seen in 2017, it is important to point out that WTI crude oil is currently trading at its highest monthly close in more than 18 months, with strategists forecasting continued gains this year. The rally in crude buoyed Commodities, as measured by the Bloomberg Commodities Index, by +1.8% in December and +11.4% in 2016. Additionally, Real Estate, as measured by the FTSE NAREIT All REIT Index, rose +3.5% in December, and +5.0% on the year. Real Estate returns were diminished in the second half of 2016 as interest rates bottomed and rose sharply higher; however, moving forward, REITs should continue to do well, even in a rising rate environment, as the asset class remains highly sensitive to economic growth, which is expected to increase in 2017.

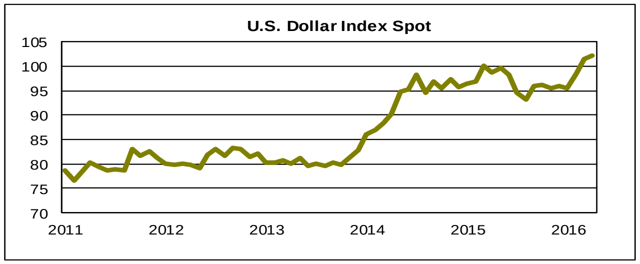
On the currency front, the Dollar rose +0.7% in December, and +3.6% on the year, which pushed major international currencies lower. Diverging monetary policies in the U.S. and Europe, coupled with the sharp interest rate rise after President-elect Trump's victory, helped push the Euro lower against the Dollar to the tune of -3.2% in 2016, but more noticeably by -6.4% in the fourth quarter alone. Other currencies that weakened sharply against the Dollar were the Pound and Yen, which lost -4.9% and -15.4% against the Dollar in the fourth quarter. For the year, the Pound shed -16.3% against the Dollar thanks to the sharp decline post-Brexit, while the Yen actually strengthened against the Dollar by +2.7% for the year. As for Gold, the precious metal lost -1.8% in December, but managed to gain +8.6% on the year, despite higher interest rates and a stronger Dollar.

Finally, Hedge Funds had another tough year, with most strategies underperforming the S&P 500 (again). The standout strategies were Distressed Securities and Event Driven, which gained +20.64% and +11.12% respectively on the year.



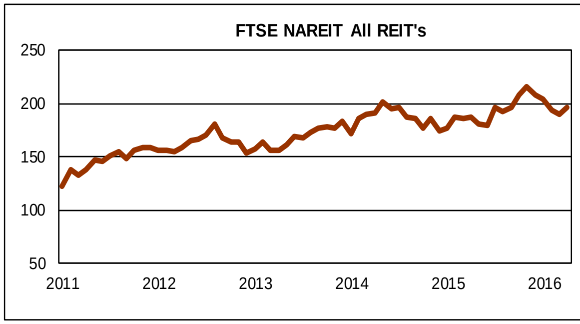




**Hedge Funds**

| Name | MTD | QTD | YTD | 1 Year | 3 Year | 5 Year |
|---|---|---|---|---|---|---|
| Global Hedge | 0.84% | 1.13% | 2.48% | 2.48% | -0.55% | 1.63% |
| Convertible Arbitrage | 0.71% | 0.53% | 5.72% | 5.72% | -1.42% | 2.52% |
| Distressed Securities | 2.65% | 6.24% | 20.64% | 20.64% | 2.51% | 2.75% |
| Equity Hedge (L/S) | 0.13% | 0.74% | 0.05% | 0.05% | -0.27% | 2.90% |
| Equity Market Neutral | -0.88% | -1.04% | -4.90% | -4.90% | 1.37% | 0.16% |
| Event Driven | 1.96% | 3.69% | 11.12% | 11.12% | -0.23% | 3.65% |
| Macro | 0.33% | -1.94% | -3.07% | -3.07% | 0.09% | -0.56% |
| Merger Arbitrage | 0.70% | 1.07% | 4.26% | 4.26% | 4.97% | 3.93% |
| Relative Value Arbitrage | 0.87% | 1.32% | 1.07% | 1.07% | -1.66% | 0.24% |
| Absolute Return | -0.09% | -0.64% | 0.01% | 0.01% | 1.19% | 1.61% |




**Spot Rates**

| Description | Current | 1 Month Ago | 3 Months Ago | 6 Months Ago | 1 Year Ago |
|---|---|---|---|---|---|
| CAD / USD | 1.34 | 1.34 | 1.31 | 1.29 | 1.38 |
| JPY / USD | 116.96 | 114.46 | 101.35 | 103.20 | 120.22 |
| USD / GBP | 1.23 | 1.25 | 1.30 | 1.33 | 1.47 |
| USD / EUR | 1.05 | 1.06 | 1.12 | 1.11 | 1.09 |

**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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