

### Economic Overview

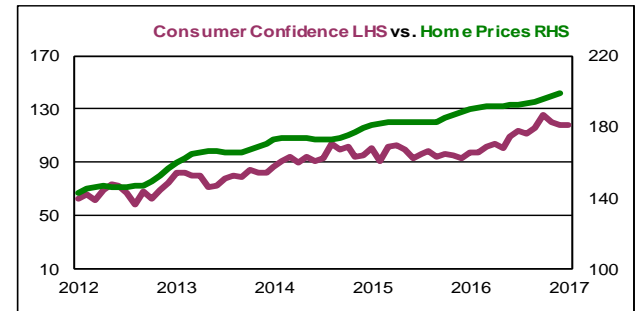
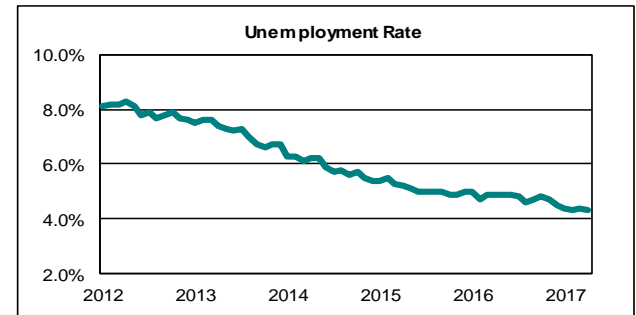
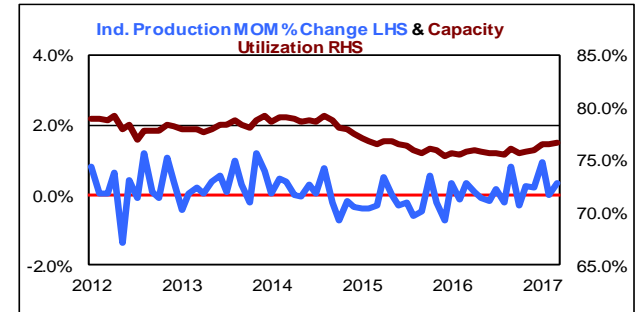
One of the few economic highlights of August can usually be found at the Kansas City Fed's annual symposium held in Jackson Hole, WY. Central bankers from around the world gather for a few days to discuss monetary policy, economics, politics and fishing. Beautiful scenery aside, this idyllic mountain retreat has on occasion been the source of a fair amount of market volatility, as Fed officials make pronouncements amidst half-empty trading desks and decidedly junior staff. This year, however, proved tame as the fireworks were few and bankers did their best to stay on script. The good news is that there was more positive than negative news to discuss.

Nonfarm payrolls in the US rose 209k in July (estimates were for an increase of 180k) as the unemployment rate dropped from 4.4% to 4.3%. Average Hourly Earnings rose a robust 0.3% MoM and are up 2.5% YoY, slightly ahead of expectations. The Underemployment Rate held steady at 8.6% while the JOLTS Job Openings survey for June showed the highest reading since the BLS began collecting data in 2000.

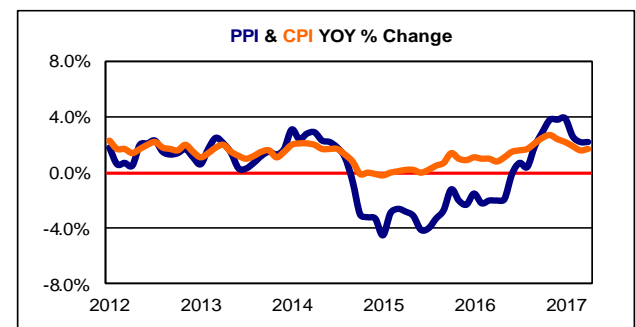
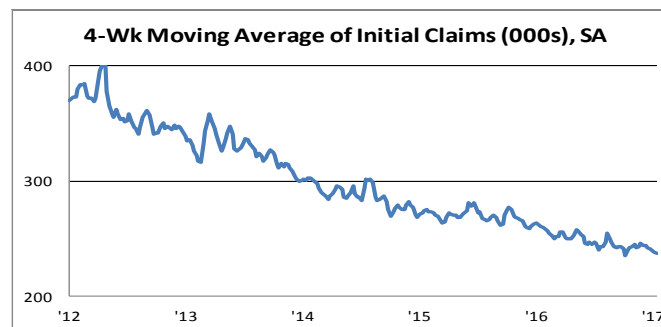
GDP estimates for the second quarter were revised up from a prior reading of 2.7% to 3.0%, with personal consumption leading the way with a 3.3% increase. Personal Income for July rose 0.4% MoM, beating estimates and strongly above June's reading of 0.0%. Personal Spending surged 0.3% after ticking up just 0.1% in June.

Certainly the Fed's reluctance to pursue interest rate hikes too aggressively stems from the profound absence of consumer price inflation in today's economy. The PCE Deflator in July rose 1.4% YoY while the Core PCE measure rose just 0.1% MoM (1.4% YoY). Top line CPI rose just 0.1% MoM while Producer Prices actually declined -0.1% last month. Core CPI edged up 0.1% while core PPI fell -0.1%. As we've suggested in these pages before, outside of asset price inflation, prices for goods and services remain well within reason and give the Fed ample cover to delay, or continue their measured approach to raising short term interest rates.

It would seem to us that the global economy is experiencing something of a synchronized economic upswing. Low interest rates around the globe, soft commodity prices and rising equity markets have triggered animal spirits which it would appear are driving a sustainable increase in consumerism.



Key Data Points				
Name	Current	For	Previous	For
Retail Sales ex. Autos MOM %	0.50%	July	0.10%	June
Housing Starts	1155K	July	1213K	June
Factory Orders MOM %	3.00%	June	-0.30%	May
Leading Indicators MOM %	0.30%	July	0.60%	June
Unit Labor Costs	0.60%	Q2 2017	5.40%	Q1 2017
GDP QOQ (Annualized)	3.00%	Q2 2017	1.20%	Q1 2017
Wholesale Inventories	0.40%	July	0.60%	June
MBA Mortgage Applications	-2.30%	August	-2.80%	July

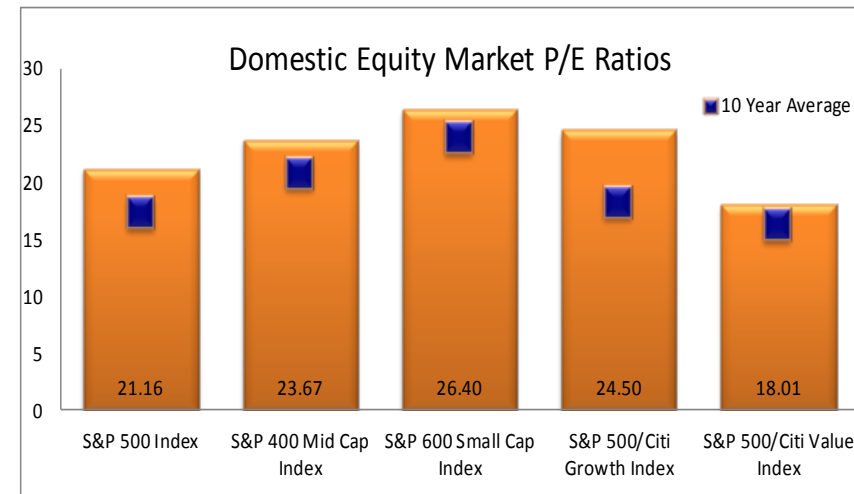


### Domestic Equity

U.S. equities stumbled a bit in August as the so-called “Trump-trade” continued to unwind. Small-caps, which had surged following Trump’s election on the belief that they would be the greatest beneficiaries of tax-reform, infrastructure spending and deregulation, have given back nearly 5% versus their large-cap brethren over the past few weeks. The S&P 600 Small Cap Index declined -2.56% in August while the S&P 500 gained 0.31%. Mid-caps roughly split the difference with the S&P 400 Midcap Index falling -1.53% on the month. Year-to-date, large-caps continue to lead the way, up 11.9% thru 8/31, while mid-caps have gained 5.3% and small-caps just 1.1%.

Growth-stocks continued to distance themselves from their value counterparts as the S&P 500 Growth Index gained 1.48% in August while the S&P 500 Value Index fell -1.16%. Year-to-date in 2017 Growth is up 18.0% while Value has gained just 5.0%. Given that the top 5 holdings in the cap-weighted Growth index are Apple (up 42% YTD), Microsoft (up 19%), Facebook (up 50%), Amazon (up 30%) and Google (up 21%), it’s clear the outperformance is being driven by a select few mega-cap stocks, rather than the broader growth space.

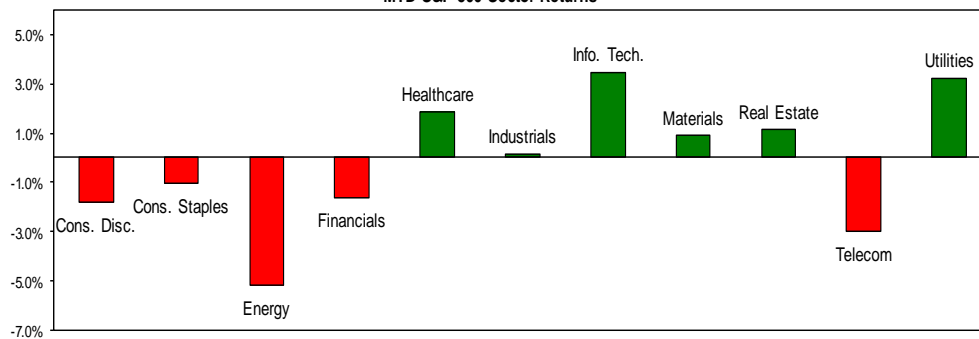
At the sector level, Information Technology led the way again, climbing 3.47% on the month and is now up 26.6% YTD. Utilities posted a solid 3.25% gain in August, benefitting from a drop in interest rates, which also aided the Real Estate sector which rose 1.14% for the month. The biggest decliner in August was the volatile Energy space, which dipped -5.18%, and is now down -15.0% YTD. Telecom, Financials, Consumer Discretionary and Staples all saw declines in August as the continued market advance gets more and more narrow.



### Domestic Equity Returns

Name	MTD	QTD	YTD	1 Year	3 Year	5 Year
S&P 500 Index	0.31%	2.37%	11.93%	16.23%	9.51%	14.32%
S&P 400 Mid Cap Index	-1.53%	-0.67%	5.28%	12.36%	8.04%	13.96%
S&P 600 Small Cap Index	-2.56%	-1.62%	1.11%	13.01%	9.18%	14.38%
S&P 500/Citi Growth Index	1.48%	4.13%	18.01%	19.05%	11.38%	15.21%
S&P 500/Citi Value Index	-1.16%	0.19%	5.05%	12.34%	7.11%	13.16%

### MTD S&P 500 Sector Returns



### S&P 500 Sector Returns

Sector	MTD	QTD	YTD	1 Year	3 Year	5 Year	% of S&P 500
Consumer Discretionary	-1.84%	0.00%	11.00%	13.22%	11.04%	16.46%	12.44%
Consumer Staples	-1.06%	-0.49%	7.49%	3.78%	9.51%	11.99%	9.28%
Energy	-5.18%	-2.81%	-15.07%	-6.09%	-10.99%	-0.22%	5.53%
Financials	-1.61%	0.09%	6.98%	25.97%	11.31%	17.19%	13.80%
Healthcare	1.85%	2.64%	19.13%	13.78%	10.15%	17.97%	14.45%
Industrials	0.15%	0.21%	9.74%	17.51%	10.27%	15.65%	10.03%
Information Technology	3.47%	7.96%	26.56%	31.19%	16.79%	17.56%	23.37%
Materials	0.89%	2.44%	11.88%	15.68%	4.95%	11.35%	2.90%
Real Estate	1.14%	2.35%	8.90%	2.41%	5.96%	7.03%	2.96%
Telecommunications	-3.02%	3.15%	-7.93%	-4.42%	4.19%	5.70%	2.08%
Utilities	3.25%	5.77%	15.03%	15.64%	12.20%	12.80%	3.16%

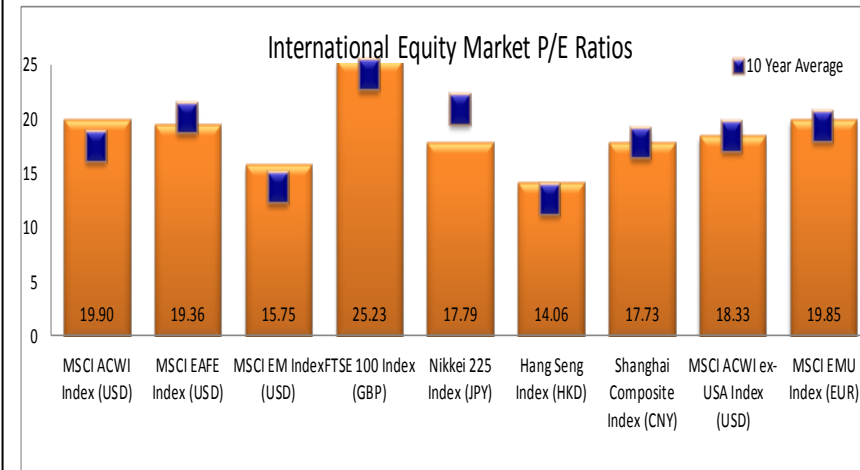
### International Equity

International equities posted mixed results in August, hardly surprising given little news flow and the extended vacation time many foreign countries avail themselves of in the summer months. As ECB head Mario Draghi sets the stage for the eventual end to quantitative easing efforts in Europe, the Bank of Japan appears to remain fully committed to highly accommodative monetary policy, with no end in sight.

The broad MSCI All-country World Index gained 0.44% in August and is up 15.49% YTD in US Dollar terms. The MSCI EAFE index remained flat in August while the MSCI EM index gained 2.3% on the month. With the US Dollar having fallen nearly -10% year to date versus a basket of international currencies, exposures to foreign markets have been amply rewarded. Whereas London's FTSE 100 is down -3.0% YTD for a Euro-based investor, it has returned 9.3% to a US Dollar based holder. Likewise, whereas an investor in continental Europe has seen a 4.8% return thus far in 2017 on the Euro Stoxx 50 Index, a US Dollar based investor has gained over 18.0%!

Japan's Nikkei 225 Index remains relatively cheap versus its 10-year average on a Price-to-earnings ratio basis. So far in 2017, it has returned just 3.0% in local currency terms; however for a US Dollar-based investor, the Nikkei has gained 9.2%. A continued commitment to the principles of *Abenomics*, including robust quantitative easing, should provide a long lasting tailwind to the Japanese economy. Recent inflation reports in Japan showed consumer prices rising 0.4% YoY in July, a seemingly underwhelming number but after years of battling deflation, this 4<sup>th</sup> consecutive reading of rising prices is promising.

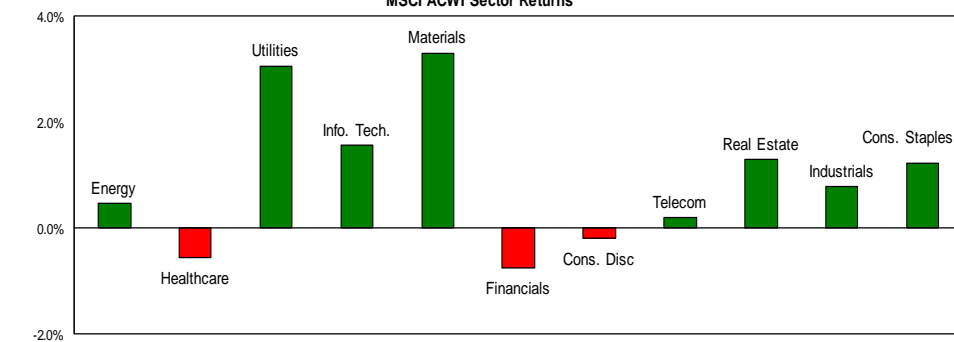
Emerging markets continue to win back investors after years of lagging developed markets. The MSCI EM Index has gained 28.5% thru 8/31, as continued low interest rates in the US along with a weakening US Dollar have improved the outlook for many EM economies. China, as usual, remains the key to the region; however, YTD the Shanghai Composite is up 10.4% and fears over bad debts and a housing bubble have yet proven unfounded.



### International Equity Returns

Name	MTD	QTD	YTD	1 Year	3 Year	5 Year
MSCI ACWI Index (USD)	0.44%	3.29%	15.49%	17.79%	6.18%	11.09%
MSCI EAFE Index (USD)	0.00%	2.89%	17.53%	18.30%	3.40%	9.08%
MSCI EM Index (USD)	2.27%	8.44%	28.59%	24.98%	2.73%	5.65%
FTSE 100 Index (GBP)	1.65%	2.53%	7.33%	14.00%	6.93%	9.44%
Nikkei 225 Index (JPY)	-1.34%	-1.87%	3.83%	18.54%	10.35%	19.45%
Hang Seng Index (HKD)	3.06%	9.90%	31.33%	26.66%	8.10%	11.58%
Shanghai Composite Index (CNY)	2.79%	6.55%	10.40%	11.15%	17.06%	13.12%
MSCI ACWI ex-USA Index (USD)	0.56%	4.30%	19.37%	19.50%	2.90%	7.92%
MSCI EMU Index (EUR)	-0.45%	-0.08%	9.02%	18.01%	8.74%	12.73%

### MSCI ACWI Sector Returns



### MSCI ACWI Ex U.S. Sector Returns

Sector	MTD	QTD	YTD	1 Year	3 Year	5 Year	% of ACWI
Energy	0.45%	6.06%	2.44%	14.28%	-7.64%	-1.57%	6.63%
Healthcare	-0.57%	-1.58%	14.45%	5.72%	0.78%	9.36%	6.19%
Utility	3.06%	5.85%	17.72%	14.45%	5.46%	8.73%	5.97%
Information Technology	1.55%	7.40%	39.10%	36.88%	13.73%	16.94%	10.70%
Materials	3.31%	10.46%	21.97%	29.18%	2.05%	3.03%	7.34%
Financials	-0.77%	4.46%	19.09%	27.64%	3.00%	9.43%	21.14%
Consumer Discretionary	-0.21%	3.27%	16.73%	16.64%	4.03%	10.28%	11.29%
Telecommunications	0.20%	4.03%	14.99%	7.51%	0.30%	5.93%	5.65%
Real Estate*	1.29%	5.85%	N/A	N/A	N/A	N/A	3.61%
Industrials	0.77%	2.35%	19.97%	18.58%	4.75%	9.57%	11.40%
Consumer Staples	1.22%	2.01%	18.94%	8.98%	4.93%	7.79%	10.08%

### Fixed Income

Bond investors were better buyers in August as softening US economic data, an increasingly benign Fed, and little to no consumer price inflation combined to spur the latest chase for yield. The broad ML US Treasury/Agency Master Index gained 1.11% in August as the yield on the 10-year US Treasury fell from 2.25% to 2.12%. Fears over the potential for a hawkish speech by Janet Yellen at the annual August Jackson Hole Symposium went unrealized as she spent most of her prepared remarks defending the work of the Federal Reserve and policymakers following the collapse of the credit bubble.

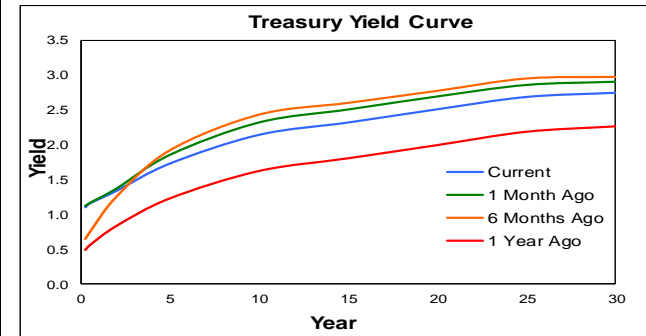
Risk-on in debt markets took divergent paths in August with bond investors actively seeking returns in the EM space while at the same time cooling on US high yield. The ML USD Emerging Market Sovereign & Credit Index surged 1.7% on the month, and is now up 8.9% YTD. The ML US High Yield Master II Index fell -0.03%, yet remains up a solid 6.09% for the year. US high yield spreads over Treasuries did widen out almost 25 bps in August after touching a 3-year low of +368 in late July. Along with tighter spreads, we have seen the continued deterioration in investor protections with the vast majority of high yield debt now being issued along cov-lite lines. As taxable high-yield investors have pulled back, we've seen increased interest in tax-exempt high-yield, with the ML Municipal High Yield Index rising 1.4% in August, for a 5.31% YTD gain.

Despite a 13 bps pullback in the spread over Treasuries on investment-grade debt, the ML US Corporate Master Index gained 0.85% on the month and is up over 5.5% YTD. Demand for investment-grade bonds remains robust across the board and despite the continuation of heavy issuance (Amazon floated \$16 billion in August to help fund the Whole Foods acquisition and the deal was met with \$47 billion in investor interest), the relative attractiveness of US yields versus those available in the eurozone and Japan has spurred investor demand.

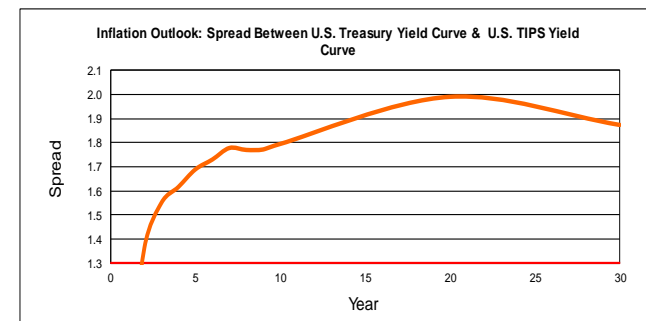
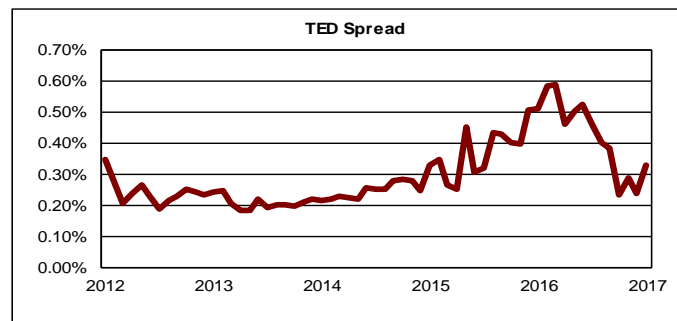
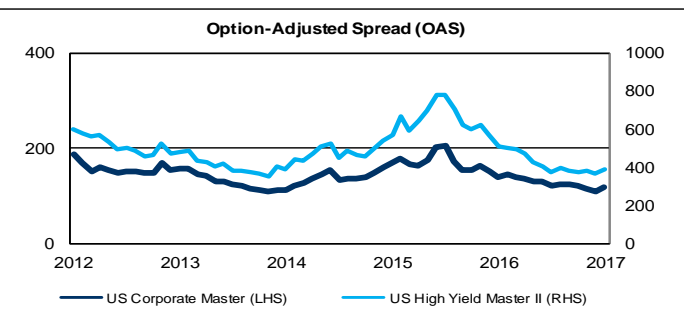
The odds for a December rate hike currently stand at 34% according to the futures market. Today's somewhat underwhelming employment report for August, along with meager inflation data, has reduced the likelihood that the Fed will feel any sense of urgency around the timing of its next rate hike.

Central Bank Activity				
Name	Current	1 Month Ago	6 Months Ago	1 Year Ago
Fed Funds Rate	1.25%	1.25%	0.75%	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%	0.00%
Bank of England Official Bank Rate	0.25%	0.25%	0.25%	0.25%

Fixed Income Returns				
Name	MTD	QTD	YTD	1 Year
ML U.S. Treasury/Agency Master Index	1.11%	1.27%	3.20%	-0.96%
ML U.S. Broad Market Index	0.93%	1.35%	3.73%	0.45%
ML U.S. Corporate Master Index	0.85%	1.59%	5.54%	2.21%
ML U.S. High Yield Master II Index	-0.03%	1.13%	6.09%	8.79%
ML USD Emerging Market Sovereign & Credit Index	1.70%	2.41%	8.93%	8.54%
ML Global Government Bond II Index	0.94%	1.06%	1.38%	-1.78%
ML Municipal Master Index	0.84%	1.57%	5.03%	0.86%
ML Municipal High Yield Index	1.41%	2.13%	5.31%	1.57%



U.S. Treasury Yields									
Period	3 Month	6 Month	2 Year	5 Year	10 Year	15 Year	20 Year	25 Year	30 Year
Current	1.10%	1.16%	1.34%	1.73%	2.14%	2.32%	2.51%	2.68%	2.74%
1 Month Ago	1.12%	1.16%	1.37%	1.85%	2.32%	2.50%	2.69%	2.85%	2.90%
6 Months Ago	0.65%	0.74%	1.25%	1.92%	2.43%	2.60%	2.77%	2.95%	2.97%
1 Year Ago	0.49%	0.56%	0.83%	1.23%	1.62%	1.80%	1.99%	2.18%	2.26%





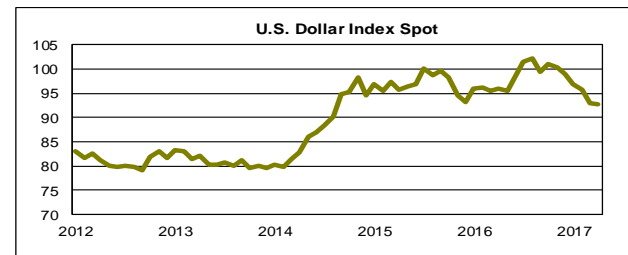
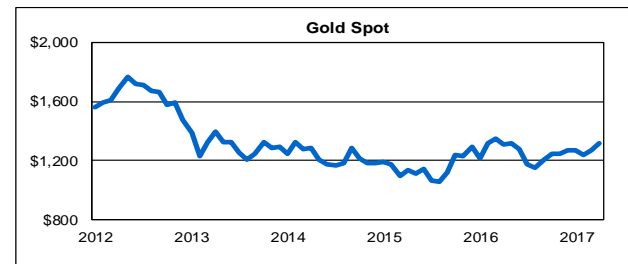
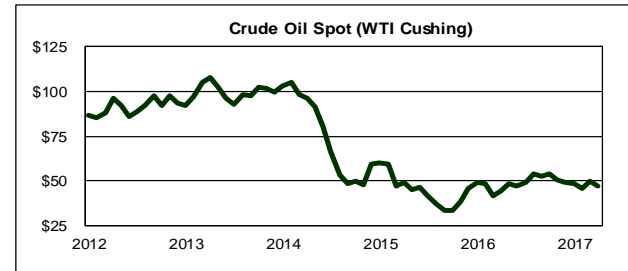
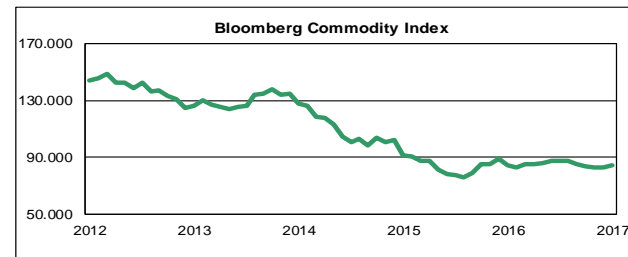
### Alternative Investments

Trepidation around the devastating impact Hurricane Harvey is having on the Texas Gulf Coast has roiled energy markets and injected a fair amount of uncertainty into the forward curve. The immediate impact of Harvey, beyond the human toll, has been a drop in oil prices as crude stockpiles increase, unable to find their way to the massive refineries currently closed by the storm. At the same time, gasoline prices are surging as shortfalls are anticipated until production can come back online. At the end of the day, however, prices will adjust sooner rather than later while the unfortunate human impact of Harvey will likely linger for some time.

Oil prices fell nearly -9% in August with much of that decline coming pre-hurricane. The US continues to be buffeted (blessed?) with an abundance of oil and gas, and the net impact of increased exports is only starting to be felt. Brent crude declined only -3.7% on the month as global demand for petroleum products remains robust. NYMEX Gasoline prices surged nearly 14% in August, mostly on the heels of Hurricane Harvey. At the distribution level, MLP's suffered broad declines with MLPA, the Global X MLP ETF falling -7.2% in August.

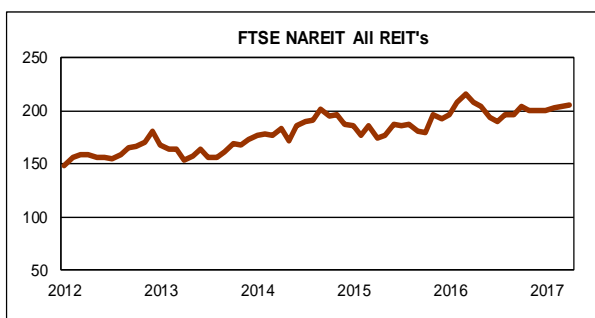
The price of gold rose 4.3% in August, as interest rates declined and geopolitical risk heightened. North Korea's provocative missile launches have global investors seeking some sort of hedge against a scaling up of tensions on the Korean peninsula. Metals in general rose in August as solid demand around the globe has driven prices of everything including copper (+6.5% in Aug), aluminum (+10.3%), palladium (+8.9%) and platinum (+7.05%) higher.

Hedge funds stabilized a bit in August despite mixed results. Year to date, Event-driven and Convertible Arbitrage have "outperformed", returning 5.4% and 5.1% respectively, versus the 11.9% return for the S&P 500. Most of the other hedge fund strategies have realized returns more consistent with the fixed income markets, perhaps offering investors risk diversification away from traditional long equity portfolios. A glance at the 5-yr number column, however, should cause most rational investors to scratch their heads and at least contemplate whether there's a cheaper way to earn returns in the low single digits.



Hedge Funds						
Name	MTD	QTD	YTD	1 Year	3 Year	5 Year
Global Hedge	-0.02%	0.91%	3.49%	5.26%	-0.11%	1.88%
Convertible Arbitrage	-0.18%	0.68%	5.06%	5.97%	0.35%	2.38%
Distressed Securities	-0.99%	-0.49%	2.06%	7.84%	1.00%	2.38%
Equity Hedge (L/S)	-0.04%	0.83%	4.60%	7.03%	0.77%	3.32%
Equity Market Neutral	0.70%	1.22%	1.93%	1.03%	1.11%	1.56%
Event Driven	-0.25%	0.74%	5.39%	9.29%	-0.08%	3.89%
Macro	0.56%	1.51%	0.74%	-1.21%	-0.03%	-0.31%
Merger Arbitrage	-0.08%	-0.20%	1.17%	2.78%	5.12%	3.99%
Relative Value Arbitrage	-0.18%	0.73%	2.45%	4.29%	-1.17%	0.25%
Absolute Return	0.56%	1.04%	2.43%	2.42%	1.46%	2.13%

Note: Price Return, Returns as of 08/30/17



Spot Rates					
Description	Current	1 Month Ago	3 Months Ago	6 Months Ago	1 Year Ago
CAD / USD	1.25	1.25	1.35	1.33	1.31
JPY / USD	109.98	110.26	110.78	112.77	103.43
USD / GBP	1.29	1.32	1.29	1.24	1.31
USD / EUR	1.19	1.18	1.12	1.06	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-indices: 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 (GOAO)** – 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 (COA0)** – 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 (HOA0)** – 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 (USDXY) indicates the general int'l value of the USD. The USDXY 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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