Nottingham Monthly Market Wrap

April 30, 2016

NOTTINGHAM ADVISORS

Economic Overview

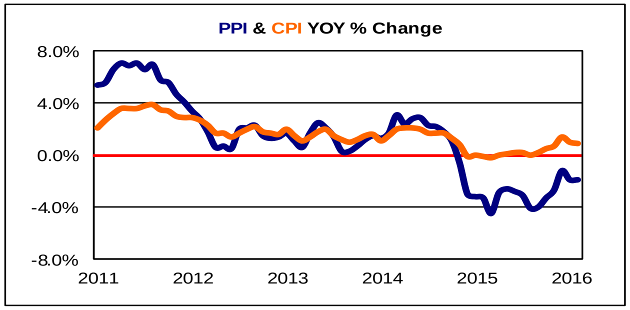
The U.S. economy exited April much the way it entered – stable enough to keep equity valuations stubbornly elevated, but not too strong to scare the bond market and drive yields higher. We caught the first glimpse of Q1 GDP late in the month and the numbers came in below already weakened expectations. The U.S. economy grew at a +0.5% annualized rate in the first quarter of 2016, down from the prior quarter's +1.4% rate. Soft growth here in the U.S. is merely a reflection of the global slowdown we've been witnessing over the past 12+ months as economies struggle with deflationary pressures despite massive central bank intervention.

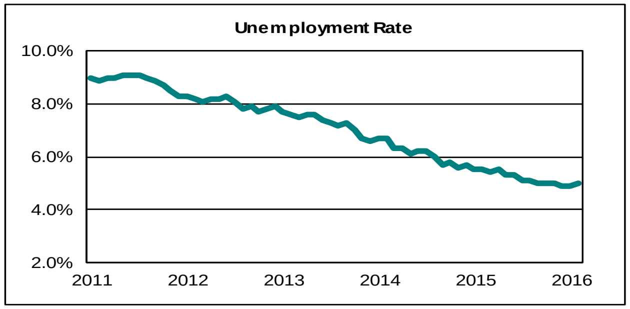
The first quarter's +0.5% growth rate was the weakest seen in 2 years, as plunging oil prices hampered business investment, while consumer spending, long the driver of US growth, moderated. Household spending rose at a +1.9% annual pace in Q1, above estimates for a +1.7% gain, but below the +2.4% pace of the past couple years. Consumer spending accounts for approximately 70% of U.S. GDP. It was believed that lower gas prices would trigger higher consumer spending, but that has yet to be seen as the household savings rate continues to tick higher.

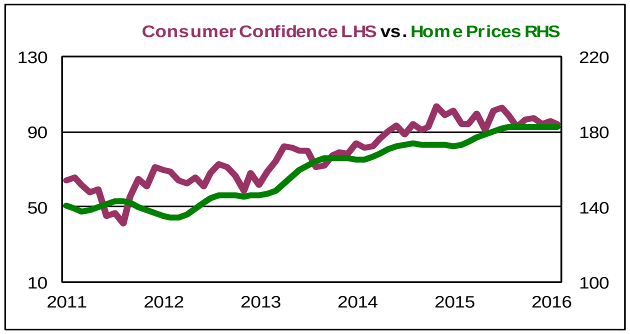
The bright spot in the U.S. remains employment as the April Jobs Report showed +215,000 jobs created in March and a 5.0% Unemployment Rate here in the US. Average hourly earnings rose +0.3% M/M and are now up +2.3% year over year, signs that perhaps wage pressures are increasing. The Underemployment Rate held steady around 9.8% while the Labor Force Participation Rate ticked slightly higher to 63.0%. Weekly Jobless Claims held steady in April.

Manufacturing and industry remain in a funk, with Factory Orders for February dropping -1.7% M/M (-0.8% ex-transportation), while Durable Goods orders plunged -3.0% M/M. Industrial Production fell -0.6% M/M in March (versus expectations for a decline of -0.1%) while Capacity Utilization dropped to 74.8%. Most manufacturing PMI gauges remain around or slightly above 50.0, indicating modest expansion, but whatever growth there is appears soft.

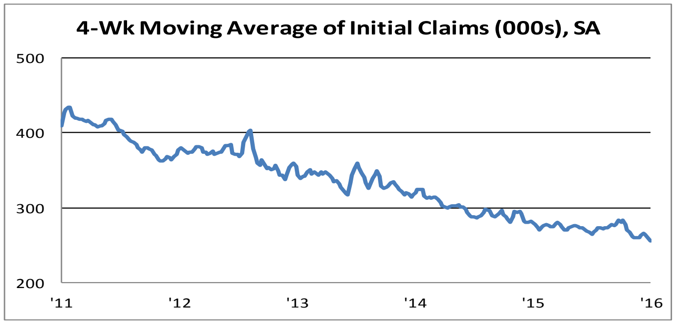
As we effectively reach the limits of monetary policy and the clamor for fiscal stimulus grows louder (it is an election year after all), we would expect the U.S. economy to muddle along much like the rest of the world, as a continued debt overhang hampers global growth prospects.

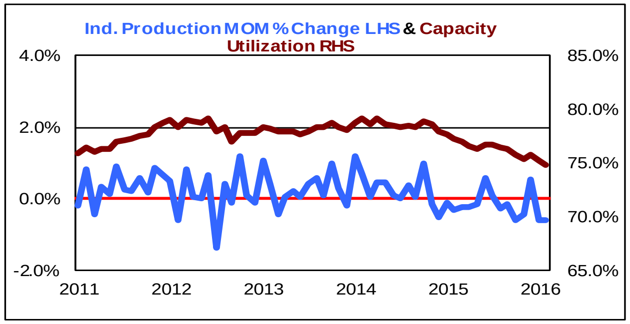






Key Data Points				
Name	**Current**	**For**	**Previous**	**For**
Retail Sales ex. Autos MOM %	0.20%	March	0.00%	February
Housing Starts	1089K	March	1194K	February
Factory Orders MOM %	-1.70%	February	1.20%	January
Leading Indicators MOM %	0.20%	March	-0.10%	February
Unit Labor Costs	3.30%	Q4 2015	0.40%	Q3 2015
GDP QOQ (Annualized)	0.50%	Q1 2016	1.40%	Q4 2015
Wholesale Inventories	-0.50%	February	-0.20%	January
MBA Mortgage Applications	-4.10%	April	-1.00%	March





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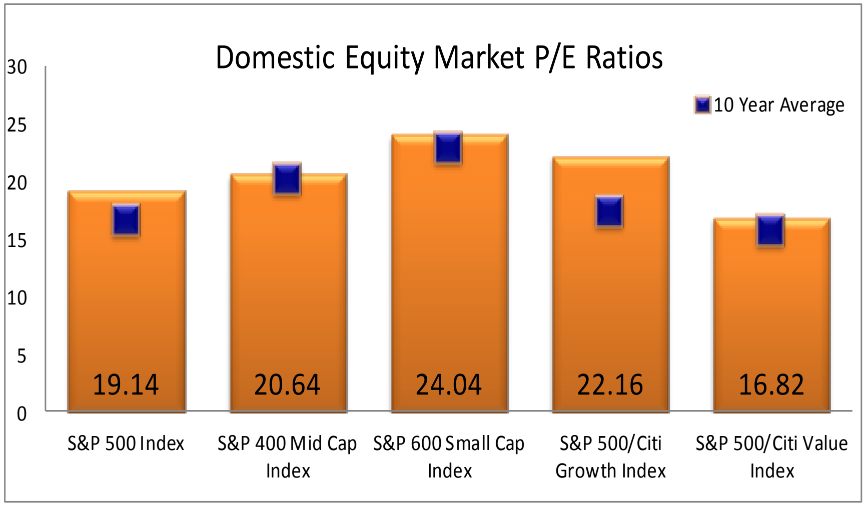
Domestic Equity

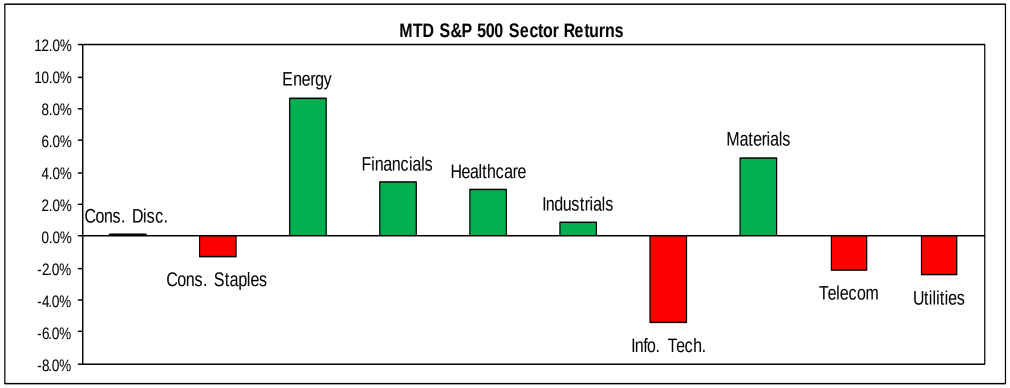
U.S. equities posted positive returns in April, led by mid- and small-caps, which returned +1.22% and +1.17%, respectively on the month. The benchmark S&P 500 was the notable laggard, gaining +0.39% on the month. Value stocks, as measured by the S&P 500/Citi Value Index, once again outperformed Growth stocks, as measured by the S&P 500/Citi Growth Index, by +3.38% during the period. Growth stocks' notable negative performance was driven by Apple (down -13.99%) and Microsoft (down -9.70%). For the year, Value has outperformed Growth by over +500 basis points, largely driven by a rebound in Energy shares (energy makes up 13% of the Value Index). Looking at the two indices from a valuation standpoint, Value stocks don't look cheap, trading in line with their historical 10-year average. On the other hand, Growth stocks are trading at notable premium to their 10-year average and to the broader S&P 500 Index. Taken together, Value stocks may not look cheap compared to their historical averages, but look increasingly compelling versus Growth stocks and the broader U.S. equity market; however, investors should caution the sector composition of the Value Index, which also includes 25% Financials, in addition to the Energy position mentioned earlier, meaning that a bet on Value is largely a bet on Energy and Financials.

From a sector standpoint, the aforementioned Energy and Financial sectors were two of the top performers on the month, gaining +8.70% and +3.40%, respectively, significantly greater than the S&P 500's +0.39% return. Other notable positive performing sectors included Materials, HealthCare, and Industrials, which gained +4.95%, +2.93%, and +0.89%, respectively. Prominent laggards can be broken into two categories – bond proxies and Technology. As for the bond proxies, Utilities, Telecoms, and Consumer Staples shed -2.41%, -2.11%, and -1.28%, respectively, as concerns over valuations and a slight sell-off in Treasuries contributed to negative performance during the month. As the outlook for interest rates becomes more clear heading into the June FOMC meeting, we would expect these sectors to remain volatile, meaning if the FOMC is more dovish than expected in June these sectors may catch a bid, but if the FOMC is more hawkish than anticipated, a further sell-off may be imminent, as the three sectors have been top performers this year. As for Technology, Apple, Google, and Microsoft, which all fell sharply after disappointing quarterly earnings releases, lead to Technology's -5.39% decline during the period. Apple fell -6.26% on Wednesday, April 27th, while Google and Microsoft fell -5.32% and -7.17%, respectively on Friday, April 22nd. The three tech giants combine to make up nearly 33% of the Technology sector, which is now the worst performing sector year to date, down -2.93%.



Domestic Equity Returns

Name	MTD	QTD	YTD	1 Year	3 Year	5 Year
S&P 500 Index	0.39%	0.39%	1.74%	1.20%	11.25%	10.99%
S&P 400 Mid Cap Index	1.22%	1.22%	5.06%	-0.94%	9.65%	9.16%
S&P 600 Small Cap Index	1.17%	1.17%	3.86%	0.23%	10.89%	10.07%
S&P 500/Citi Growth Index	-1.27%	-1.27%	-0.74%	1.72%	12.70%	12.00%
S&P 500/Citi Value Index	2.11%	2.11%	4.35%	0.27%	9.55%	9.87%



S&P 500 Sector Returns

Sector	MTD	QTD	YTD	1 Year	3 Year	5 Year	% of S&P 500
Consumer Discretionary	0.13%	0.13%	1.74%	6.94%	15.02%	16.24%	13.19%
Consumer Staples	-1.28%	-1.28%	4.22%	10.86%	11.22%	13.70%	11.22%
Energy	8.70%	8.70%	13.07%	-13.91%	-1.99%	-1.02%	7.16%
Financials	3.40%	3.40%	-1.83%	-1.52%	9.63%	9.34%	15.58%
Healthcare	2.93%	2.93%	-2.73%	-1.08%	15.65%	16.82%	14.36%
Industrials	0.89%	0.89%	5.93%	4.12%	13.23%	10.32%	10.04%
Information Technology	-5.39%	-5.39%	-2.93%	-0.10%	14.54%	11.84%	19.63%
Materials	4.95%	4.95%	8.74%	-4.30%	8.24%	5.38%	2.95%
Telecommunications	-2.11%	-2.11%	14.15%	9.79%	4.99%	9.80%	2.61%
Utilities	-2.41%	-2.41%	12.77%	13.68%	9.38%	12.22%	3.25%

International Equity

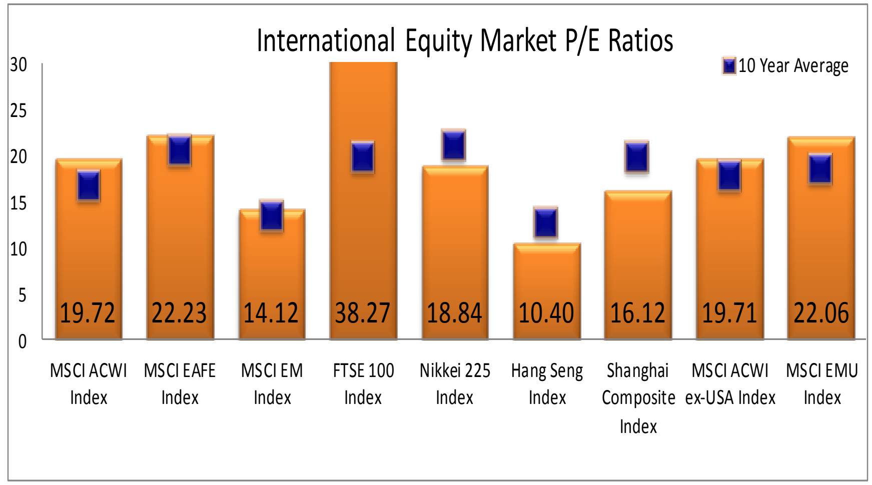
International equity markets selectively participated in the March rally with the Euro area markets leading the way while Asian markets were clear laggards. Although both the ECB and Bank of Japan are aggressively pursuing NIRP (Negative Interest Rate Policy), the results are running somewhat counter to the intent with the Euro and Yen rallying as opposed to weakening. The much-hyped Abenomics experiment appears to be on life support, reflected by a Nikkei down nearly -12% YTD.

The MSCI EAFE Index gained +2.98% in April while the broader MSCI ACWI ex-USA index gained +2.70%. As mentioned above, the Nikkei 225 was down again in April, falling -0.55% while the Shanghai composite dropped -2.16%. Emerging markets weren't able to build much on their strong March performance, but the MSCI EM Index did manage to tack on another +0.56% gain and is now up +6.28% YTD.

Energy and Materials, the two sectors most out of favor over the past year, led the way in April rising +8.24% and +7.83%, respectively. Although both remain in the red over the past year, they are up +15.19% and +14.25% YTD. Laggards for the month included Tech, down -4.12% and Utilities, off -0.35%.

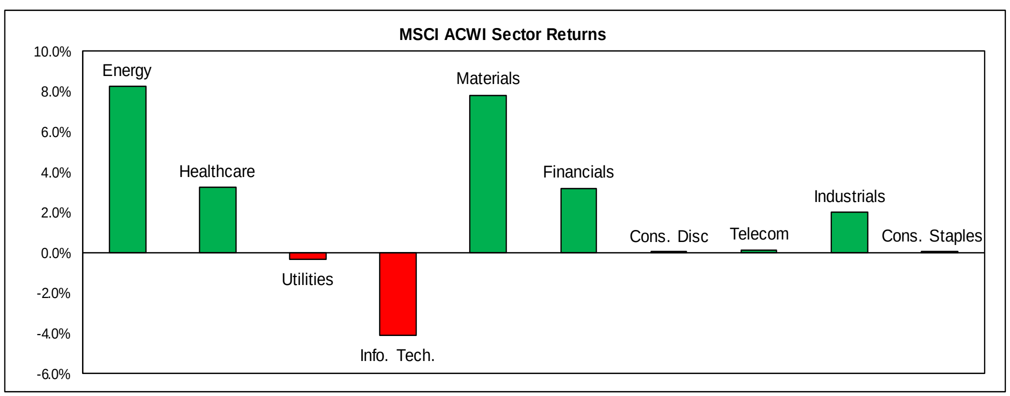
Emerging markets remain the most compelling story from both a valuation and mean reversion standpoint. Despite much publicized challenges in China over growth, Brazil over Politics and Russia over just about everything. Demographics and a rising middle class paint a compelling picture for those with a long time horizon and a strong stomach. Partly due to the 5-year annual return of -4.29%, the sector is under-owned and much maligned. Valuations haven't yet fallen close enough to historical lows to entice value shoppers, but they appear to be getting closer.

International markets are suffering from soft global demand, high leverage and deflationary pressures. Central banks around the world continue to pursue easy money policies in order to try and address these issues. The recovery from the 2008 crisis remains painfully slow, but there are clear signs that things are improving. For the patient investor, it should be worth the wait.



International Equity Returns

Name	MTD	QTD	YTD	1 Year	3 Year	5 Year
MSCI ACWI Index	1.53%	1.53%	1.92%	-5.10%	5.67%	5.29%
MSCI EAFE Index	2.98%	2.98%	0.04%	-8.82%	2.06%	2.27%
MSCI EM Index	0.56%	0.56%	6.28%	-17.57%	-4.25%	-4.29%
FTSE 100 Index	1.42%	1.42%	1.53%	-6.81%	2.70%	4.35%
Nikkei 225 Index	-0.55%	-0.55%	-11.72%	-13.07%	8.17%	13.15%
Hang Seng Index	1.46%	1.46%	-3.35%	-22.49%	1.12%	1.18%
Shanghai Composite Index	-2.16%	-2.16%	-16.95%	-32.80%	13.39%	2.67%
MSCI ACWI ex-USA Index	2.70%	2.70%	2.43%	-10.81%	0.52%	0.40%
MSCI EMU Index	1.39%	1.39%	-5.25%	-10.44%	9.42%	5.86%



MSCI ACWI Sector Returns

Sector	MTD	QTD	YTD	1 Year	3 Year	5 Year	% of ACWI
Energy	8.24%	8.24%	15.19%	-14.86%	-4.68%	-4.79%	7.01%
Healthcare	3.24%	3.24%	-3.46%	-4.88%	12.02%	14.10%	10.45%
Utility	-0.35%	-0.35%	8.45%	2.73%	4.57%	3.97%	3.58%
Information Technology	-4.12%	-4.12%	-2.58%	-3.72%	11.89%	9.40%	13.49%
Materials	7.83%	7.83%	14.25%	-9.53%	-1.79%	-6.00%	5.12%
Financials	3.19%	3.19%	-1.90%	-10.88%	2.11%	3.12%	20.40%
Consumer Discretionary	0.00%	0.00%	-0.35%	-2.77%	9.49%	10.15%	12.97%
Telecommunications	0.12%	0.12%	7.15%	-2.02%	5.38%	5.49%	5.11%
Industrials	1.99%	1.99%	5.65%	-1.71%	7.45%	5.11%	10.69%
Consumer Staples	0.03%	0.03%	4.86%	6.55%	6.98%	10.30%	11.18%

Fixed Income

The Federal Reserve shocked no one by keeping rates unchanged at the April meeting of the Federal Open Market Committee. As has been documented in prior missives, the Fed Policy Loop is very much intact with the FOMC showing a slight pivot towards more hawkish rhetoric with its latest post-meeting statement. Fixed income markets are beginning to exhibit some strange form of central bank fatigue, responding in unique and unanticipated ways to negative interest rates and other heavy-handed central bank policies. The result is heightened uncertainty plaguing global currency and fixed-income markets, and yields stuck near historical lows.

The strengthening U.S. Dollar provided the Fed with easy cover in Q1, although given the -8% fall in the DXY since December, that cover is blown. With continued strong employment in the U.S., a stable housing market and nascent signs of burgeoning wage pressure sin the U.S., the Fed clearly would like to implement 1 to 2 more interest rate hikes in 2016. Whether or not equity markets are prepared for it, it's likely that the Fed funds rate will close 2016 somewhere around the 0.75% to 1.00% range.

Risk-on dominated April with the ML US High Yield Master II Index gaining +3.42% on the month while the ML USD Emerging Market Sovereign & Credit Index surged +2.31%. Investment-grade corporates also had a strong month with the ML U.S. Corporate Master Index gaining +1.03% while the ML U.S. Treasury/Agency Master Index dropped -0.29%. U.S. municipal bonds saw somewhat muted yet positive returns on the month with the ML Municipal Master Index rising +0.41% in April.

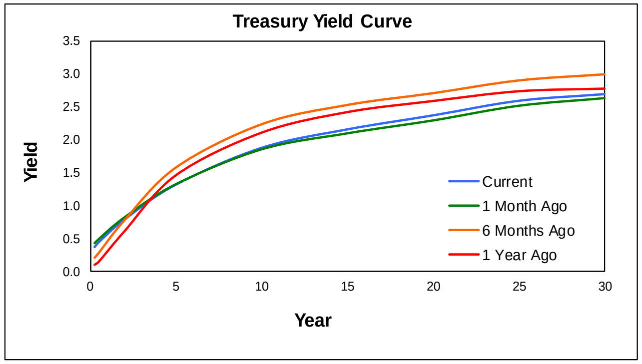
As we go to press, the Commonwealth of Puerto Rico rests on the verge of defaulting on a $422 million bond payment, triggering what would likely be an extensive, messy and costly wide scale municipal default. Leaders in Congress are working to avoid such a fiasco and hopefully a resolution can be reached in the next 24 hours to allow for an organized restructuring of its $75+ billion of debt. Although this has been anticipated for some time, a default would likely send shock waves through the normally staid municipal bond market.

Central Bank Activity

Name	Current	1 Month Ago	6 Months Ago	1 Year Ago
Fed Funds Rate	0.50%	0.50%	0.25%	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%

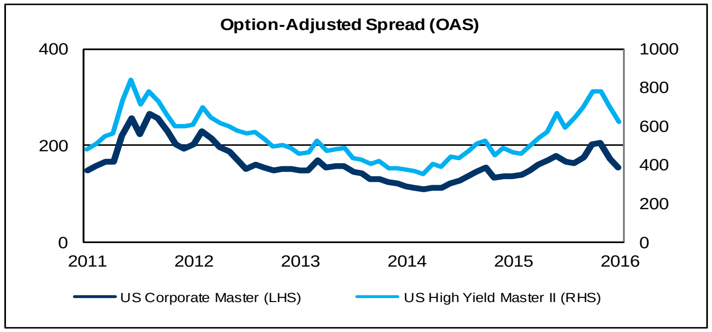
Fixed Income Returns

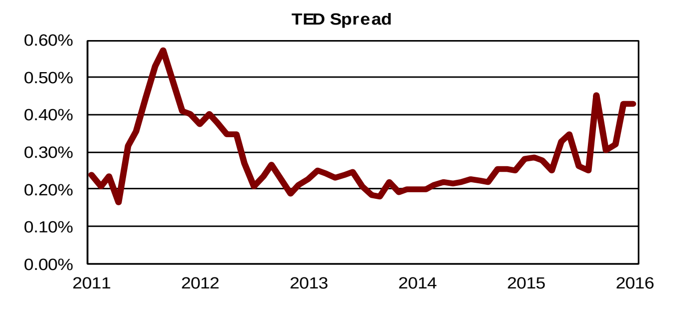
Name	MTD	QTD	YTD	1 Year
ML U.S. Treasury/Agency Master Index	-0.29%	-0.29%	2.41%	0.59%
ML U.S. Broad Market Index	0.15%	0.15%	2.50%	-0.08%
ML U.S. Corporate Master Index	1.03%	1.03%	3.93%	-1.21%
ML U.S. High Yield Master II Index	3.42%	3.42%	4.86%	-8.01%
ML USD Emerging Market Sovereign & Credit Index	2.31%	2.31%	5.22%	1.68%
ML Global Government Bond II Index	-0.35%	-0.35%	2.83%	1.31%
ML Municipal Master Index	0.41%	0.41%	0.97%	0.97%
ML Municipal High Yield Index	0.03%	0.03%	0.56%	-4.35%

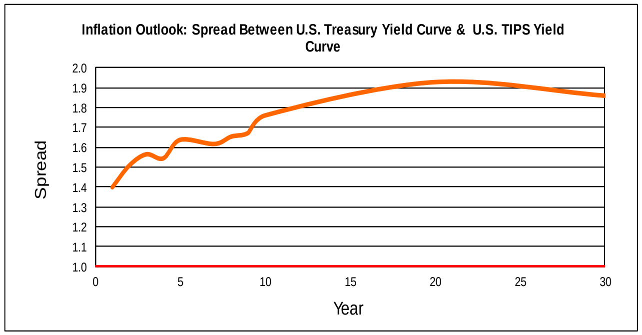


U.S. Treasury Yields

Period	3 Month	6 Month	2 Year	5 Year	10 Year	15 Year	20 Year	25 Year	30 Year
Current	0.36%	0.44%	0.78%	1.31%	1.87%	2.15%	2.37%	2.59%	2.69%
1 Month Ago	0.42%	0.49%	0.82%	1.32%	1.85%	2.09%	2.29%	2.51%	2.63%
6 Months Ago	0.20%	0.28%	0.77%	1.57%	2.23%	2.52%	2.70%	2.90%	2.99%
1 Year Ago	0.10%	0.14%	0.61%	1.46%	2.10%	2.42%	2.58%	2.73%	2.77%







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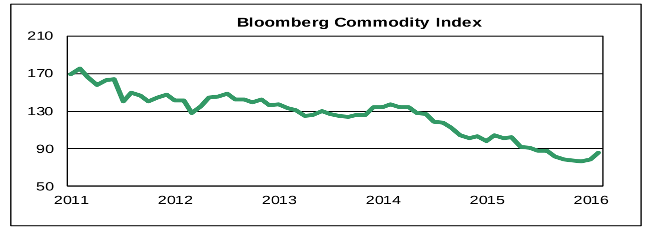
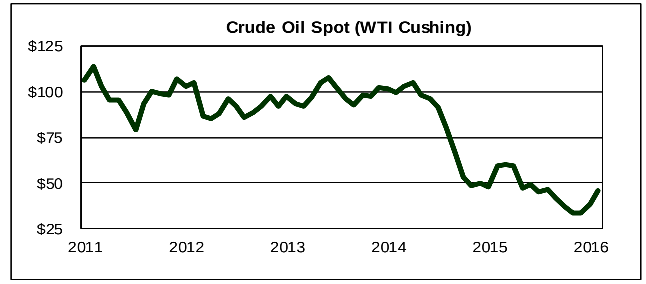
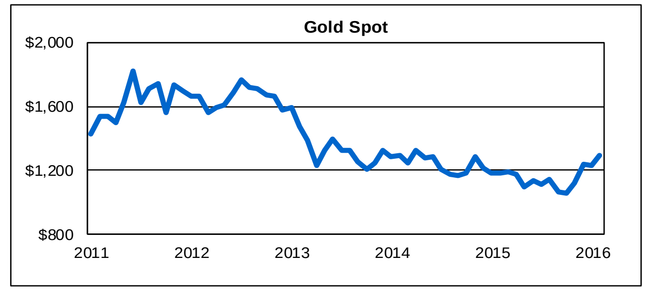
Alternative Investments

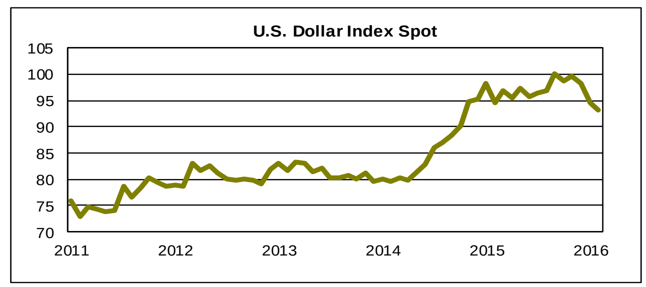
Alternative investments fared quite well in April, led higher by a sharp rebound in commodities and gold. West Texas Intermediate (WTI) crude oil rose more than $7/barrel, or nearly +20%, to close at $45.92/barrel on the NYMEX. April's monthly closing price represented the highest monthly close since October 2015, and has now rebounded more than +60% off of the intra-month low hit in February of nearly $27/barrel. Much of the gain in crude oil has come from the expectation of a return to supply/demand equilibrium in the second half of 2016, as the International Energy Agency (IEA) is forecasting a further 1 million barrel per day cut in U.S. production to bring supplies down, while demand remains largely unchanged. Until a substantial supply rebalance takes place, oil may become increasingly more volatile heading into the summer months. After a failed "production freeze" in Doha, Qatar in mid-April, the threat of increasing production remains real, especially with $46/barrel crude oil prices, which may tempt producers to turn the oil spigots back on. It is widely estimated that at $45-50/barrel crude oil prices that many West Texas shale producers may be cash flow positive, while deep water drilling and production in the Canadian oil sands needs much higher prices to be profitable. Volatility is likely to return to the market at the first sign of increasing supplies, meaning crude prices might again test the $35/barrel level (or even lower) before moving substantially higher than current levels. While we don't see $60/barrel oil any time soon (barring a geopolitical event in the Middle East), it is likely that increased production from Saudi Arabia and Iraq, and perhaps marginal production out of U.S. shale plays, may put further pricing pressure on WTI prices in the summer months. The end game remains to be seen, but it likely ends badly for many U.S. shale producers as a debt overhang should force more companies into bankruptcy.

In terms of other alternatives, broad commodities were buoyed +8.5% during the month thanks to crude oil, while gold hit $1,293/ounce, its highest monthly close since June 2014. Gold has benefitted from negative interest rate policy (NIRP) from the European Central Bank (ECB) and the Bank of Japan (BoJ), as well as a weaker U.S. Dollar, which lost -1.6% during the month, and is nearly -7.1% off of its November 2015 peak. The Dollar's weakness has come from many fronts – weaker than expected U.S. economic data, as well as a more dovish Federal Reserve. This has led the Euro to appreciate to $1.15 USD/EUR at the end of April, up from an intra-month low of $1.045 USD/EUR earlier this year. Oil's rise has benefitted the Canadian Loonie, which strengthened to $1.25 CAD/USD during the month, from $1.45 CAD/USD back in January. The most notable currency standout has been the Japanese Yen, which surged after the BoJ enacted NIRP, and continues to be a haven currency that investors flock to. The Yen finished April at 106.5 JPY/USD, its strongest level in nearly two years, and a sharp reversal for the BoJ which has sought to boost economic activity through a weaker Yen – which may cause the BoJ to either increase monetary stimulus or engage in direct open market currency operations (selling Yen) to reverse the Yen's strength.



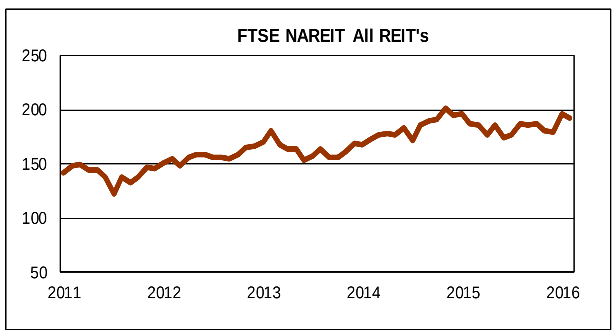






Hedge Funds

Name	MTD	QTD	YTD	1 Year	3 Year	5 Year
Global Hedge	0.61%	0.61%	-1.27%	-6.99%	-0.92%	-1.15%
Convertible Arbitrage	1.82%	1.82%	0.72%	-2.47%	-1.69%	0.26%
Distressed Securities	4.46%	4.46%	2.90%	-10.24%	-1.81%	-2.64%
Equity Hedge (L/S)	0.30%	0.30%	-2.64%	-8.06%	0.45%	-1.17%
Equity Market Neutral	-2.32%	-2.32%	-4.85%	0.13%	1.54%	-0.88%
Event Driven	0.82%	0.82%	-0.42%	-9.11%	-1.61%	-0.27%
Macro	0.43%	0.43%	0.51%	-2.09%	0.43%	-1.30%
Merger Arbitrage	0.19%	0.19%	1.81%	6.95%	4.90%	2.50%
Relative Value Arbitrage	0.90%	0.90%	-1.88%	-7.31%	-2.46%	-1.59%
Absolute Return	0.02%	0.02%	-0.56%	0.48%	1.92%	0.61%



Spot Rates

Description	Current	1 Month Ago	3 Months Ago	6 Months Ago	1 Year Ago
CAD / USD	1.25	1.30	1.40	1.31	1.21
JPY / USD	106.50	112.57	121.14	120.62	119.38
USD / GBP	1.46	1.44	1.42	1.54	1.54
USD / EUR	1.15	1.14	1.08	1.10	1.12

S&P 500 Index (SPX) – Standard and Poor's 500 Index is a capitalization-weighted index of 500 stocks. The index is designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

S&P 500 Sector Indices (S5COND, S5CONS, S5ENRS, S5FINL, S5HLTH, S5INDU, S5INFT, S5MATR, S5TELS, S5UTIL) – The S&P 500 is broken down into ten sub-indices according to the Global Industry Classification Standard (GICS) sectors. These ten sectors include Consumer Discretionary, Consumer Staples, Energy, Financials, Health Care, Industrials, Information Technology, Materials, Telecommunication Services, and Utilities.

S&P 400 Mid Cap Index (MID) – Standard and Poor's Mid Cap 400 Index is a capitalization-weighted index, which measures the performance of the mid-range sector of the U.S. stock market.

S&P 600 Small Cap Index (SML) – Standard & Poor's Small Cap 600 Index is a capitalization-weighted index that measures the performance of selected U.S. stocks with a small market capitalization.

S&P 500/Citigroup Growth Index (SGX) – The S&P 500/Citigroup Growth Index is a market capitalization-weighted index. All the stocks in the underlying parent index are allocated into value or growth. Stocks that do not have pure value or pure growth characteristics have their market caps distributed between the value & growth indices.

S&P 500/Citigroup Value Index (SVX) – The S&P 500/Citigroup Value Index is a market capitalization-weighted index. All the stocks in the underlying parent index are allocated into value or growth. Stocks that do not have pure value or pure growth characteristics have their market caps distributed between the value & growth indices.

MSCI AC World Index (MXWD) – The MSCI AC World Index is a free float-weighted equity index. The index includes both emerging and developed world markets.

MSCI EAFE Index (MXEA) – The MSCI EAFE Index is a capitalization-weighted index that monitors the performance of stocks from developed markets in Europe, Australia-Asia, and the Far East.

MSCI Emerging Market Index (MXEF) – The MSCI Emerging Market Index is a free-float weighted index that is designed to measure the equity performance of international emerging markets.

FTSE 100 Index (UKX) – The FTSE 100 Index is a capitalization-weighted index of the 100 most highly capitalized companies traded on the London Stock Exchange. The equities use an investability quotient weighting in the index calculation.

Nikkei 225 Stock Average Index (NKY) – The Nikkei-225 Stock Average is a price-weighted average of 225 top-rated Japanese companies listed in the First Section of the Tokyo Stock Exchange.

Hang Seng Index (HSI) – The Hang Seng is a free-float capitalization-weighted index of selected companies from the Stock Exchange of Hong Kong. The components of the index are divided into four sub-indexes: Commerce and Industry, Finance, Utilities, and Properties.

Shanghai Stock Exchange Composite Index (SHCOMP) – The Shanghai Stock Exchange Composite Index is a capitalization-weighted index. The index tracks the daily price performance of all A-shares and B-shares listed on the Shanghai Stock Exchange.

S&P Global 1200 Index (SPGLOB) – The S&P Global 1200 Index is a composite index, comprised of seven regional and country indices – S&P 500, S&P Europe 350, S&P/TOPIX 150 (Japan), S&P TSX 60 (Canada), S&P/ASX 50 (Australia), S&P Asia 50, and S&P Latin America 50. The S&P Global 1200 is calculated in US dollars. The index is market-cap weighted.

ML U.S. Treasury & Agency Index (G0A0) – The Merrill Lynch U.S. Treasury and Agency Index tracks the performance of U.S. dollar denominated U.S. Treasury and non-subordinated U.S. agency debt issued in the U.S. domestic market.

ML U.S. Broad Market Index (US00) – The Merrill Lynch U.S. Broad Market Index tracks the performance of U.S. dollar denominated investment grade debt publicly issued in the U.S. domestic market, including U.S. Treasury, quasi-government, corporate, securitized, and collateralized securities.

ML U.S. Corporate Index (C0A0) – The Merrill Lynch U.S. Corporate Index tracks the performance of U.S. dollar denominated investment grade corporate debt publicly issued in the U.S. domestic market.

ML U.S. High Yield Index (H0A0) – The Merrill Lynch U.S. High Yield Index tracks the performance of U.S. dollar denominated below investment grade corporate debt publicly issued in the U.S. domestic market.

ML Global Government Index (W0G1) – The Merrill Lynch Global Government Index tracks the performance of investment grade sovereign debt publicly issued and denominated in the issuer's own domestic market and currency.

ML U.S. Municipal Securities Index (U0A0) – The Merrill Lynch U.S. Municipal Securities Index tracks the performance of U.S. dollar denominated investment grade tax-exempt publicly issued by U.S. states and territories, and their political subdivisions, in the U.S. domestic market.

FTSE NAREIT All REITs Index (FNAR) – The FTSE NAREIT All REITs Index is a free float adjusted market capitalization-weighted index that includes all tax qualified REITs listed in the NYSE, AMEX, and NASDAQ National Market.

Dow Jones UBS Commodity Index (DJUBS) – The Dow Jones UBS Commodity Index is composed of futures contracts on 19 physical commodities. It reflects the return of underlying commodity futures price movements only. Previously, the index was the Dow Jones AIG Commodity Index.

U.S. Dollar Index (DXY) – The U.S. Dollar Index (USDX) indicates the general int'l value of the USD. The USDX does this by averaging the exchange rates between the USD and 6 major world currencies. The ICE US computes this by using the rates supplied by some 500 banks.

HFRX Global Hedge Fund Index (HFRXGL) – The HFRX Global Hedge Fund Index is designed to be representative of the overall composition of the hedge fund universe. It is comprised of all eligible hedge fund strategies.

HFRX Convertible Arbitrage Index (HFRXCA) – The HFRX Convertible Arbitrage Index is designed to reflect the general performance of strategies in which the investment thesis is predicated on realization of a spread between related instruments in which one or multiple components of the spread is a convertible fixed income instrument.

HFRX Distressed Securities Index (HFRXDS) – The HFRX Distressed Securities Index is designed to reflect the general performance of strategies focused on corporate fixed income instruments, primarily on corporate credit instruments of companies trading at significant discounts to their value at issuance of obliged (par value) at maturity as a result of either formal bankruptcy proceeding or financial market perception of near term proceedings.

HFRX Macro Index (HFRXM) – The HFRX Macro Index reflects the general performance of strategies in which the investment process is predicated on movements in underlying economic variables and the impact these have on equity, fixed income, hard currency, and commodity markets.

HFRX Equity Hedge Index (HFRXEH) – The HFRX Equity Hedge Index is designed to reflect the general performance of strategies that maintain both long and short positions in primarily equity and equity derivative securities. A wide variety of investment processes can be employed to arrive at an investment decision, including both quantitative and fundamental techniques. Strategies can be broadly diversified or narrowly focused.

HFRX Equity Market Neutral Index (HFRXEMN) – The HFRX Equity Market Neutral Index is designed to reflect the general performance of strategies that employ sophisticated quantitative techniques of analyzing price data to ascertain information about future price movement and relationships between securities.

HFRX Event Driven Index (HFRXED) – The HFRX Event Driven Index reflects the general performance of strategies that maintain positions in companies currently or prospectively involved in corporate transactions of a wide variety including, but not limited to, mergers, restructurings, financial distress, tender offers, shareholder buybacks, debt exchanges, security issuance, or other capital structure adjustments.

HFRX Merger Arbitrage Index (HFRXMA) – The HFRX Merger Arbitrage Index reflects the general performance of strategies which employ an investment process primarily focused on opportunities in equity and equity related instruments of companies which are current engaged in a corporate transaction.

HFRX Relative Value Arbitrage Index (HFRXRVA) – The HFRX Relative Value Arbitrage Index reflects the general performance of strategies that maintain positions in which the investment thesis is predicated on realization of a valuation discrepancy in the relationship between multiple securities.

Economic Data Sources:
PPI & CPI – Bureau of Labor Statistics
Unemployment Rate – Bureau of Labor Statistics
Consumer Confidence – Conference Board
S&P/Case-Shiller Composite 20 – Case-Shiller
Industrial Production – Federal Reserve
Capacity Utilization – Federal Reserve
Retail Sales – U.S. Census Bureau
Housing Starts – U.S. Department of Commerce
Factory Orders – U.S. Census Bureau
Leading Indicators – Conference Board
Unit Labor Costs – Bureau of Labor Statistics
GDP – Bureau of Economic Analysis
Wholesale Inventories – U.S. Census Bureau
MBA Mortgage Applications – Mortgage Bankers Association
4-Week Moving Average of Initial Claims, SA – Bureau of Labor Statistics

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