NOTTINGHAM ADVISORS

Nottingham Monthly Market Wrap

March 31, 2019

Economic Overview

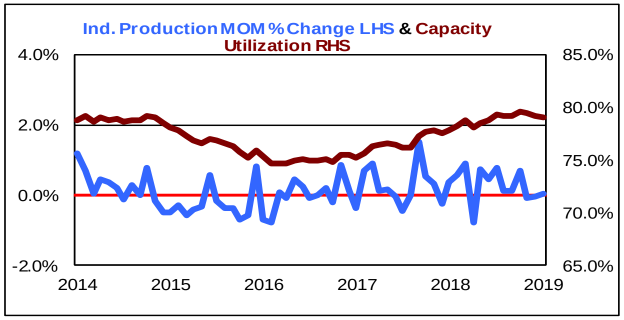
Has Goldilocks returned to the world economy? It certainly seems as though she is present here in the United States. Inflation is low to non-existent, we're at full employment, growth is moderate if not steady, and housing markets remain robust. Lastly, it would appear the Federal Reserve is closer to an interest rate cut rather than a hike, and the end of their balance sheet unwind is nigh. Goldilocks indeed.

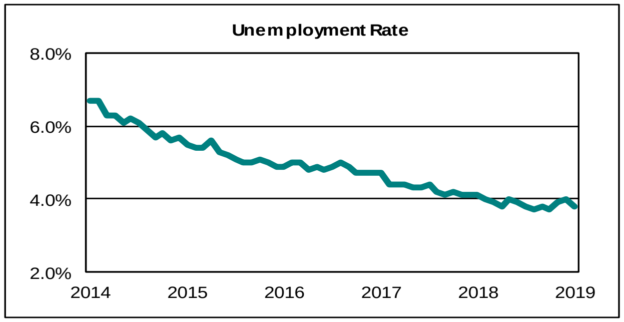
A glance at the accompanying charts on this page would suggest that perhaps the economy has hit a pause and that conditions aren't necessarily improving. While that may be the case, current conditions are consistent with continued economic expansion over the next 12-18 months. Despite all the rhetoric surrounding the flattening yield curve (and indeed the 3mo – 10yr spread did invert), the odds for a near-term recession appear low.

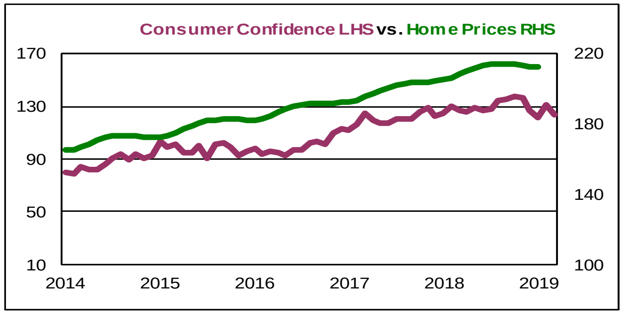
While Q418 GDP growth settled in at +2.2%, the Unemployment Rate for February dropped to 3.8% from 4.0% despite a rise in nonfarm payrolls of only 20k, far below estimates for a gain of 180k. The Labor Force Participation Rate held steady at 63.2% while Average Hourly Earnings ticked up by +0.4% MoM and are now up +3.4% YoY. The Underemployment Rate dropped from 8.1% to 7.3%, another sign of a healthy job market.

The spring selling season in housing is upon us and there are numerous signs that formerly hot urban markets (NYC, Washington, Boston) have cooled while demand for entry-level and lower end housing remains robust. Although Building Permits dropped -1.6% in February and Housing Starts fell -8.7%, Existing Home Sales rose a better than expected +11.8% MoM. The recent decline in interest rates has suppressed mortgage rates and increased home price affordability across most markets.

Six months ago the odds for a near-term interest rate hike were close to 90%. Today, the odds for a hike are 0% while the futures market is pricing in a 50% probability of a cut by September. This sea-change in the market's perception of likely Fed policy has been a big catalyst for risk markets here in the U.S. and around the world.

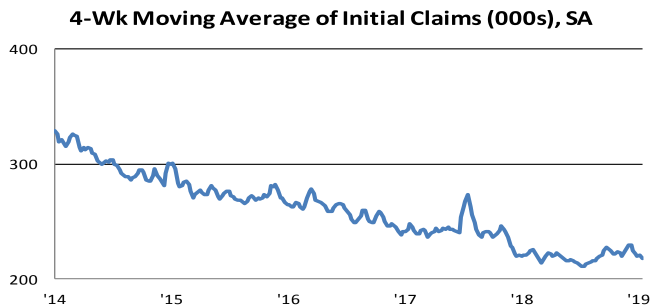


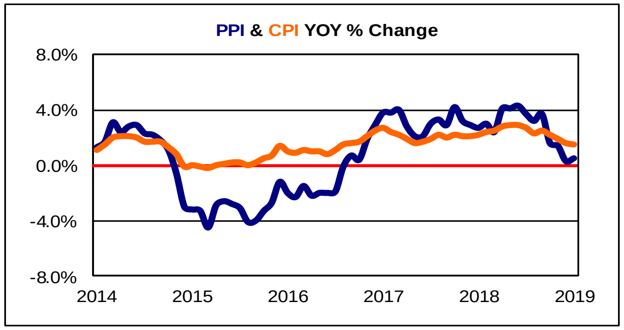




Key Data Points

Name	Current	For	Previous	For
Retail Sales ex. Autos MOM %	0.90%	January	-2.10%	December
Housing Starts	1162K	February	1273K	January
Factory Orders MOM %	0.10%	January	0.10%	December
Leading Indicators MOM %	0.20%	February	0.00%	January
Unit Labor Costs	2.00%	Q4 2018	1.60%	Q3 2018
GDP QOQ (Annualized)	2.20%	Q4 2018	3.40%	Q3 2018
Wholesale Inventories	1.20%	January	1.10%	December
MBA Mortgage Applications	8.90%	March	5.30%	February



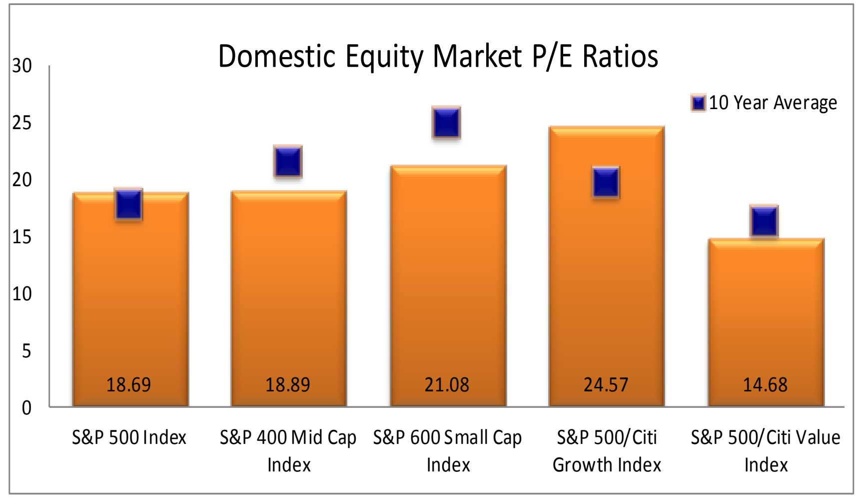


Domestic Equity

U.S. equities finished the month in positive territory, with the benchmark S&P 500 Index returning +1.94%. Small- and Mid-Caps, as measured by the S&P 600 and 400 indices gave back some of February's gains, losing -3.33% and -0.57%, respectively. With the first quarter in the books, the S&P 500 is now up +13.65% for the year, it's best quarterly performance since 2009. With the S&P 500 closing price of 2,834, we start the month of April effectively where we left off back in August of 2018. Mid-Caps have gained +14.49%, while the more economically sensitive Small-Caps are up +11.61% YTD. For investors who stayed the course through the fourth quarter volatility, their portfolios would largely be unchanged.

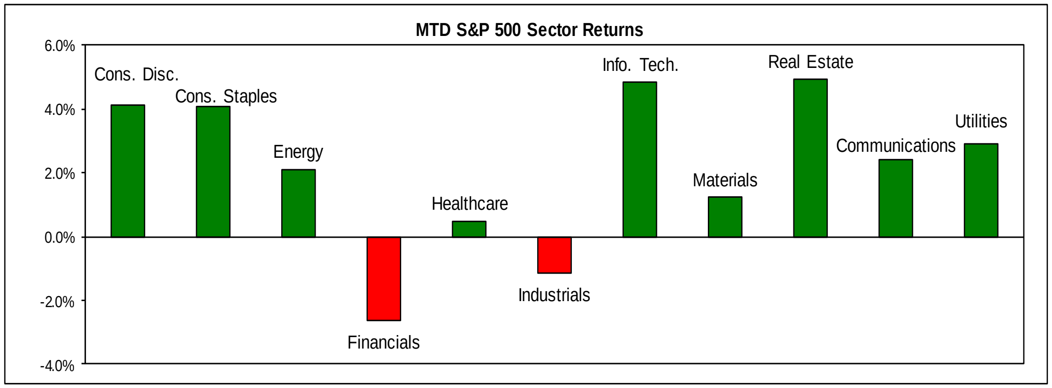
From a sector standpoint, Real Estate and Technology led the way up +4.92% and +4.83%, respectively, handily outperforming the broader benchmark. Defensive sectors such as Utilities (+2.89%) and Consumer Staples (+4.09%) also caught a bid thanks to the plummeting yields on U.S. Treasuries. For reference, the 10-year U.S. Treasury closing yield was 2.41% at the end of March, down 35bps from the beginning of the month. Over the past year, defensive sectors have proven to be the best performers with Real Estate up +21.00% and Utilities +19.33% higher. Cyclical sectors such as Financials and Industrials were the worst performers in March thanks to the drop off in bond yields, a more dovish than expected Federal Open Market Committee (FOMC) statement, and more "muddle through" economic data. Financials lost -2.61%, while Industrials gave back -1.14%.

Growth stocks resumed their lead over Value stocks during the month, with the S&P 500 Growth Index gaining +2.73%, more than double the S&P 500 Value's +1.06% gain. For the year, Growth stocks lead by a decent margin, up +14.95% versus Value's +12.19%. Looked at through a wider lens, Growth has outperformed Value by nearly +700bps over the past year. From a factor standpoint, Momentum, as measured by the S&P 500 Momentum Index, has gained +16.61% YTD, adding alpha above the benchmark. Interestingly, last year's best performing and momentum driven sector (Healthcare) is now this year's worst performer. Healthcare stocks have gained only +6.59% this year, lagging the overall market by more than 700bps, amidst heavy political and legislative risks heading into the 2020 election.



Domestic Equity Returns

Name	MTD	QTD	YTD	1 Year	3 Year	5 Year
S&P 500 Index	1.94%	13.65%	13.65%	9.48%	13.52%	10.90%
S&P 400 Mid Cap Index	-0.57%	14.49%	14.49%	2.58%	11.25%	8.28%
S&P 600 Small Cap Index	-3.33%	11.59%	11.59%	1.53%	12.50%	8.40%
S&P 500/Citi Growth Index	2.73%	14.95%	14.95%	12.77%	15.94%	13.36%
S&P 500/Citi Value Index	1.06%	12.19%	12.19%	5.92%	10.63%	8.04%



S&P 500 Sector Returns

Sector	MTD	QTD	YTD	1 Year	3 Year	5 Year	% of S&P 500
Consumer Discretionary	4.11%	15.73%	15.73%	13.19%	14.43%	13.59%	10.56%
Consumer Staples	4.09%	12.01%	12.01%	10.48%	5.15%	8.59%	8.01%
Energy	2.11%	16.43%	16.43%	1.32%	4.95%	-2.80%	5.29%
Financials	-2.61%	8.56%	8.56%	-4.68%	14.26%	9.36%	12.28%
Healthcare	0.49%	6.59%	6.59%	14.89%	12.60%	11.29%	14.41%
Industrials	-1.14%	17.20%	17.20%	3.20%	11.67%	9.32%	9.54%
Information Technology	4.83%	19.86%	19.86%	15.44%	22.61%	18.64%	21.01%
Materials	1.23%	10.30%	10.30%	-0.43%	9.50%	5.30%	2.61%
Real Estate	4.92%	17.53%	17.53%	20.99%	7.53%	9.00%	3.02%
Communication Services*	2.43%	13.98%	13.98%	7.69%	1.38%	5.19%	10.06%
Utilities	2.89%	10.84%	10.84%	19.33%	9.21%	10.90%	3.21%

*The S&P 500 Communciation Services Sector was reclassifed from the Telecommunications Sector on September 21st, 2018

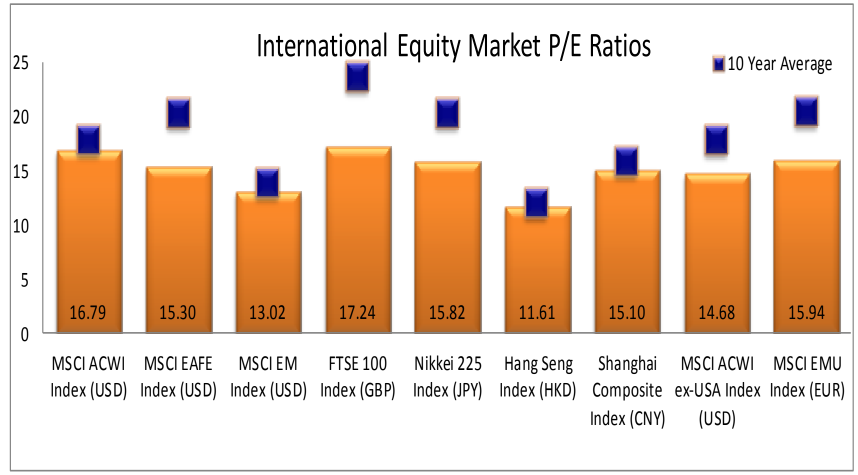
International Equity

International equities posted another month of positive gains, with Developed International and Emerging Markets equities adding to their YTD gains. Developed markets (MSCI EAFE) returned +0.72% on the month, while their Emerging (MSCI EM) brethren returned +0.83%. Continued hopes for a U.S./China trade deal have helped buoy international equities as a whole; however, international economic data remains considerably weaker than that in the United States. Developed equities finished the quarter up +10.13%, while Emerging Markets gained +9.90%. Strong *relative* economic data has kept the U.S. Dollar at elevated levels and conversely caused many international currencies to weaken, detracting from performance (from a U.S. investor's perspective in USD). Looking forward, a rebound in Chinese or European data could reverse the tide that has kept the U.S. Dollar near recent highs.

From a regional perspective, U.K. equities, as measured by the FTSE 100 Index, gained +3.29% on the month in local currency, but remain a risky bet after yet another round of failed Brexit negotiations. With only days remaining until the next deadline, it remains to be seen how the Brexit saga will end. A positive resolution is no guarantee – even a pledge from PM May to resign didn't tip the scales in either direction.

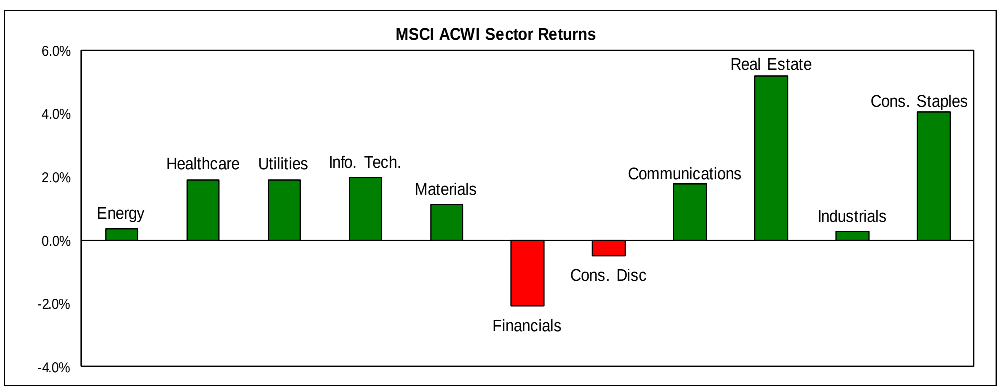
Turning to the broader Eurozone, the MSCI EMU Index returned +1.36% in EUR terms during the period as the ECB unexpectedly did a U-Turn on monetary policy, announcing a targeted long-term refinancing operation (TLTRO for short) to commence later this year. The ECB also downgraded its 2019 GDP forecast from +1.9% to 1.3%. Eurozone economic data remains anemic at best, with the Eurozone's German workhorse recording a shocking drop in its Purchasing Managers Index (PMI) to 44 in February. Readings below 50 signal contraction. Additionally, looking at the data as a whole, the Citi Eurozone Economic Surprise Index recorded a reading of -61 at month end, near record lows (readings below 0 indicate economic data releases being worse than expected).

From a sector standpoint, Real Estate led the way, gaining +5.22% on the month, while Financials were the worst performer, returning -2.08%. Like in the U.S., Real Estate and Technology remain the top performers, up +14.58% and +14.57% respectively on the year.



International Equity Returns

Name	MTD	QTD	YTD	1 Year	3 Year	5 Year
MSCI ACWI Index (USD)	1.31%	12.33%	12.33%	3.16%	11.32%	7.06%
MSCI EAFE Index (USD)	0.72%	10.15%	10.15%	-3.20%	7.88%	2.90%
MSCI EM Index (USD)	0.83%	9.90%	9.90%	-7.11%	11.15%	4.07%
FTSE 100 Index (GBP)	3.29%	9.50%	9.50%	7.64%	10.02%	6.04%
Nikkei 225 Index (JPY)	-0.11%	6.81%	6.81%	0.74%	10.26%	9.42%
Hang Seng Index (HKD)	1.59%	12.84%	12.84%	0.01%	16.03%	9.53%
Shanghai Composite Index (CNY)	5.10%	23.94%	23.94%	-0.08%	3.17%	11.24%
MSCI ACWI ex-USA Index (USD)	0.66%	10.44%	10.44%	-3.74%	8.68%	3.11%
MSCI EMU Index (EUR)	1.36%	12.06%	12.06%	1.40%	8.08%	6.05%



MSCI ACWI Ex U.S. Sector Returns

Sector	MTD	QTD	YTD	1 Year	3 Year	5 Year	% of ACWI
Energy	0.35%	12.61%	12.61%	6.07%	13.79%	0.56%	7.74%
Healthcare	1.92%	11.34%	11.34%	4.97%	5.54%	3.35%	6.01%
Utility	1.92%	9.78%	9.78%	13.54%	8.24%	6.35%	6.09%
Information Technology	1.97%	14.57%	14.57%	-7.13%	16.69%	10.31%	7.28%
Materials	1.12%	11.65%	11.65%	-3.05%	14.36%	2.36%	6.77%
Financials	-2.08%	7.79%	7.79%	-8.88%	8.68%	2.10%	21.97%
Consumer Discretionary	-0.50%	11.19%	11.19%	-9.95%	5.55%	2.23%	11.39%
Communication Services*	1.77%	6.95%	6.95%	-1.23%	0.89%	0.32%	7.50%
Real Estate**	5.22%	14.58%	14.58%	3.26%	N/A	N/A	3.97%
Industrials	0.26%	10.30%	10.30%	-4.62%	8.36%	3.44%	11.17%
Consumer Staples	4.06%	11.21%	11.21%	2.01%	5.33%	4.72%	10.10%

*The MSCI ACWI Ex U.S. Communciation Services Sector was reclassifed on November 30th, 2018 **The MSCI ACWI Ex. USA Real Estate Sector was developed on August 31st, 2016

Fixed Income

Yield curve inversion fears have increased since March 22nd, when the 10-year Treasury yield fell below that of the 3-month Treasury Bill yield. We have had a minor inversion, or a “kink” in the yield curve for some time now, with the 2-year through 5-year Treasury yields below those of shorter maturities. The general interpretation was that the market expected a Federal Reserve rate cut during that time frame, rather than predict a recession. The 10-year Treasury yield falling below the 3-month or 2-year Treasury yield presents a more troubling situation. A transitory inversion need not set off alarm bells. A sustained inversion would be more concerning. Traditionally, if the inversion lasts for a 3-month period, the table has been set for a recession. Not immediately, but typically one could be expected in the following two years. This is something we will continue to track.

Global central banks have been spooked by recent market volatility and economic data. The European Central Bank pushed out expectations for an interest rate increase into 2020, which would mean that Mario Draghi would complete his nine year term without ever implementing a rate hike. German 10-year yields have gone negative for the first time since 2016. According to TradeWeb, almost 47% of Euro area government bonds have sub-zero yields, and the global amount of bonds with negative yields has surpassed $10 Trillion.

The Fed’s most recent guidance continued to downplay any thought of raising rates, with the dot plot chart showing rates on hold for the balance of 2019. The Fed also announced an early end to their balance sheet roll off. In October, the balance sheet will no longer shrink as Treasury/Agency investments mature or pay down. Instead, the balance will be reinvested by purchasing Treasury securities. Over time, this will return the majority of the Fed’s holdings to Treasury securities.

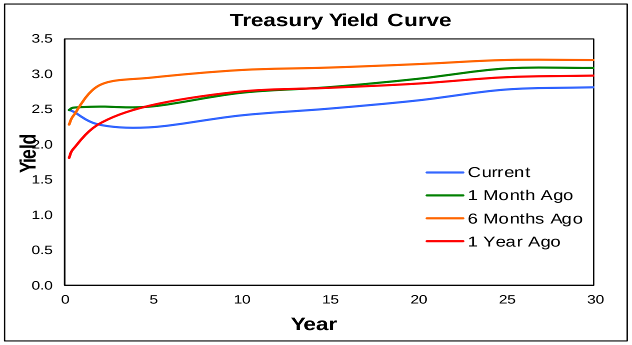
In the month of March, investment grade corporate bonds were the best performer, as spreads tightened for the third consecutive month. High Yield bonds had a positive return, but faced a headwind of wider spreads, giving back some of the performance recouped during Jan and Feb. The Government, US, and Global Agg indices have lagged a bit YTD, but turned in strong performance for the month of March due to their duration, making them a beneficiary of declining interest rates.

Central Bank Activity

Name	Current	1 Month Ago	6 Months Ago	1 Year Ago
Fed Funds Rate	2.50%	2.50%	2.25%	1.75%
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	0.75%	0.75%	0.75%	0.50%

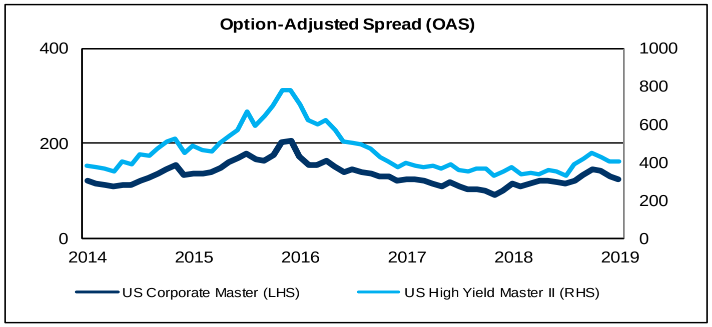
Fixed Income Returns

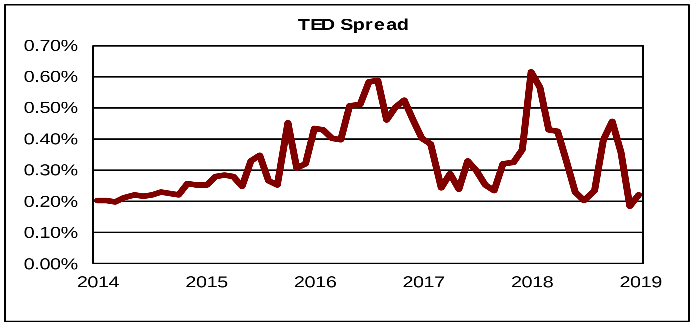
Name	MTD	QTD	YTD	1 Year
Bloomberg Barclays US Government Index	1.89%	2.10%	2.10%	4.20%
Bloomberg Barclays US Agg Index	1.92%	2.94%	2.94%	4.48%
Bloomberg Barclays US Corporate Index	2.50%	5.14%	5.14%	4.94%
Bloomberg Barclays US Corporate High Yield Index	0.94%	7.26%	7.26%	5.93%
Bloomberg Barclays EM USD Agg Index	1.37%	5.43%	5.43%	4.38%
Bloomberg Barclays Global Agg Treasuries USD Index	1.76%	2.60%	2.60%	4.90%
Bloomberg Barclays Municipal Index	1.58%	2.90%	2.90%	5.38%

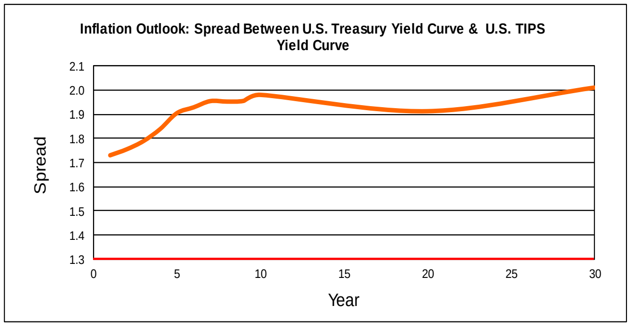


U.S. Treasury Yields

Period	3 Month	6 Month	2 Year	5 Year	10 Year	15 Year	20 Year	25 Year	30 Year
Current	2.49%	2.46%	2.28%	2.24%	2.41%	2.51%	2.62%	2.78%	2.81%
1 Month Ago	2.49%	2.52%	2.54%	2.54%	2.73%	2.81%	2.93%	3.08%	3.09%
6 Months Ago	2.28%	2.41%	2.84%	2.95%	3.06%	3.09%	3.14%	3.20%	3.20%
1 Year Ago	1.81%	1.94%	2.30%	2.56%	2.75%	2.80%	2.86%	2.95%	2.98%







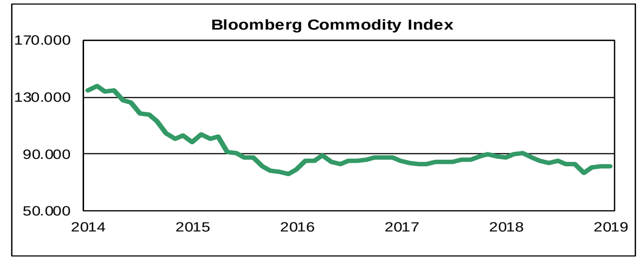
Alternative Investments

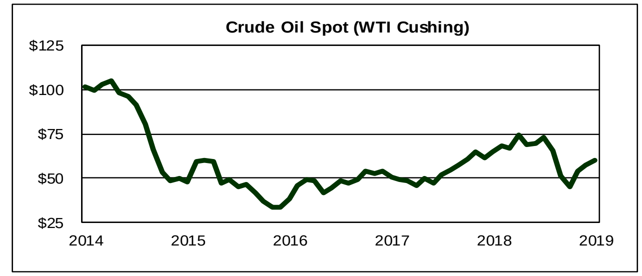
Alternative investments zigged and zagged in March as a confluence of weak global economic data, falling interest rates, and international geopolitics drove price action. Plummeting yields on U.S. Treasuries gave defensive sectors such as Real Estate a bid, as the 10-year U.S. Treasury closed the month yielding 2.41%, down 35bps from the beginning of the month. REITs, as measured by the FTSE NAREIT All REIT Index gained +3.6% on the month. Rising interest rates and stronger *relative* economic data compared to the rest of the world (i.e. Europe, Germany) likely caused the U.S. Dollar to catch a bid, with the DXY Index gaining +1.2% on the month. A stronger Dollar was a headwind for Gold prices, with the shiny metal losing -1.6% on the month to close at $1,292/oz. Gold has historically been a strong diversifier of risk within an asset allocation strategy and has largely been held back in 2019 by a global equity rebound, strong U.S. Dollar, and falling volatility. Should these trends reverse, Gold could catch a bid once again.

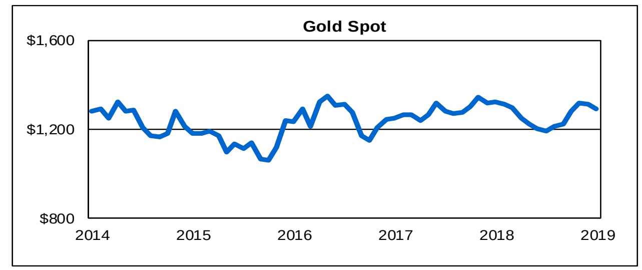
Volatility, as measured by the CBOE VIX Index, fell sharply in March. The VIX index, widely regarded as the "fear gauge" fell -7.24% to close at 13.71. The VIX has collapsed -46.07% YTD, and -31.35% over the past year after spiking to an intraday high of 36.20 during Q4. With Volatility remaining subdued it's worth noting that the past two years have been largely periods of below average volatility, highlighting complacency and dependence on central bank policies, as noted by the abrupt market selloff in Q4 when the Fed was on "autopilot."

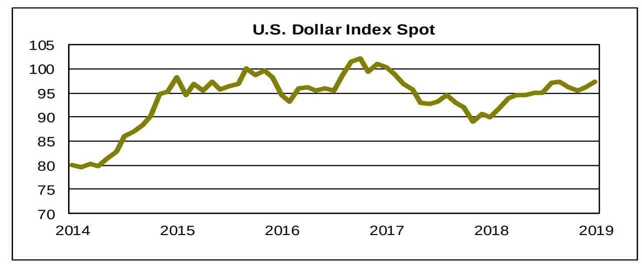
On the commodities front, the Bloomberg Commodities Index lost -0.4% in March but remains up +5.7% on the year along with other risk assets. West Texas Intermediate (WTI) crude oil gained +5.1% on the month to close over $60/barrel, it's first monthly close over that psychological threshold since October 2018. WTI prices remain well off their June 2018 monthly closing high of $73/barrel, but in line with their 18-month monthly closing average of $62/barrel. It should be noted that WTI prices are up nearly $15/barrel, or +32.4% year to date; however, a closer look shows that WTI prices fell -38.0% in Q4 2018, highlighting the volatility in prices.

From a Hedge Fund strategy standpoint, half of the strategies tracked posted positive returns on the month, with even the best performing strategy (Macro, +1.32%) underperforming the S&P 500. On a year to date basis, 8 of 10 strategies have posted positive returns, with U.S. Equity Hedge leading the pack up +6.01%, and Merger Arbitrage bringing up the rear having lost -1.74% on average in 2019.





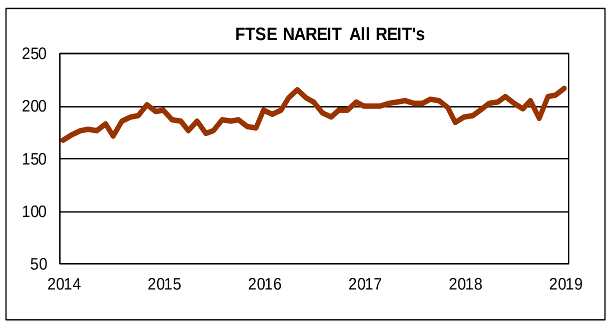




Hedge Funds

Name	MTD	QTD	YTD	1 Year	3 Year	5 Year
Global Hedge	0.03%	2.80%	2.80%	-3.12%	2.02%	-0.26%
Convertible Arbitrage	-1.11%	1.08%	1.08%	-0.10%	4.67%	0.10%
Distressed Securities	-0.53%	1.97%	1.97%	-2.41%	4.98%	-0.31%
Equity Hedge (L/S)	0.84%	6.01%	6.01%	-5.09%	2.89%	0.67%
Equity Market Neutral	1.00%	-0.31%	-0.31%	-4.17%	-1.46%	-0.04%
Event Driven	-1.50%	0.81%	0.81%	-6.47%	2.17%	-1.77%
Macro	1.32%	0.14%	0.14%	-1.11%	-1.24%	0.10%
Merger Arbitrage	0.31%	-1.74%	-1.74%	-2.45%	0.38%	2.54%
Relative Value Arbitrage	-0.17%	2.61%	2.61%	0.42%	3.04%	-0.22%
Absolute Return	-0.06%	1.06%	1.06%	0.27%	1.61%	1.31%

Note: Price Return, Returns as of 03/28/19



Spot Rates

Description	Current	1 Month Ago	3 Months Ago	6 Months Ago	1 Year Ago
CAD / USD	1.33	1.31	1.36	1.29	1.29
JPY / USD	110.86	111.39	109.69	113.70	106.28
USD / GBP	1.30	1.32	1.28	1.30	1.40
USD / EUR	1.12	1.37	1.15	1.16	1.23

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, S5RLST) – 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, Communication Services, Utilities, and Real Estate.

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

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

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

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

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

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

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

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

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

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

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

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

Bloomberg Barclays Global Treasuries USD Hedged Index (LGTRTRUH)– 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 compromised 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 (LBUSTRUU)- 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 (C0A0) – 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 (C0A0) – The Merrill Lynch U.S. Corporate Index tracks the performance of U.S. dollar denominated investment grade corporate debt publicly issued in the U.S. domestic market.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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