

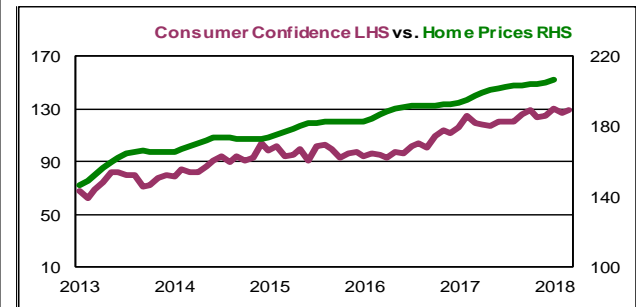
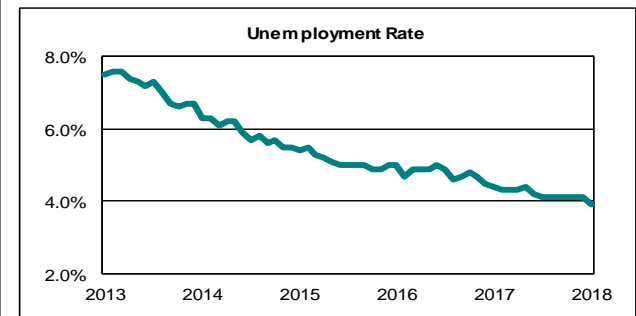
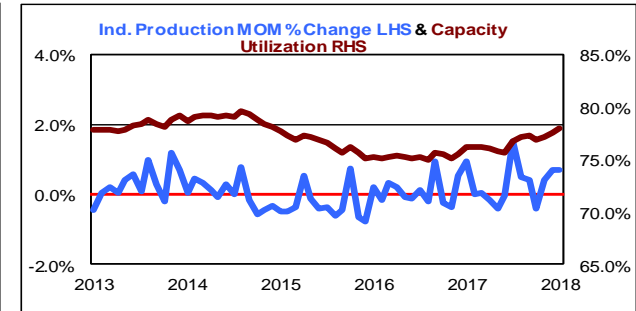
Economic Overview

What can hamper the slow but steady expansion of the U.S. economy? A trade war, that's what! Despite a heady tailwind of low unemployment, low interest rates, 2017's corporate tax cut and continued deregulation, the U.S. economy could be derailed by a self-inflicted wound. While the events surrounding the latest spate of tariffs are happening in real time, we're still willing to see this as more a trade "skirmish" than a full-blown war. Our hope is that cooler heads prevail and the U.S. and its global trade partners commit to negotiating these complex issues in good faith rather than relying on the blunt force of a tariff.

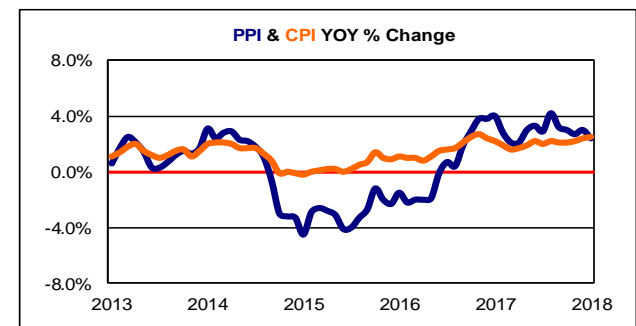
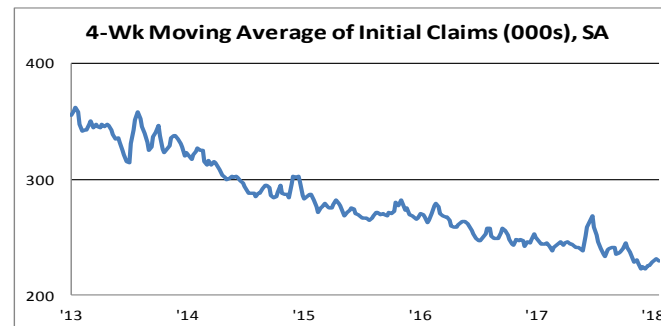
The unemployment rate for May was released today and showed a better than expected 223k gain in jobs. The official unemployment rate was pegged at 3.8%, hitting a 48-year low. The weekly Initial Jobless Claims number averaged 219k in May and we're seeing increased (albeit anecdotal) evidence of labor shortages across industries ranging from manufacturing to hospitality to food service. This has yet to translate into meaningful wage pressure although the numbers for May showed a +0.3% rise in hourly wages (+2.7% YoY). We continue to believe that ultimately wages will need to adjust higher to attract and retain workers.

The Federal Reserve is widely expected to raise interest rates when it meets again in two weeks, although price pressures certainly won't be the culprit behind the move. Consumer prices rose just +0.2% in April and were up 2.5% YoY (core CPI rose +0.1% and +2.1% respectively). At the wholesale level, Producer prices edged up +0.1% MoM and just +2.6% YoY. The Core Personal Consumption Expenditure (CPE) reading for April showed a +0.2% MoM rise and a gain of just +1.8% YoY.

The widely expected boost to the U.S. economy emanating from the 2017 Tax Cut & Jobs Act should become visible in the second half of 2018. A lot is riding on what corporate America does with both repatriated profits and tax savings. The biggest bang for the collective buck will likely be if that money is channeled into capital projects which enhance productivity and ultimately lead to higher wages for workers. The jury is still out as meaningful cap-ex typically requires longer lead times for planning projects, but if Q1 earnings calls were any indication, the odds for a material pick-up in cap-ex over the latter half of 2018 are strong.



Key Data Points				
Name	Current	For	Previous	For
Retail Sales ex. Autos MOM %	0.30%	April	0.40%	March
Housing Starts	1287K	April	1336K	March
Factory Orders MOM %	1.60%	March	2.00%	February
Leading Indicators MOM %	0.40%	April	0.40%	March
Unit Labor Costs	2.70%	Q1 2018	2.10%	Q4 2017
GDP QOQ (Annualized)	2.20%	Q1 2018	2.90%	Q4 2017
Wholesale Inventories	0.00%	April	0.20%	March
MBA Mortgage Applications	-2.90%	May	-2.50%	April





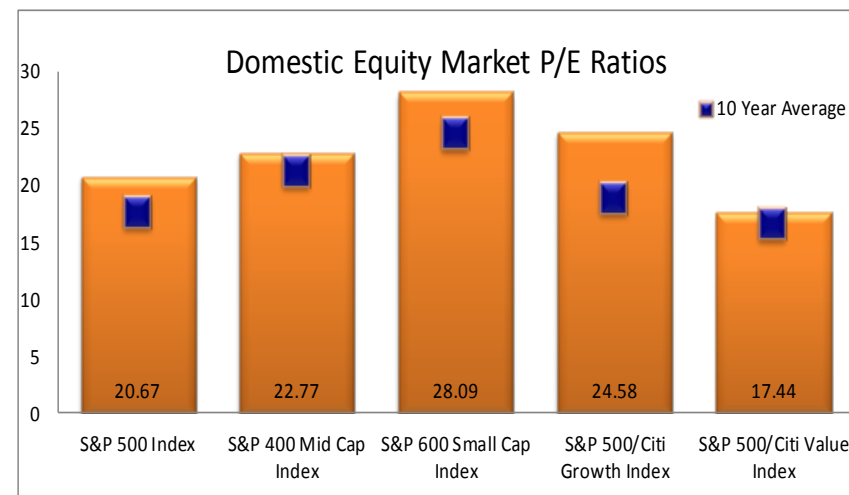
Domestic Equity

U.S. equities posted gains across the board in May as investors chose to ignore the old maxim “Sell in May and go away”. Small caps led the rally during the month and are quietly up over 8% YTD. Much of the renewed interest in smaller companies (commonly defined as those companies with market caps between \$500 myn and \$2 byn) centers on the belief that they will be the biggest beneficiaries of the recent tax cut and deregulatory push, while at the same time having lower exposure to rising interest rates. Although not cheap at 28x trailing 12 month earnings, should earnings grow in the 15-20% range this year as expected, we could see that P/E multiple drop to a more reasonable 20x.

Mid caps, as measured by the S&P 400, returned +4.1% in May followed by the S&P 500 which gained +2.4%. Our friends at Strategas Research recently raised their earnings estimates for the S&P 500 to \$154.50 for 2018 and \$160.75 for 2019. Given 2017’s operating EPS of \$125 per share, this would represent an increase of 24% year over year and go a long way towards rationalizing the lofty valuations that U.S equities have been sporting for the past few years. There is a lot of momentum building on the corporate earnings front and it would be a shame for an irrational trade war to ruin it.

Within large cap equities, growth continues to dominate value as the S&P 500/Citi Growth Index gained +4.3% in May while the S&P 500/Citi Value Index eked out a +0.26% return. For the year, growth is outperforming value by a whopping 947 basis points, calling to mind some of the late ‘90’s craziness that had value managers bleeding assets. Value ultimately did see its day in the sun and we expect this time to be no different. The NASDAQ Composite Index, chock full of growth companies is up +8.75% YTD yet sports a reasonable P/E multiple of 16x forward earnings.

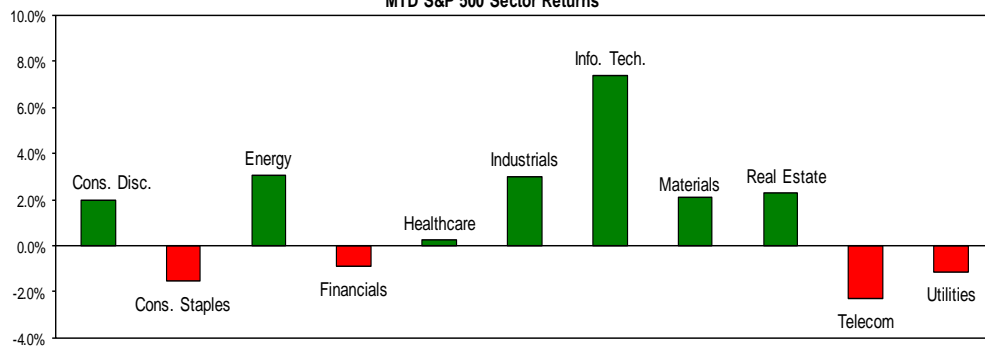
Overall U.S. equities appear poised to continue their remarkable run, extending this current bull market into a 10th year. The difference this year, however, will be the growth in earnings rather than the expansion of the P/E multiple, which should be viewed as a welcome relief.



Domestic Equity Returns

Name	MTD	QTD	YTD	1 Year	3 Year	5 Year
S&P 500 Index	2.41%	2.80%	2.02%	14.37%	10.93%	12.96%
S&P 400 Mid Cap Index	4.13%	3.86%	3.05%	14.84%	10.21%	12.15%
S&P 600 Small Cap Index	6.46%	7.56%	8.15%	22.63%	13.69%	14.25%
S&P 500/Citi Growth Index	4.33%	4.62%	6.63%	19.43%	13.47%	15.42%
S&P 500/Citi Value Index	0.26%	0.76%	-2.84%	8.93%	7.84%	10.09%

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	1.99%	4.40%	7.61%	17.80%	13.29%	15.34%	13.37%
Consumer Staples	-1.53%	-5.78%	-12.49%	-10.14%	3.34%	7.16%	7.40%
Energy	3.04%	12.68%	6.05%	19.93%	2.24%	1.66%	6.12%
Financials	-0.90%	-1.27%	-2.21%	18.93%	13.00%	13.15%	13.82%
Healthcare	0.22%	1.44%	0.20%	10.26%	5.00%	13.24%	13.71%
Industrials	3.01%	0.13%	-1.43%	10.44%	11.54%	13.10%	9.90%
Information Technology	7.37%	7.47%	11.26%	28.20%	20.88%	21.08%	25.66%
Materials	2.07%	2.22%	-3.42%	11.55%	6.91%	9.82%	2.82%
Real Estate	2.26%	1.62%	-3.47%	2.49%	4.03%	5.22%	2.73%
Telecommunications	-2.28%	-3.24%	-10.48%	-3.85%	2.24%	3.62%	1.74%
Utilities	-1.13%	0.95%	-2.38%	-2.09%	8.39%	10.18%	2.73%

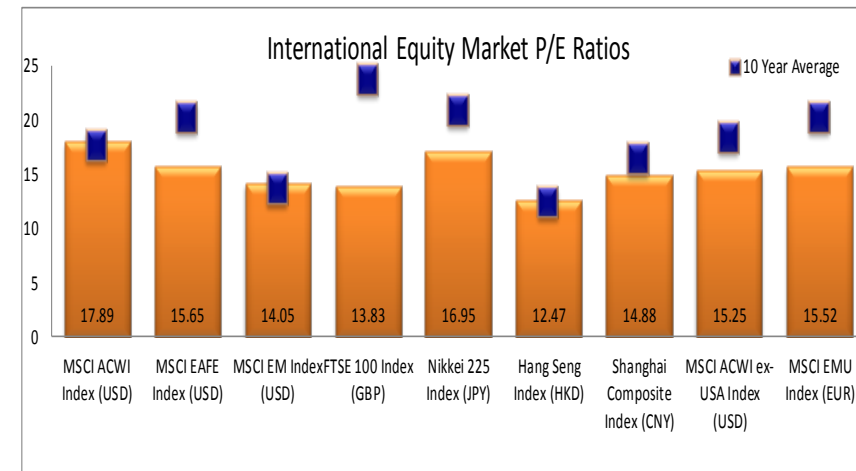
International Equity

After a strong 2017, international equities appear to be taking a pause with political and economic dramas unfolding in countries such as Italy, Spain, Turkey, Argentina and Venezuela. May was a mixed bag for foreign stocks with developed market equities as measured by the MSCI EAFE Index dropping -2.2% while emerging markets, as represented by the MSCI EM Index fell -3.5%. While many of the issues facing non-US stocks appear country-specific, these idiosyncratic risks nonetheless can combine to form a fair amount of negative sentiment in the space. Not to mention the recent surge in the US Dollar which has many EM investors on edge.

As the chart to right shows, however, a lot of the bad news is being priced into markets, with valuations as measured by P/E ratios relatively attractive versus recent historical norms. Earnings growth rates for 2018 are expected to be somewhat lower for developed markets than emerging, yet both are forecast to be up a respectable 3-6%.

Telecoms and financials were the worst performers for the month, down -8.0% and -5.9% respectively, while tech and healthcare both eked out small gains. European banks are still struggling with non-performing loans and lower rates of growth in southern European countries. The latest political intrigue from Italy sent markets into a tailspin as investors reconsidered the fate of its \$2 trillion in debt.

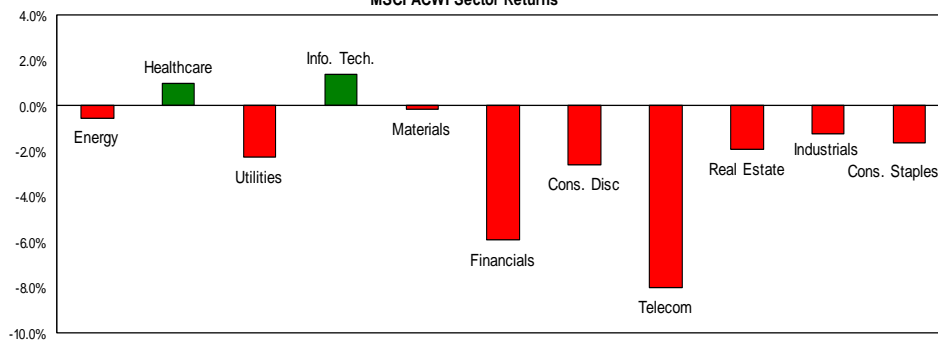
International equities have lagged their U.S. peers for the better part of the past 8 years. Despite last year's tremendous rally, both developed and emerging market stocks appear attractive at current levels. It may not be the smoothest of rides, but we wouldn't be surprised to see foreign outperform domestic over the next market cycle.



International Equity Returns

Name	MTD	QTD	YTD	1 Year	3 Year	5 Year
MSCI ACWI Index (USD)	0.19%	1.19%	0.35%	12.44%	8.12%	9.50%
MSCI EAFE Index (USD)	-2.19%	0.14%	-1.22%	8.54%	4.90%	6.53%
MSCI EM Index (USD)	-3.52%	-3.93%	-2.57%	14.42%	6.59%	4.91%
FTSE 100 Index (GBP)	2.79%	9.77%	1.87%	6.26%	7.36%	7.11%
Nikkei 225 Index (JPY)	-1.18%	3.48%	-1.62%	15.16%	4.52%	12.00%
Hang Seng Index (HKD)	-0.44%	2.08%	3.02%	23.52%	7.53%	10.37%
Shanghai Composite Index (CNY)	0.74%	-1.99%	-6.07%	1.51%	-10.69%	8.71%
MSCI ACWI ex-USA Index (USD)	-2.26%	-0.63%	-1.68%	10.21%	5.29%	5.98%
MSCI EMU Index (EUR)	-1.19%	3.80%	0.98%	2.34%	4.22%	10.01%

MSCI ACWI Sector Returns



MSCI ACWI Ex U.S. Sector Returns

Sector	MTD	QTD	YTD	1 Year	3 Year	5 Year	% of ACWI Ex. USA
Energy	-0.51%	6.73%	4.96%	24.04%	7.92%	2.23%	7.54%
Healthcare	1.02%	1.13%	1.20%	2.86%	-0.29%	6.09%	6.42%
Utility	-2.25%	0.16%	-0.80%	0.37%	4.72%	6.38%	5.56%
Information Technology	1.39%	0.31%	2.15%	23.18%	15.93%	15.12%	11.73%
Materials	-0.14%	2.22%	-0.61%	20.68%	8.77%	4.33%	7.66%
Financials	-5.91%	-4.57%	-5.53%	7.76%	3.39%	5.03%	20.10%
Consumer Discretionary	-2.59%	-0.30%	-1.38%	10.95%	4.56%	7.10%	11.54%
Telecommunications	-8.00%	-4.88%	-8.74%	-7.00%	-2.47%	3.09%	4.89%
Real Estate*	-1.94%	0.34%	N/A	N/A	N/A	N/A	3.56%
Industrials	-1.25%	0.07%	-1.46%	9.54%	6.89%	7.20%	11.28%
Consumer Staples	-1.64%	-0.94%	-3.63%	0.87%	5.14%	5.12%	9.71%

Fixed Income

It was another exciting month in fixed income. There were dramatic swings in yields, political turmoil, and sovereign default worries. The big concern has been the Italian government, and whether it will look to leave the Euro currency and political union, re-establish the lira, and default on Euro denominated debt by repaying with devalued lira. These are similar concerns to those floated concerning Greece, except that Italy's economy and debt load are roughly ten times larger than that of Greece. That makes it ten times the mess, and the clean-up ten times more difficult.

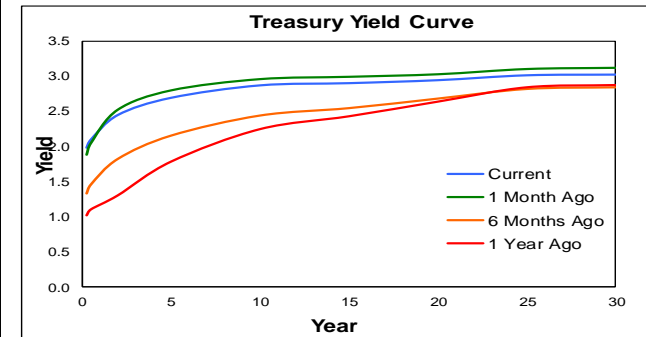
As the Italian situation unfolded, the global debt markets saw a significant risk-off trade, pushing the yields of safe haven issuers such as the United States and Germany lower, while Italy, Spain, Portugal, and Greece moved higher. From their mid-month highs, U.S. Treasury yields fell over 30 basis points at the 3, 5, 7, and 10 year points on the curve. The German 10 year fell by a similar amount, about 35 basis points, but is even more notable because it reduced the yield on the German bond by over 50%, dropping from a yield of 63 basis points to 28 basis points! The rally has given some ground, with yields rising from the intra-month lows. The shape of the U.S. curve has changed little over the past month, remaining quite flat. The 2yr/10yr yield pick-up is currently 44 basis points, while the 5yr/10yr is 16 basis points.

Emerging market debt ran into some trouble. While Local Currency debt held its own through the first quarter of 2018, the recent inflation concerns and currency declines experienced by some of the larger issuers bled through into performance. USD denominated EM debt participated in the recent decline, but the downside was muted due to being insulated from the local currency declines.

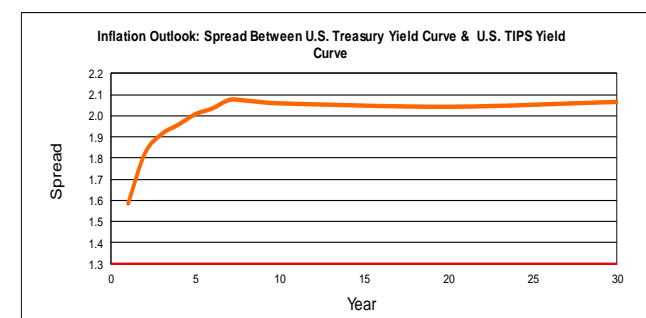
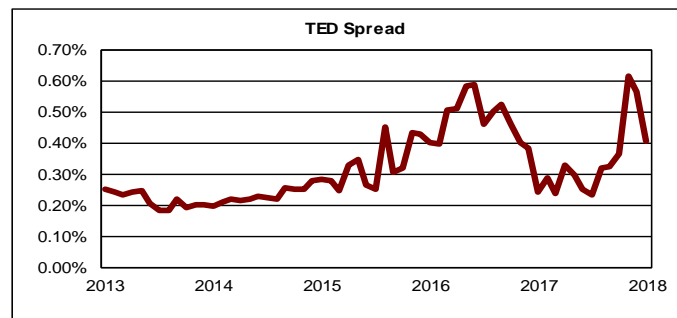
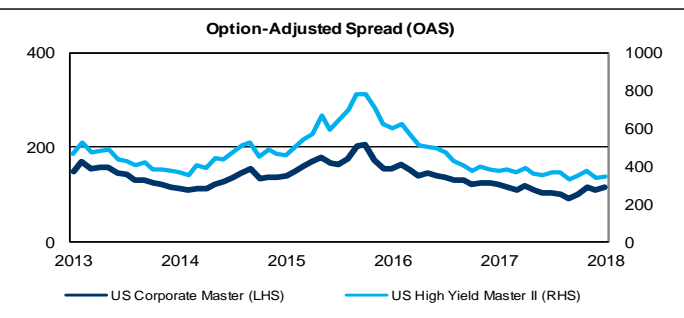
The risk off environment pushed Investment Grade spreads slightly wider. Not a historic buying opportunity, as we are still trading at levels that look historically tight/moderate, but levels are as wide as they have been in the last 12 months. High Yield spreads have widened, but continue to chop sideways within a channel established in late 2016. Municipal bond supply continues to be tight, supporting valuations and limiting yields. The opportunity to transition out of muni holdings with minimal price impact on the marginal holder remains intact.

Central Bank Activity				
Name	Current	1 Month Ago	6 Months Ago	1 Year Ago
Fed Funds Rate	1.75%	1.75%	1.25%	1.00%
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	0.50%	0.50%	0.50%	0.25%

Fixed Income Returns				
Name	MTD	QTD	YTD	1 Year
Bloomberg Barclays US Government Index	0.89%	0.08%	-1.07%	-0.72%
Bloomberg Barclays US Agg Index	0.71%	-0.04%	-1.50%	-0.29%
Bloomberg Barclays US Corporate Index	0.54%	-0.40%	-2.70%	0.14%
Bloomberg Barclays US Corporate High Yield Index	-0.03%	0.62%	-0.24%	2.24%
Bloomberg Barclays EM USD Agg Index	-0.73%	-1.74%	-3.19%	-0.60%
Bloomberg Barclays Global Agg Treasuries USD Index	0.27%	-0.05%	0.52%	1.60%
Bloomberg Barclays Municipal Index	1.15%	0.78%	-0.33%	1.19%



U.S. Treasury Yields									
Period	3 Month	6 Month	2 Year	5 Year	10 Year	15 Year	20 Year	25 Year	30 Year
Current	1.98%	2.10%	2.44%	2.69%	2.87%	2.90%	2.94%	3.01%	3.02%
1 Month Ago	1.88%	2.05%	2.52%	2.79%	2.95%	2.99%	3.02%	3.10%	3.12%
6 Months Ago	1.33%	1.46%	1.82%	2.15%	2.44%	2.54%	2.68%	2.81%	2.84%
1 Year Ago	1.02%	1.10%	1.30%	1.78%	2.24%	2.43%	2.63%	2.84%	2.87%



Alternative Investments

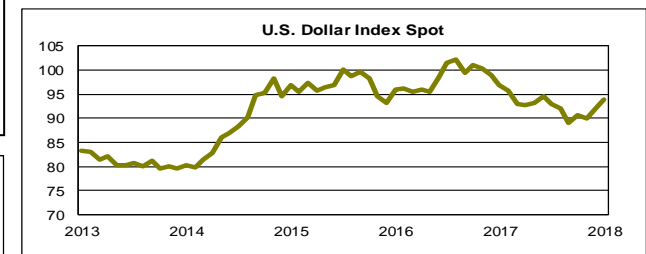
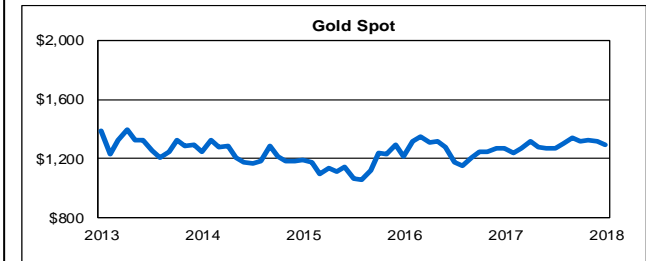
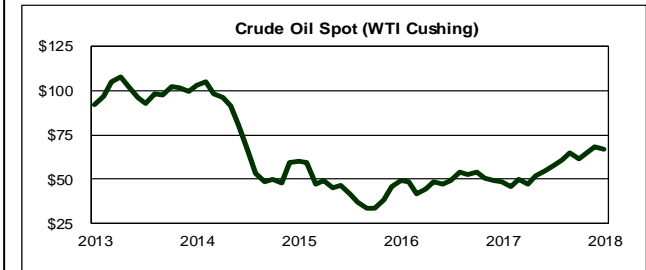
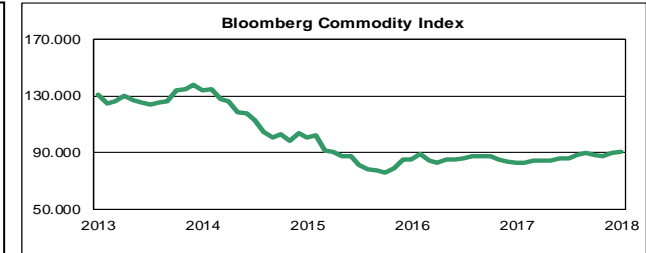
The USD strengthened, putting pressure on foreign currencies. The Pound and Euro both declined by more than -3% in dollar terms during the month, no doubt assisted by the turmoil in Italy. While that is certainly a significant move in relative valuation, there were EM currencies that experienced a steeper fall. The Argentine Peso fell by almost -18% as the country battles inflation and negotiates with the IMF for a \$30 Billion line of credit to shore up the government's finances. The Turkish Lira was down close to -12% as inflation runs at a double digit rate.

Commodities had another good month in May, with 6 of 8 sectors in the Bloomberg Commodities Index (BCOM) providing positive returns. The "Softs" Sector (sugar, coffee, cotton) was the clear winner with a +6.5% gain. Industrial Metals, Livestock, and Energy were all up more than +2% for the month. Notable single commodity moves include Nickel (+11.5%), Cotton (+11.3%), Soybeans (-4.5%), and Cocoa (-13%).

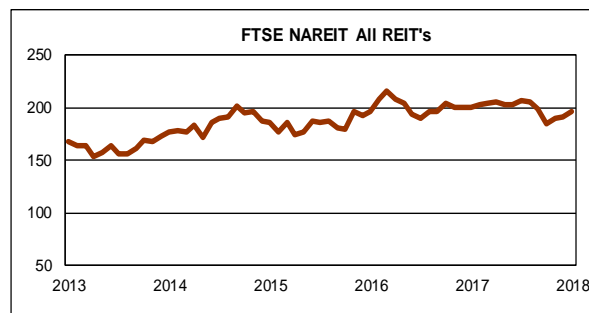
Energy in general rose in price during the last 30 days. The outlier being West Texas Intermediate (WTI) Crude Oil. This price divergence has created the largest spread (\$11) between WTI and Brent since 2015. Fracking within the U.S. has increased domestic production to a level that has swamped the pipelines used to transport it. Some estimates show US production continuing to grow to the point that it exceeds pipeline capacity by three hundred to four hundred thousand barrels per day late in 2018. This level of imbalance would make the price differential likely to persist.

Gold declined -1.4% in May, which is a bit counterintuitive. In a risk-off environment, with yields (and future interest rate expectations) declining, and general commodity price strength, it would make sense for Precious Metals to participate in the rally. In fact, Silver, Platinum, and Palladium all saw price gains.

Hedge Fund performance continued to struggle over the past month. The only strategy to return better than 50 basis points in May was Merger Arbitrage (+86 bps), which would appear to have the wind at its back. Distressed Securities, Event Driven, and Macro fell just short of returning half a percent for the month, with Relative Value offering the best return so far in 2018, at +1.7%.



Hedge Funds						
Name	MTD	QTD	YTD	1 Year	3 Year	5 Year
Global Hedge	0.20%	0.29%	-0.73%	2.82%	0.45%	1.07%
Convertible Arbitrage	-0.10%	0.24%	0.33%	4.18%	3.24%	0.87%
Distressed Securities	0.40%	0.84%	-4.64%	-3.56%	0.70%	1.30%
Equity Hedge (L/S)	0.21%	-0.35%	0.82%	7.81%	1.64%	2.76%
Equity Market Neutral	0.12%	0.05%	0.79%	2.43%	0.95%	1.34%
Event Driven	0.39%	0.82%	-4.02%	-2.34%	1.03%	1.22%
Macro	-0.46%	0.00%	-2.02%	0.78%	-1.93%	-0.16%
Merger Arbitrage	0.86%	0.06%	-1.14%	0.16%	3.16%	3.55%
Relative Value Arbitrage	0.47%	0.71%	1.70%	4.00%	0.18%	0.03%
Absolute Return	0.31%	0.40%	0.70%	2.79%	1.60%	1.96%



Spot Rates					
Description	Current	1 Month Ago	3 Months Ago	6 Months Ago	1 Year Ago
CAD / USD	1.30	1.28	1.28	1.29	1.35
JPY / USD	108.82	109.34	106.68	112.54	110.78
USD / GBP	1.33	1.38	1.38	1.35	1.29
USD / EUR	1.17	1.21	1.22	1.19	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.

Bloomberg Barclays Global Treasuries USD Hedged Index (LGTTRUH)– The Bloomberg Barclays Global Treasury Index tracks fixed-rate, local currency government debt of investment grade countries. The index represents the treasury sector of the Global Aggregate Index and contains issues from 37 countries denominated in 24 currencies.

Bloomberg Barclays Municipal Bond Index (LMBITR)– The Bloomberg Barclays Municipal Bond Index covers the USD-denominated long-term tax exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds, and prerefunded bonds.

Bloomberg Barclays EM Hard Currency Aggregate Index (LG20TRUU)- The Bloomberg Barclays Emerging Markets Hard Currency Aggregate Index is a hard currency Emerging Markets debt benchmark that includes USD-denominated debt from sovereign, quasi-sovereign, and corporate EM issuers.

Bloomberg Barclays U.S. Government Index- Bloomberg Barclays US Government Bond Index is comprised of the US Treasury and US Agency Indices. The index includes US dollar-denominated, fixed-rate, nominal US Treasuries and US agency debentures (securities issued by US government owned or government sponsored entities, and debt explicitly guaranteed by the US government).

Bloomberg Barclays U.S. Aggregate Bond Index (LBSTRUU)- The Bloomberg Barclays US Aggregate Bond Index is a broad-based benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS and CMBS (agency and non-agency).

Bloomberg Barclays U.S. Corporate Index (LUACTRUU)- The Bloomberg Barclays US Corporate Bond Index measures the investment grade, fixed-rate, taxable corporate bond market. It includes USD denominated securities publicly issued by US and non-US industrial, utility and financial issuers.

Bloomberg Barclays U.S. Corp High Yield Index (LFTR ML U.S. Corporate Index (COA0) – The Bloomberg Barclays US Corporate High Yield Bond Index measures the USD-denominated, high yield, below-investment grade fixed-rate corporate bond market.

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.

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 (USDIX) indicates the general int'l value of the USD. The USDIX 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

If you have any questions or comments, please feel free to contact any member of our investment team:

Tom Quealy, *Chief Executive Officer* – tom.quealy@nottinghamadvisors.com

Larry Whistler, *CFA, President/Chief Investment Officer* – larry.whistler@nottinghamadvisors.com

Nick Verbanic, *CFP® V.P./Portfolio Manager* – nick.verbanic@nottinghamadvisors.com

Matthew Krajna, *CFA, Senior Portfolio Manager, Director of Equity Research* – matthew.krajna@nottinghamadvisors.com

Tim Calkins, *CFA, Senior Portfolio Manager, Director of Fixed Income* – timothy.calkins@nottinghamadvisors.com

Nottingham Advisors, Inc. (“Nottingham”) is an SEC registered investment adviser with its principal place of business in the State of New York. Nottingham and its representatives are in compliance with the current registration requirements imposed upon registered investment advisers by those states in which Nottingham maintains clients. Nottingham may only transact business in those states in which it is registered, or qualifies for an exemption or exclusion from registration requirements. This material is limited to the dissemination of general information pertaining to Nottingham’s investment advisory/management services. Any subsequent, direct communication by Nottingham with a prospective client shall be conducted by a representative that is either registered or qualifies for an exemption or exclusion from registration in the state where the prospective client resides.

The information contained herein should not be construed as personalized investment advice. Past performance is no guarantee of future results. Information contained herein should not be considered as a solicitation to buy or sell any security. Investing in the stock market involves the risk of loss, including loss of principal invested, and may not be suitable for all investors. This material contains certain forward-looking statements which indicate future possibilities. Actual results may differ materially from the expectations portrayed in such forward-looking statements. As such, there is no guarantee that any views and opinions expressed in this letter will come to pass. Additionally, this material contains information derived from third party sources. Although we believe these sources to be reliable, we make no representations as to the accuracy of any information prepared by any unaffiliated third party incorporated herein, and take no responsibility therefore. All expressions of opinion reflect the judgment of the authors as of the date of publication and are subject to change without prior notice. Past performance is not an indication of future results.

The indices referenced in the Nottingham Monthly Market Wrap are unmanaged and cannot be invested in directly. The returns of these indices do not reflect any investment management fees or transaction expenses. Had these additional fees and expenses been reflected, the returns of these indices would have been lower. Information herein has been obtained from third party sources that are believed to be reliable; however, the accuracy of the data is not guaranteed by Nottingham Advisors. The content of this report is as current as of the date indicated and is subject to change without notice.

For information pertaining to the registration status of Nottingham, please contact Nottingham or refer to the Investment Adviser Public Disclosure web site (www.adviserinfo.sec.gov). For additional information about Nottingham, including fees and services, send for our disclosure statement as set forth on Form ADV from Nottingham using the contact information herein. Please read the disclosure statement carefully before you invest or send money.