

Economic Overview

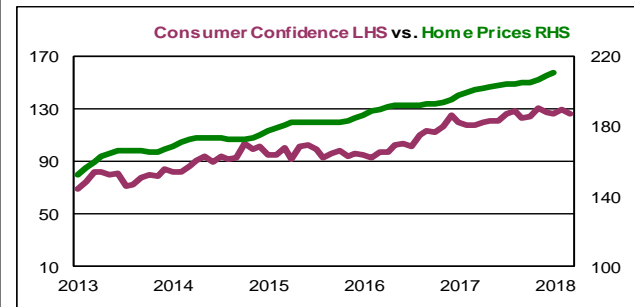
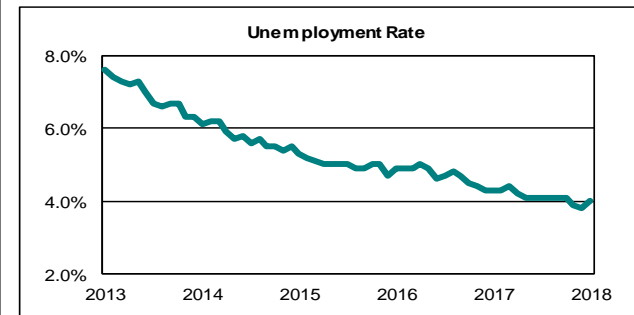
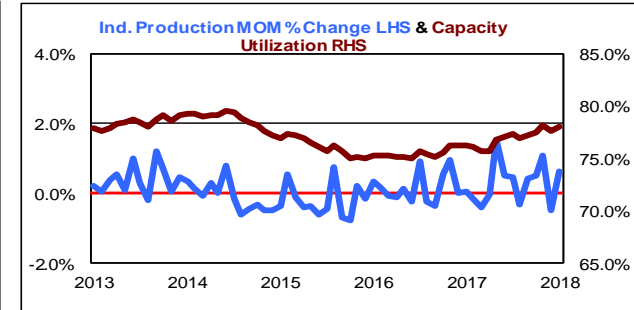
The U.S. economy continued to improve in July, with GDP expanding +4.1% in Q2, the fastest pace in nearly four years. Taken in *nominal terms*, GDP rose +7.4%! While *real* GDP growth of +4.1% growth did miss market expectations for +4.4% growth, it was an improvement on the first quarter's +2.2% pace. One potential blemish from the report was a sharp uptick in exports, with a surge in soybean exports due to recently imposed tariffs. Consumer spending was robust, and business spending remained elevated. A change in private inventories was actually a negative contributor, which could in turn be a positive in Q3 as businesses restock.

Consumer sentiment remains robust, with the Conference Board index of consumer confidence rising to 127.4, from a revised 127.1 in July. The most recent jobs numbers released in July showed unemployment rising to 4% as more people entered the labor force. Average hourly earnings rose +2.7% Y/Y, which was a continuation of a trend towards higher wages. Personal Consumption Expenditures rose +0.4% M/M in June, with personal income also rising at a +0.4% M/M rate. All in all, the personal savings rate was unchanged at 6.8% in June.

The Fed's preferred measure of inflation, the Personal Consumption Expenditures (PCE) Index, rose +0.1% M/M in June, and +2.2% Y/Y. Excluding food and energy the PCE Index rose +0.1% M/M and +1.9% Y/Y, remaining on trend for 2% inflation.

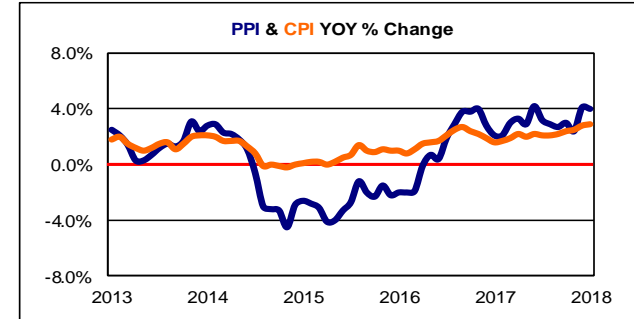
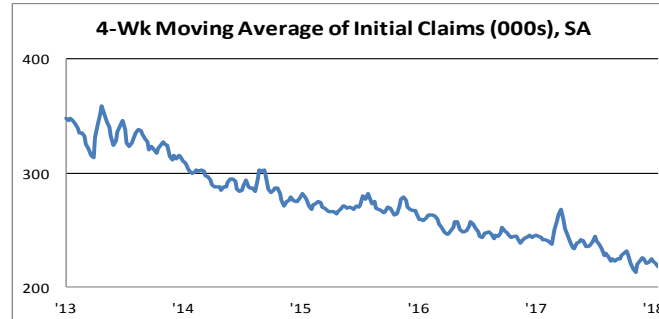
The S&P CoreLogic Case-Shiller U.S. National Home Price NSA Index rose +6.4% Y/Y in May, flat versus the previous month. While housing data has come in weaker than expected in recent months, housing prices on the west coast continue to soar. Seattle, Las Vegas, and San Francisco remain red hot, with prices rising +13.6%, +12.6%, and +10.9% Y/Y, respectively, according to S&P. A dearth of new inventory across the country, coupled with rising demand, continues to create a squeeze that results in higher prices in most cases.

Taken together, short term interest rates are likely to continue moving higher as the Federal Reserve remains on track to raise rates two more times in 2018. According to data compiled by Bloomberg, the probability of a September rate hike is all but certain at 92.1%, while December still looks highly likely at 55.7%.



Key Data Points

Name	Current	For	Previous	For
Retail Sales ex. Autos MOM %	0.40%	June	1.40%	May
Housing Starts	1173K	June	1337K	May
Factory Orders MOM %	0.40%	May	-0.40%	April
Leading Indicators MOM %	0.50%	June	0.00%	May
Unit Labor Costs	2.90%	Q1 2018	2.50%	Q4 2017
GDP QOQ (Annualized)	4.10%	Q2 2018	2.20%	Q1 2018
Wholesale Inventories	0.00%	June	0.40%	May
MBA Mortgage Applications	-2.60%	July	-0.50%	June



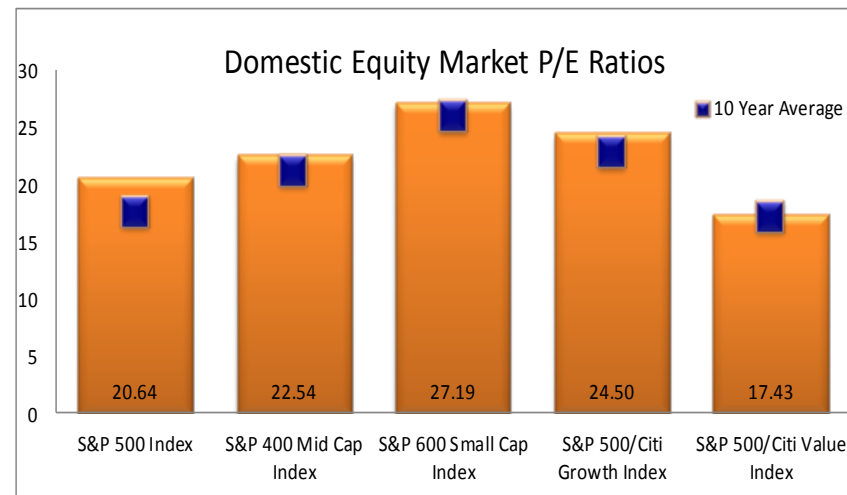


Domestic Equity

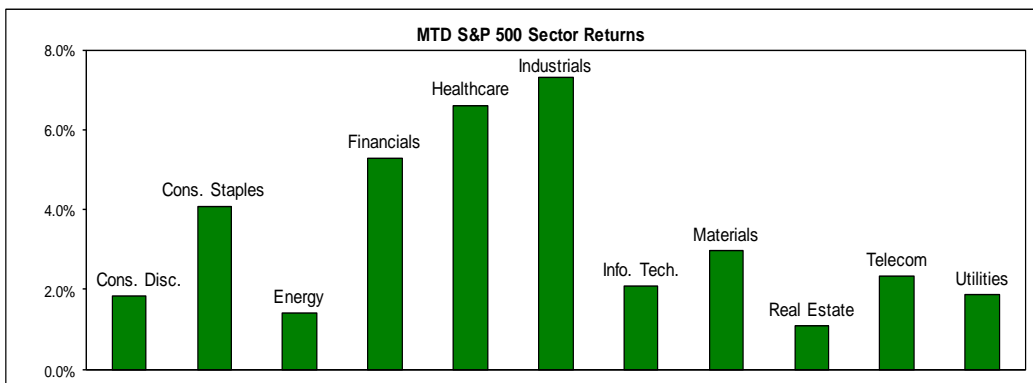
U.S. equity markets posted positive returns in July, led by the benchmark S&P 500 Index, which gained +3.72% during the period. The benchmark Large-Cap index closed the month at 2816.29, a mere 56.58 points from a new all-time high. Small- and Mid-Caps were not far behind, with the S&P 600 and S&P 400 Indices returning +3.16% and +1.76%, respectively on the month. Through seven months of the year, Small-Caps remain the top performing slice of the U.S. equity market, up a stealthy +12.82% YTD. Smaller companies continue to benefit from a strengthening U.S. economy and reprieve from the global tariff overhang.

With earnings season well under way, 72% of companies have beaten revenue estimates and 81% have beaten profit estimates, according to Strategas (as of 7/30). From a sector standpoint, all 11 S&P sectors closed July in positive territory. Consumer Discretionary and Technology remain two of the top performers on the year, despite headwinds during Q2 earnings. Facebook stock plummeted after projecting slowing revenue growth and profit margins moving forward. Amazon reported an earnings surprise, even as its revenue missed analyst estimates. Netflix reported slower growth in new users, sending its stock price reeling. A broader measure of the above tech favorites (and some others) known as the NYSE FANG+ Index shed -4.42% in July. Perhaps the most exciting story of July was Apple's quest to become the first \$1 Trillion company by market capitalization with a blowout quarter on the top and bottom lines.

Despite the late month sell off in Growth names, the S&P 500/Citi Growth Index still returned +3.44% during the month, and is up +10.97% YTD. Value stocks, as measured by the S&P 500/Citi Value Index finally outperformed, gaining +4.05% in July; however, Value continues to lag YTD up a paltry +1.74%. Value sectors such as Industrials and Financials out performed, gaining +7.32% and +5.27% in July, beneficiaries from rising interest rates, and strong U.S. economic growth. Banks were a top performing industry group, rising +7.39% during the month.



Domestic Equity Returns						
Name	MTD	QTD	YTD	1 Year	3 Year	5 Year
S&P 500 Index	3.72%	3.72%	6.47%	16.23%	12.50%	13.11%
S&P 400 Mid Cap Index	1.76%	1.76%	5.31%	14.48%	11.47%	11.71%
S&P 600 Small Cap Index	3.16%	3.16%	12.82%	23.02%	15.26%	13.74%
S&P 500/Citi Growth Index	3.44%	3.44%	10.97%	21.60%	14.39%	15.61%
S&P 500/Citi Value Index	4.05%	4.05%	1.74%	10.41%	10.11%	10.21%



S&P 500 Sector Returns							
Sector	MTD	QTD	YTD	1 Year	3 Year	5 Year	% of S&P 500
Consumer Discretionary	1.83%	1.83%	13.54%	23.48%	13.33%	15.20%	13.26%
Consumer Staples	4.07%	4.07%	-4.83%	-0.59%	5.03%	8.16%	7.61%
Energy	1.42%	1.42%	8.32%	19.72%	6.96%	1.49%	6.07%
Financials	5.27%	5.27%	0.97%	13.43%	13.19%	13.06%	13.65%
Healthcare	6.61%	6.61%	8.57%	13.31%	6.96%	13.62%	14.22%
Industrials	7.32%	7.32%	2.29%	12.97%	13.84%	12.97%	9.85%
Information Technology	2.09%	2.09%	13.19%	28.48%	22.21%	21.40%	25.30%
Materials	2.96%	2.96%	-0.21%	11.44%	11.43%	10.29%	2.57%
Real Estate	1.08%	1.08%	1.90%	4.90%	5.76%	6.97%	2.77%
Telecommunications	2.33%	2.33%	-6.22%	-2.46%	4.65%	4.15%	1.88%
Utilities	1.86%	1.86%	2.19%	2.83%	10.18%	10.06%	2.82%

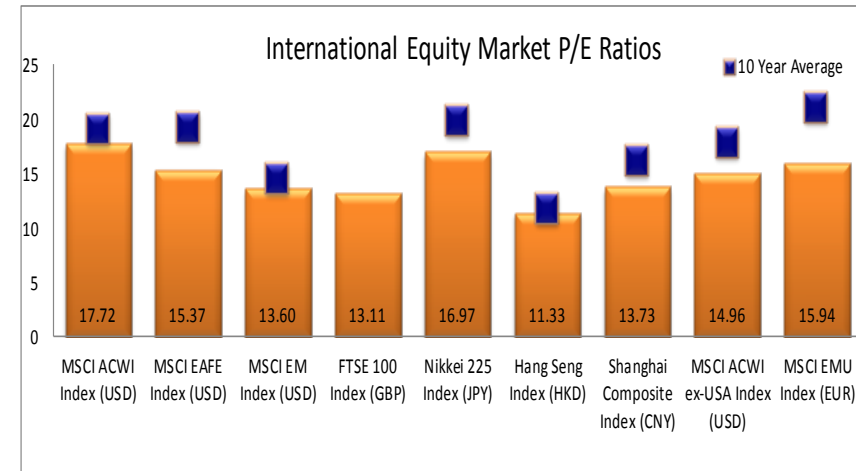
International Equity

International equities rebounded in July, with both Developed and Emerging Markets posting positive returns. Developed Markets, as measured by the MSCI EAFE Index, returned +2.48% on the month, and is now up a scant +0.02% YTD. Emerging Markets also fared well in July, with the MSCI EM Index returning +2.28% during the period. Emerging Markets remain the year's worst performing global equity asset class, down -4.46% YTD.

China added additional economic stimulus in July, with the central bank injecting \$75B in liquidity. Banks are set to buy corporate bonds and crack down on shadow banking, both positives for the Chinese economy. The story of 2018 thus far (besides tariffs and trade wars) has been the impact of economic uncertainty in China on their two domestic equity market indices. For the month of July, the Shanghai Composite Index rose +2.0% (in CNY terms) while the MSCI China Index fell -2.4% (in HKD terms). The key differences between the two indices are stark, with the former a measure of China's "Old" economy, and the latter a better indicator of the "New" economy, one largely influenced by technology and e-commerce giants Tencent and Alibaba, which have stumbled as of late.

From a regional standpoint, economic data in the Eurozone continues to stagnate. The MSCI EMU Index returned +3.51% on the month in EUR terms, and +3.76% when converted into USD terms. Latin American equities rebounded in July, with the S&P LatAm 40 Index gaining +11.21%, and Brazil Small-Caps, as measured the MSCI Brazil Small Cap Index gaining +8.76% during the period, both in USD.

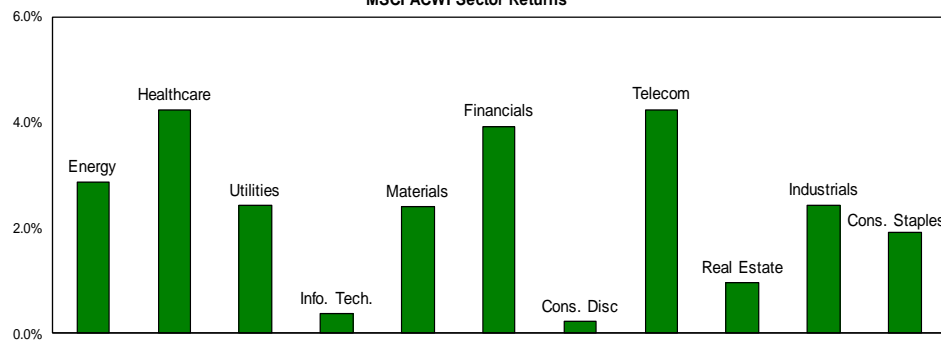
Lastly, a few political updates to note. Andrés Manuel López Obrador (AMLO) won the recent presidential election in Mexico, Erdoğan was re-elected President of Turkey (June 24th), former cricket star Imran Khan became the leader of Pakistan, and Brazil waits to elect their new leader in October's presidential elections. Political risk continues to underscore many leading Emerging Market countries; however, a resolution to near term political uncertainty could be a boon for long-term investors in Emerging Markets.



International Equity Returns

Name	MTD	QTD	YTD	1 Year	3 Year	5 Year
MSCI ACWI Index (USD)	3.05%	3.05%	2.89%	11.55%	9.56%	9.66%
MSCI EAFE Index (USD)	2.48%	2.48%	0.02%	6.97%	5.62%	6.45%
MSCI EM Index (USD)	2.28%	2.28%	-4.46%	4.69%	9.38%	5.64%
FTSE 100 Index (GBP)	1.52%	1.52%	3.17%	9.39%	9.24%	7.17%
Nikkei 225 Index (JPY)	1.12%	1.12%	0.07%	15.37%	5.06%	12.53%
Hang Seng Index (HKD)	-0.46%	-0.46%	-2.09%	8.54%	9.09%	9.43%
Shanghai Composite Index (CNY)	2.00%	2.00%	-11.17%	-10.06%	-5.76%	10.08%
MSCI ACWI ex-USA Index (USD)	2.43%	2.43%	-1.15%	6.46%	6.56%	6.14%
MSCI EMU Index (EUR)	3.51%	3.51%	3.70%	7.35%	4.91%	10.42%

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	2.87%	2.87%	8.75%	25.16%	12.34%	3.22%	7.82%
Healthcare	4.23%	4.23%	5.89%	9.27%	0.03%	6.83%	6.10%
Utility	2.41%	2.41%	3.01%	3.72%	6.52%	6.70%	5.52%
Information Technology	0.37%	0.37%	-0.67%	9.90%	18.36%	15.28%	10.83%
Materials	2.39%	2.39%	-0.74%	11.59%	12.57%	5.57%	7.28%
Financials	3.91%	3.91%	-4.41%	0.91%	4.81%	5.33%	22.23%
Consumer Discretionary	0.22%	0.22%	-4.06%	5.35%	4.72%	5.81%	11.12%
Telecommunications	4.24%	4.24%	-6.05%	-5.74%	-2.06%	2.68%	4.37%
Real Estate*	0.96%	0.96%	-3.39%	3.77%	N/A	N/A	3.62%
Industrials	2.43%	2.43%	-1.78%	7.11%	8.01%	7.01%	11.19%
Consumer Staples	1.91%	1.91%	-1.33%	4.52%	5.39%	5.68%	9.91%

Fixed Income

The Fed will wrap up its meeting this afternoon and release its rate decision (expected to hold steady) and the updated Monetary Policy Statement. Typically, at the conclusion of a meeting like today's, which is not followed by a press conference with the Chairman, no drastic changes to policy or statement are made. The Fed's next meeting on September 26th is a different story. Market expectations are for an increase in the target rate, and an additional increase by year-end, at the December 19th meeting.

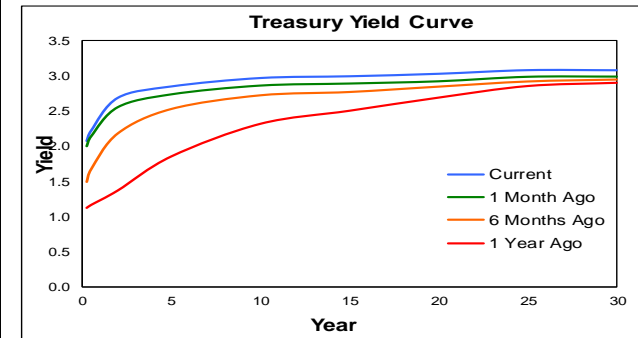
The U.S. 10-year Treasury has been trading very close to the 3% yield level. We have come a long way since the sub 1.4% lows of mid-2016. The 2-year yield has run up even faster, which has caused the curve flattening that seems to be the latest market obsession. This month, we did see some relief from that concerning trend, with the 2Y10Y and 10Y30Y curves holding relatively steady. With the Treasury increasing debt issuance, faster economic growth, low unemployment, firming inflation, and the coming September 15th deadline for 2017 tax-year pension funding (which increases demand for long dated bonds), the flattening trend may lose steam. We will continue to monitor vigilantly.

Short-term Municipal Bonds have become even more expensive compared to Treasury yields, with the 2-year Muni yield falling to ~60% of an equivalent maturity U.S. Treasury Bond. More value can be found further out the curve, with 10-year munis approaching 85% of the equivalent Treasury Bond yield, and 30-year munis near 100%. As a relative value observation, the municipal 2Y10Y curve is more than 50 bps steeper than the Treasury curve, inciting a portfolio that needs taxable and tax-free income to hold its taxable exposure in shorter maturity positions, while buying municipal exposure out the curve to capture the relatively more attractive yield there.

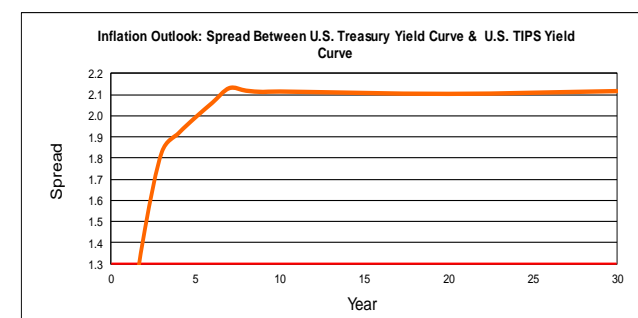
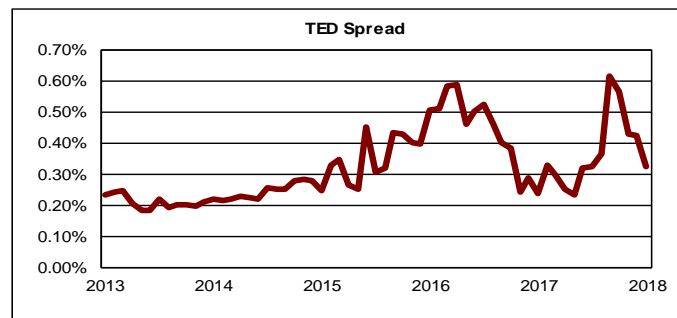
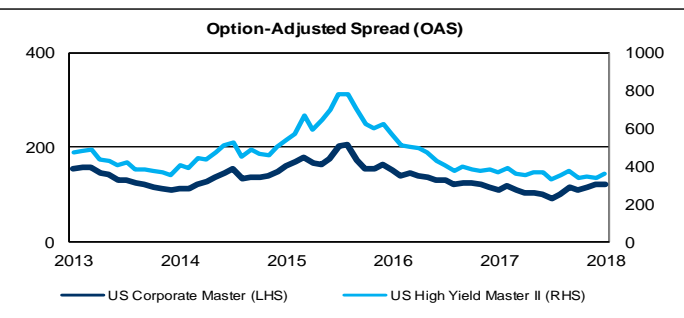
Investment Grade bonds have rallied, as spreads began to reverse their recent widening tendency. High Yield (Junk) bond spreads have also rallied, performing well within the month. There have been some significant swings, but High Yield spreads continue to trade within the channel (300-370) developed in late 2016. Targeted High Yield exposure adds needed yield to portfolios, but does not appear historically undervalued. As such, holdings should be limited (by allocation and maturity) for now.

Central Bank Activity				
Name	Current	1 Month Ago	6 Months Ago	1 Year Ago
Fed Funds Rate	2.00%	2.00%	1.50%	1.25%
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	-0.41%	-0.41%	-1.46%	-1.44%
Bloomberg Barclays US Agg Index	0.02%	0.02%	-1.59%	-1.03%
Bloomberg Barclays US Corporate Index	0.83%	0.83%	-2.47%	-1.03%
Bloomberg Barclays US Corporate High Yield Index	1.09%	1.09%	1.25%	2.53%
Bloomberg Barclays EM USD Agg Index	1.65%	1.65%	-2.25%	-0.37%
Bloomberg Barclays Global Agg Treasuries USD Index	-0.16%	-0.16%	0.71%	1.65%
Bloomberg Barclays Municipal Index	0.24%	0.24%	-0.01%	0.94%



U.S. Treasury Yields									
Period	3 Month	6 Month	2 Year	5 Year	10 Year	15 Year	20 Year	25 Year	30 Year
Current	2.07%	2.22%	2.69%	2.85%	2.97%	2.99%	3.03%	3.08%	3.08%
1 Month Ago	2.00%	2.14%	2.55%	2.74%	2.86%	2.89%	2.92%	2.99%	2.99%
6 Months Ago	1.49%	1.67%	2.18%	2.53%	2.72%	2.77%	2.85%	2.92%	2.95%
1 Year Ago	1.12%	1.16%	1.37%	1.85%	2.32%	2.50%	2.69%	2.85%	2.90%



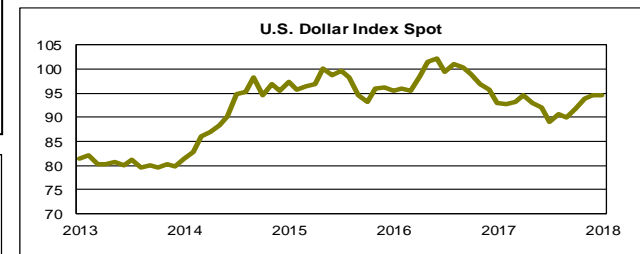
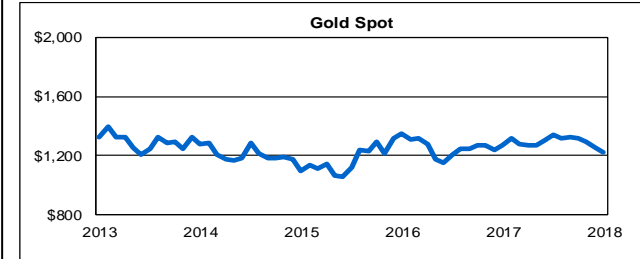
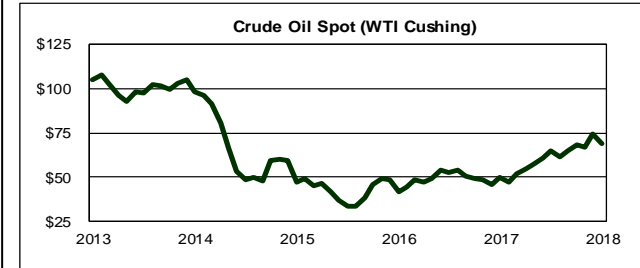
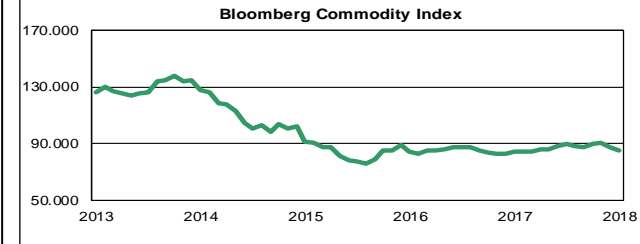
Alternative Investments

Alternative investments were a mixed bag in July, with most asset classes posting negative returns. West Texas Intermediate (WTI) crude oil fell to \$68.76/barrel, or -7.27% in July, after U.S. production surpassed 11 million barrels per day. Crude oil continues to be a challenging alternative investment, as prices have recently been impacted more by geopolitics than the traditional supply/demand relationship. With signs of global growth remaining firm, demand for crude should remain strong. Supply constraints are still in focus, and could lead to higher oil prices by year end. WTI's loss for the period helped push the Bloomberg Commodities Index into negative territory with a loss of -2.31%. Commodities have been one of the worst performing asset classes over the past decade, and have lost -3.14% YTD.

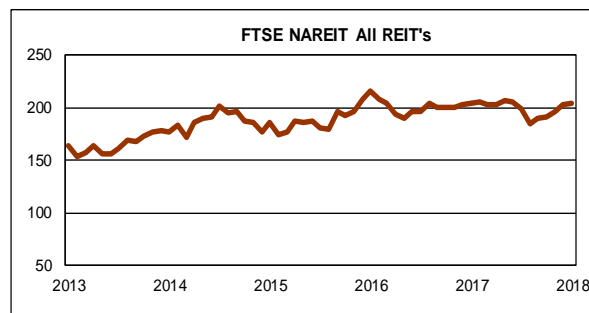
Real Estate as measure by the FTSE NAREIT All-REIT Index rose +0.6% on the month, marking the highest close of the year. Real Estate has rallied sharply, +11.0% off its February lows.

After a +4.79% rise in Q2, the U.S. Dollar, as measured by the DXY Index lost -0.09% in July, bringing its year to date gain to +2.64%. The Dollar's strength continues to weigh on international currencies, as well as precious metals such as Gold. Notable currency moves included a +0.06% move in the Euro, +0.99% move in the Yen, and a +1.0% move in the JP Morgan EM Currency Index. As far as Gold is concerned, the shiny metal continues to lose its luster, down -2.27% in July and -6.04% YTD. The combination of a strong U.S. Dollar and a lack of inflation have proven to be headwinds for Gold so far this year. Rising real interest rates likely will prove to be a headwind as well, with the Federal Reserve on pace for two more interest rate hikes in 2018. With that being said, we still believe gold can act as a hedge against market uncertainty and should be held in a multi-asset class portfolio.

Lastly, Hedge Funds continued to struggle in July. The best performing strategies for the month included Equity Hedge (L/S), Distressed Securities, and Absolute Return, which rose +0.63%, +0.22%, and +0.14%, respectively on average. The worst performers included Event Driven, Macro, and Global Hedge, which lost -0.71%, -0.61%, and -0.10%, respectively on the month. For the year, the top and bottom performing strategies include Relative Value Arbitrage and Distressed Securities, which have posted returns of +2.26% and -6.00% YTD, respectively.



Hedge Funds						
Name	MTD	QTD	YTD	1 Year	3 Year	5 Year
Global Hedge	-0.10%	-0.10%	-0.95%	1.43%	0.80%	1.09%
Convertible Arbitrage	0.11%	0.11%	0.76%	2.65%	3.56%	0.82%
Distressed Securities	0.22%	0.22%	-6.00%	-5.94%	1.00%	0.97%
Equity Hedge (L/S)	0.63%	0.63%	0.88%	6.03%	2.04%	2.65%
Equity Market Neutral	0.07%	0.07%	0.26%	0.77%	-0.06%	1.24%
Event Driven	-0.71%	-0.71%	-5.17%	-4.44%	1.55%	0.88%
Macro	-0.61%	-0.61%	-2.41%	-0.15%	-1.93%	0.00%
Merger Arbitrage	-0.07%	-0.07%	-0.67%	0.29%	3.27%	3.56%
Relative Value Arbitrage	0.05%	0.05%	2.26%	3.42%	0.59%	0.43%
Absolute Return	0.14%	0.14%	1.19%	2.70%	1.82%	1.94%



Spot Rates					
Description	Current	1 Month Ago	3 Months Ago	6 Months Ago	1 Year Ago
CAD / USD	1.30	1.31	1.28	1.23	1.25
JPY / USD	111.86	110.76	109.34	109.19	110.26
USD / GBP	1.31	1.32	1.38	1.42	1.32
USD / EUR	1.17	1.17	1.21	1.24	1.18

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

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