

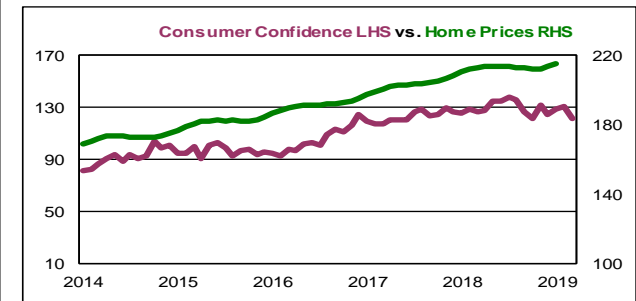
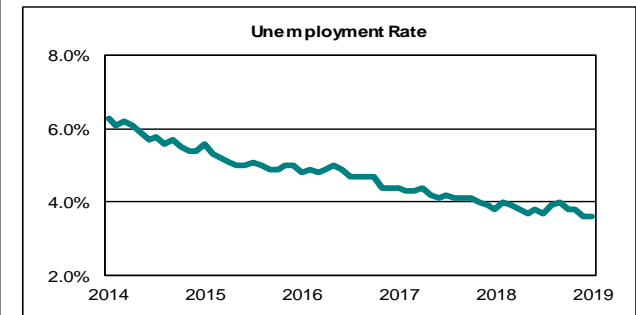
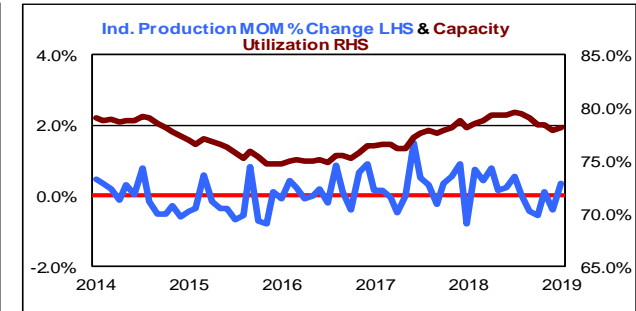
### Economic Overview

June saw some softening to the economic data releases, although the underlying tone remains reasonable in our view given a late-cycle economy. As expected, the Federal Reserve left short-term interest rates unchanged at its June meeting, but hinted strongly at a rate cut in July. The Fed's tone has changed markedly over the past six months and it's widely expected the Fed will cut 50 basis points before year-end. This despite a 3.1% print for the third reading of Q1 GDP. It would appear the headwinds triggered by the ongoing trade war have Fed officials concerned over the potential for a lagged impact on the global economy.

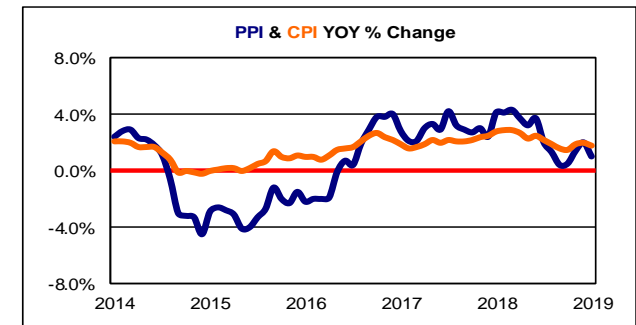
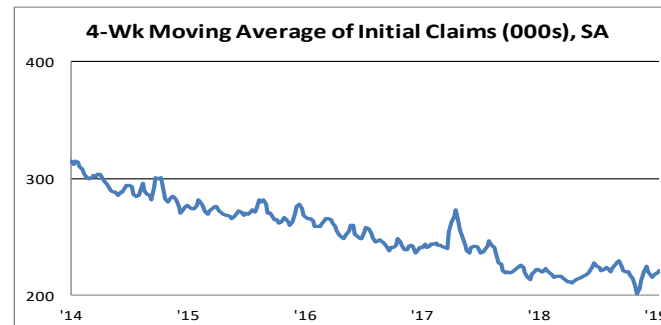
The unemployment rate for May held steady at 3.6% and forecasts for June call for it to remain there. The JOLTS (US Job Openings by Industry Total) number remains near historical highs while the weekly Initial Jobless Claims numbers hovers near historical lows (average 220k in June). Average Hourly Earnings ticked up +0.2% in May for a +3.1% YoY gain, while the average workweek held steady at 34.4 hours. The Labor Force Participation rate was 62.8% while the Underemployment Rate dropped from 7.3% to 7.1%.

Purchasing Manager surveys hovered near the crucial 50.0 mark with the Markit US Manufacturing PMI final number for May coming in at 50.5 while the preliminary reading for June dropped to 50.1. The Conference Board's Consumer Confidence Index fell to 121.5 in June, down from October's high of 137.9 while the NFIB Small Business Optimism Index ticked up to 105.0 in May, from April's 103.5. Leading economic indicators continued to dip lower reflecting increasing uncertainty over the duration and subsequent impact of the ongoing trade war between the US and China.

The US economy remains the envy of the world, however some cracks are beginning to appear in the 11<sup>th</sup> year of the expansion. There's no reason to assume a recession is imminent, however it will pay to monitor more forward looking data for evidence of an economic slowdown. Certainly, a more measured approach from the Fed could extend the current cycle well into next year and possibly 2021. Stay tuned.



Key Data Points				
Name	Current	For	Previous	For
Retail Sales ex. Autos MOM %	0.50%	May	0.50%	April
Housing Starts	1269K	May	1281K	April
Factory Orders MOM %	-0.80%	April	1.30%	March
Leading Indicators MOM %	0.00%	May	0.10%	April
Unit Labor Costs	-1.60%	Q1 2019	-0.40%	Q4 2018
GDP QOQ (Annualized)	3.10%	Q1 2019	2.20%	Q4 2018
Wholesale Inventories	0.40%	May	0.90%	April
MBA Mortgage Applications	1.30%	June	1.50%	May



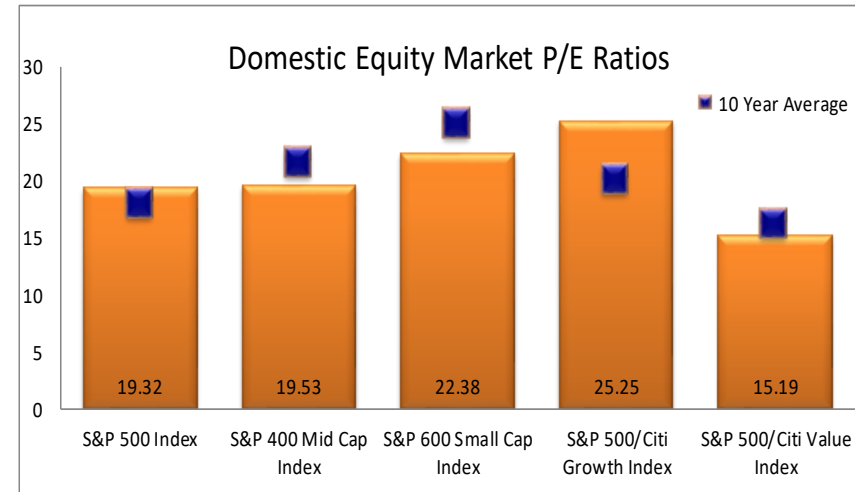


### Domestic Equity

U.S. equities rose sharply in June, with the benchmark S&P 500 Index returning +7.05%. Mid- and Small-Caps outperformed, with the S&P 400 and S&P 600 indices gaining +7.64% and +7.45%, respectively. For the quarter, all three market capitalizations finished in positive territory, with Large-Caps outperforming. Similarly, on a year to date basis, Large-Caps have been clear winners, gaining +18.54%, versus +13.67% and +17.96%, respectively for Small- and Mid-Caps. From a style perspective, Value outperformed Growth on the month, with the S&P 500/Citi Value Index returning +8.08% thanks to a strong performance from trade-sensitive cyclical sectors such as Materials and Energy, which rose +11.71% and +9.27%, respectively. Financials slightly underperformed as interest rates fell, gaining +6.74% during the period. It should be noted that the 18 major Banks subject to the Fed's annual stress tests (known as DFAST) received passing grades, and most were able to announce significant capital returns (both buybacks and dividends) after undergoing the Fed's Comprehensive Capital Analysis and Review (CCAR) process. U.S. Banks continue to look healthier than ever and well capitalized.

Rounding out sector performance, the worst performers during June were defensive sectors. Consumer Staples, Utilities, and Real Estate underperformed, returning +5.22%, +3.32%, and +1.76% respectively; however, both Staples and Real Estate have outperformed the broader market year to date, returning +21.84% and +20.42%, respectively.

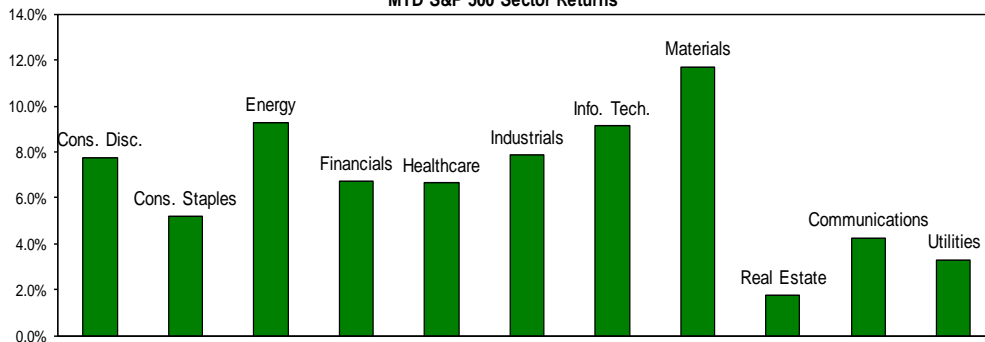
With the market surge in June came a flurry of hot initial public offerings (IPOs), from Beyond Meat to Chewy.com, to name a few. Many of these newly public companies have posted strong revenue growth rates, and some even turn profits. Most, however, trade at sky-high valuations. The strong IPO market, coupled with a surge in large-scale M&A activity (more than \$1 Trillion YTD) bode well for market sentiment moving into the second half of the year. Stay tuned.



### Domestic Equity Returns

Name	MTD	QTD	YTD	1 Year	3 Year	5 Year
S&P 500 Index	7.05%	4.30%	18.54%	10.41%	14.21%	10.71%
S&P 400 Mid Cap Index	7.64%	3.03%	17.96%	1.34%	10.91%	8.01%
S&P 600 Small Cap Index	7.45%	1.87%	13.67%	-4.92%	11.91%	8.36%
S&P 500/Citi Growth Index	6.17%	4.56%	20.19%	12.02%	17.28%	13.09%
S&P 500/Citi Value Index	8.08%	4.02%	16.70%	8.65%	10.65%	7.92%

### 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	7.78%	5.28%	21.84%	10.17%	16.77%	13.98%	10.63%
Consumer Staples	5.22%	3.72%	16.18%	16.39%	4.85%	8.39%	8.00%
Energy	9.27%	-2.83%	13.13%	-13.25%	0.20%	-5.54%	4.92%
Financials	6.74%	8.00%	17.24%	6.30%	16.42%	10.55%	12.65%
Healthcare	6.64%	1.38%	8.07%	12.99%	10.84%	10.62%	13.98%
Industrials	7.85%	3.57%	21.38%	10.39%	12.46%	9.26%	9.46%
Information Technology	9.13%	6.06%	27.13%	14.34%	26.25%	18.54%	21.30%
Materials	11.71%	6.31%	17.26%	3.20%	10.40%	5.44%	2.77%
Real Estate	1.76%	2.46%	20.42%	16.80%	6.70%	8.14%	2.98%
Communication Services*	4.27%	4.49%	19.09%	13.66%	0.58%	5.35%	10.13%
Utilities	3.32%	3.48%	14.70%	19.03%	8.06%	10.00%	3.19%

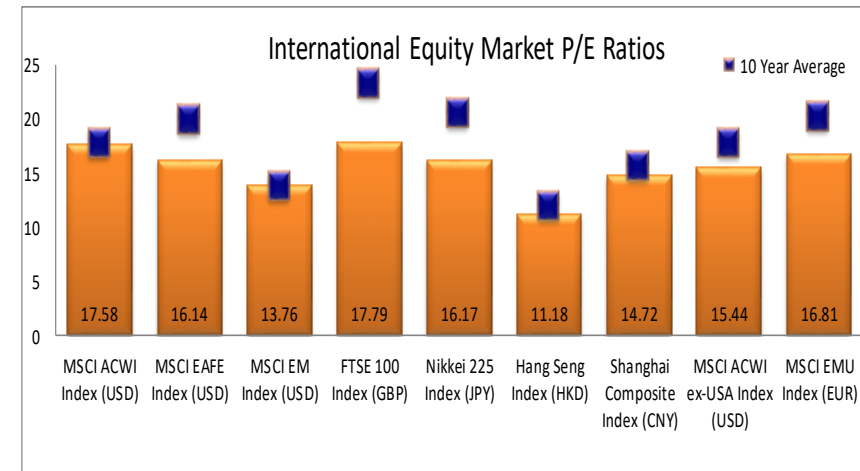
\*The S&P 500 Communication Services Sector was reclassified from the Telecommunications Sector on September 21st, 2018

### International Equity

International equities posted positive returns in June and the second quarter, and are firmly in the black year to date. Emerging Markets, as measured by the MSCI EM Index gained +6.27% in June, while Developed International markets, as measured by the MSCI EAFE Index rose +5.97%. For the quarter, Emerging Markets returned a scant +0.68%, weighed down by trade uncertainties and weaker global economic data, while Developed International rose +3.93%. Year to date, global equities as measured by the MSCI ACWI Index have returned +16.60%. Not too shabby!

From a country standpoint, both the United Kingdom (FTSE 100 Index) and Japan (Nikkei 225 Index) gained more than 3% each in local currency. Hong Kong (Hang Seng Index) was a standout, gaining 6.69% in HKD. China was also a notable performer, with the Shanghai Composite gaining +3.73% in CNY terms. It should be noted that China has returned +20.96% year to date (in CNY), but has also outperformed the S&P 500 in USD terms, up +21.16%. Looking at China through another lens, the MSCI China Index, which is heavily dependent on technology stocks, tells a different story. In USD terms, the MSCI China Index handily outperformed MSCI EM, the Shanghai Composite, and even the S&P 500 on the month, returning +8.12%; however, trade fears and slowing global growth have held the index back year to date, up only +13.91%. Emerging Markets remain a key growth market, despite what the news headlines may say, and remain a high conviction long-term trade for those that can stomach the volatility.

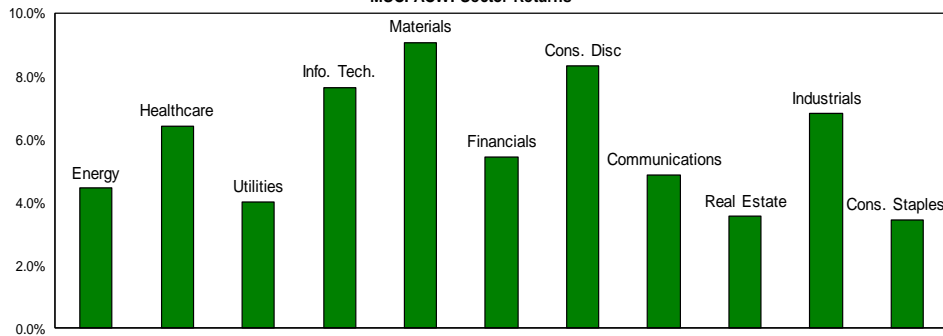
From a regional perspective the Eurozone, as measured by the MSCI EMU Index returned +5.20% in EUR terms, and +5.95% in USD terms as the Euro rallied against the Dollar. The bloc's +17.30% return year to date (EUR) and +17.11% (USD) should not go unnoticed as it's outperformed both MSCI EAFE and EM, despite dependence on exports to China and the U.S. As ECB President Mario Draghi's term nears its end, the future of monetary policy remains clouded.



### International Equity Returns

Name	MTD	QTD	YTD	1 Year	3 Year	5 Year
MSCI ACWI Index (USD)	6.59%	3.78%	16.60%	6.35%	12.28%	6.78%
MSCI EAFE Index (USD)	5.97%	3.93%	14.53%	1.70%	9.75%	2.84%
MSCI EM Index (USD)	6.27%	0.68%	10.69%	1.54%	11.12%	2.88%
FTSE 100 Index (GBP)	3.95%	3.28%	13.10%	1.51%	8.88%	6.07%
Nikkei 225 Index (JPY)	3.41%	0.46%	7.53%	-2.54%	13.20%	9.06%
Hang Seng Index (HKD)	6.69%	-0.08%	12.75%	2.53%	15.09%	8.07%
Shanghai Composite Index (CNY)	3.73%	-2.41%	20.96%	7.31%	2.90%	10.15%
MSCI ACWI ex-USA Index (USD)	6.06%	3.18%	14.00%	1.85%	9.99%	2.72%
MSCI EMU Index (EUR)	5.20%	4.67%	17.30%	3.00%	10.55%	6.31%

### MSCI ACWI Sector Returns



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

Sector	MTD	QTD	YTD	1 Year	3 Year	5 Year	% of ACWI
Energy	4.44%	0.80%	13.50%	-0.55%	11.10%	-1.48%	7.43%
Healthcare	6.40%	1.32%	12.84%	4.80%	4.49%	2.53%	5.92%
Utility	4.02%	2.86%	12.93%	15.00%	7.69%	5.37%	6.04%
Information Technology	7.66%	4.01%	19.33%	-0.45%	18.17%	9.84%	7.37%
Materials	9.07%	2.93%	14.93%	0.09%	14.23%	2.13%	7.06%
Financials	5.43%	4.69%	12.84%	2.65%	11.91%	2.26%	22.41%
Consumer Discretionary	8.33%	4.01%	15.79%	-3.11%	9.47%	2.29%	11.37%
Communication Services*	4.86%	1.14%	8.18%	6.02%	1.29%	-0.28%	7.49%
Real Estate**	3.55%	-1.58%	12.79%	4.61%	N/A	N/A	3.66%
Industrials	6.81%	5.42%	16.29%	3.26%	10.88%	3.85%	11.11%
Consumer Staples	3.44%	2.49%	13.98%	5.07%	5.12%	4.03%	10.15%

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

### Fixed Income

Trade war concerns have faded a bit, with some progress (delaying tariff increases/re-engagement) being made during the G-20 meeting.

The U.S. Treasury yield curve declined in the month, most significantly at the front-end, as expectations for a near-term reduction in the Federal Funds Rate have grown. The most recent Federal Reserve meeting did not result in a rate cut, but set the stage for a reduction following a future meeting. The dot-plot chart, which gives a visual representation of the Governor's future rate expectations, was revised noticeably lower. Market expectations are for easing to take place, and can be expected to react poorly if the rate reductions do not materialize.

The yield curve remains inverted, with the 3 month Treasury offering a higher yield than the 10 year Treasury. It has now been inverted for slightly more than a month. An inversion sustained for 3+ months would be viewed as a negative sign for the economy, predicting a rising potential for recession.

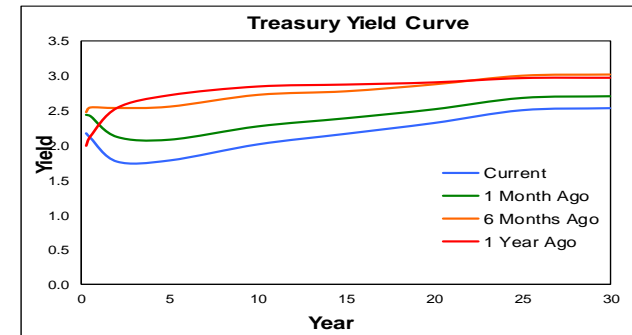
Investment Grade and High Yield corporate bond spreads tightened in the month. Performance in the corporate bond space has been strong in 2019, supported by the rebound in risk assets following the year-end 2018 selloff.

Emerging Market debt has also had a strong 2019, keeping pace with corporate bond returns. This is due to multiple factors – higher EM bond yields, EM spread tightening, and a weaker U.S. Dollar, which increases the value of EM currency assets.

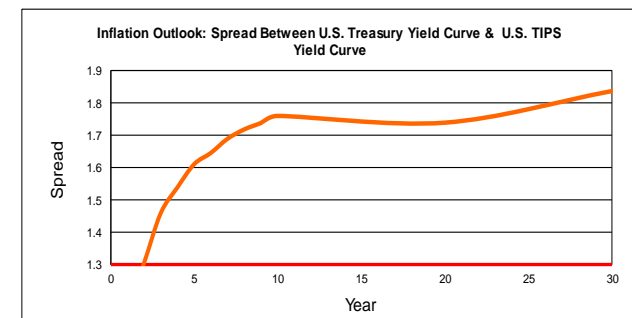
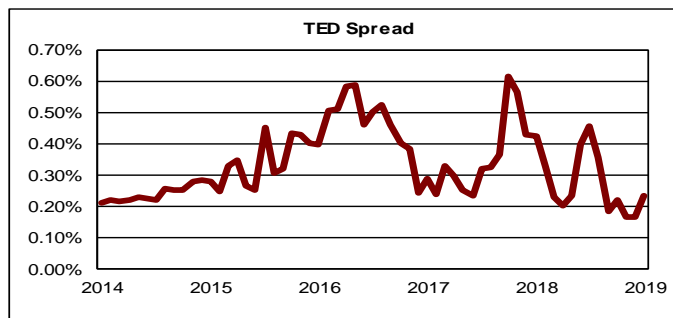
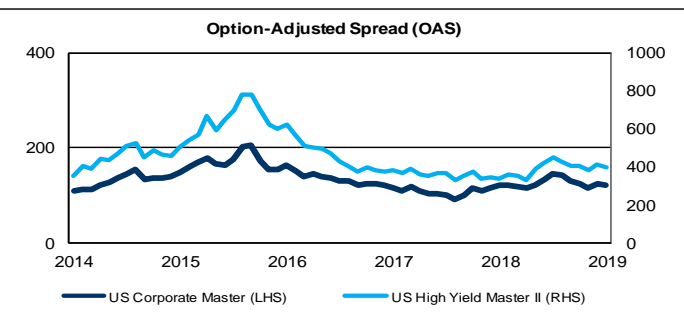
Globally, the amount of negative yielding debt now exceeds the record of \$12.5 Billion that was set in 2016. When buying Japanese government bonds, you need to go out almost 15 years to lock in a positive yield. In Germany, you would have to go out close to 20 years, and in Switzerland, their 30 year bond still leaves investors with a slightly negative yield. Given this backdrop, even with the decline in U.S. yields, the domestic market continues to offer compelling value.

Central Bank Activity				
Name	Current	1 Month Ago	6 Months Ago	1 Year Ago
Fed Funds Rate	2.50%	2.50%	2.50%	2.00%
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	0.75%	0.75%	0.75%	0.50%

Fixed Income Returns				
Name	MTD	QTD	YTD	1 Year
Bloomberg Barclays US Government Index	0.92%	2.99%	5.15%	7.21%
Bloomberg Barclays US Agg Index	1.26%	3.08%	6.11%	7.87%
Bloomberg Barclays US Corporate Index	2.45%	4.48%	9.85%	10.72%
Bloomberg Barclays US Corporate High Yield Index	2.28%	2.50%	9.94%	7.48%
Bloomberg Barclays EM USD Agg Index	2.71%	3.75%	9.39%	10.95%
Bloomberg Barclays Global Agg Treasuries USD Index	1.34%	2.84%	5.52%	7.56%
Bloomberg Barclays Municipal Index	0.37%	2.14%	5.09%	6.71%



U.S. Treasury Yields									
Period	3 Month	6 Month	2 Year	5 Year	10 Year	15 Year	20 Year	25 Year	30 Year
Current	2.17%	2.10%	1.76%	1.78%	2.01%	2.16%	2.32%	2.51%	2.54%
1 Month Ago	2.44%	2.42%	2.12%	2.08%	2.27%	2.39%	2.52%	2.68%	2.71%
6 Months Ago	2.48%	2.55%	2.54%	2.56%	2.73%	2.78%	2.88%	3.01%	3.03%
1 Year Ago	2.00%	2.14%	2.54%	2.72%	2.85%	2.87%	2.90%	2.97%	2.97%





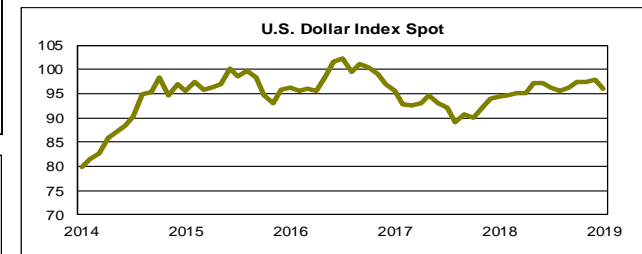
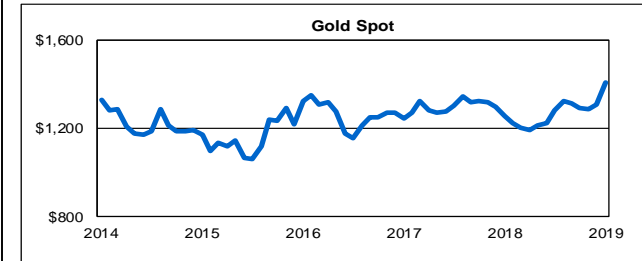
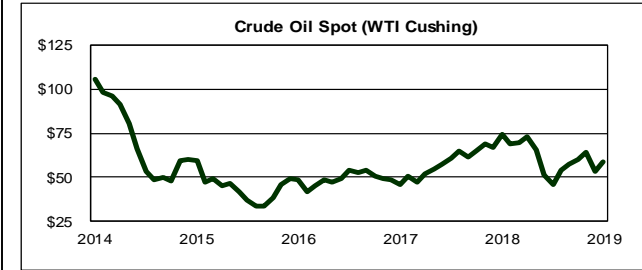
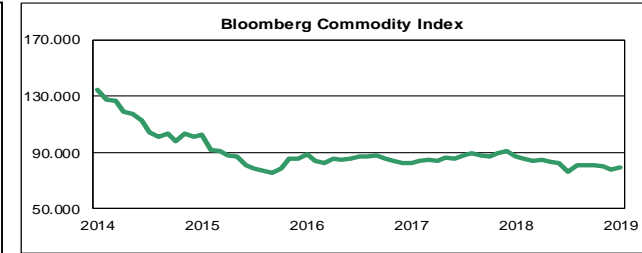
### Alternative Investments

Alternative investments were standout performers in June, as weakness in the U.S. Dollar and lower interest rates fueled rallies in most commodities. The Federal Reserve made a widely anticipated about face on monetary policy, with expectations building for a rate cut as soon as this month. While any potential rate cuts remain to be seen, the market clearly expects at least one, if not two rate cuts before year end. As a result, the U.S. Dollar, as measured by the DXY Index, fell -1.66% during June, and lost -1.38% during the quarter. It should be noted that while the Dollar remains elevated over the past 12-18 months, it's still down -5.95% from its year end 2016 close, right after the last election.

West Texas Intermediate (WTI) crude oil was the top performing alternative during June, rising +9.29% during the period and outpacing the Bloomberg Commodity Index return of +2.51%. Crude oil prices have benefitted from a weaker Dollar, as well as agreements between OPEC and non-OPEC members to cut production. The latest deal between OPEC and Russia is likely to be extended by another nine months. According to the Wall Street Journal, OPEC and 10 other countries are scheduled to meet today and tomorrow in Vienna to curb production and bring supply and demand back to equilibrium levels. Additionally, the last round of production cuts boosted WTI prices by more than 20%.

Gold regained its luster rising +7.97% in June as a combination of lower interest rates and increased geopolitical tensions ahead of last weekend's G-20 summit boosted safe haven assets. Gold has now returned +9.90% for the year, and has decisively broken out of a multi-year trend channel that left the shiny metal range bound between \$1,200-1,350/oz. Gold closed at \$1,409/oz on Friday.

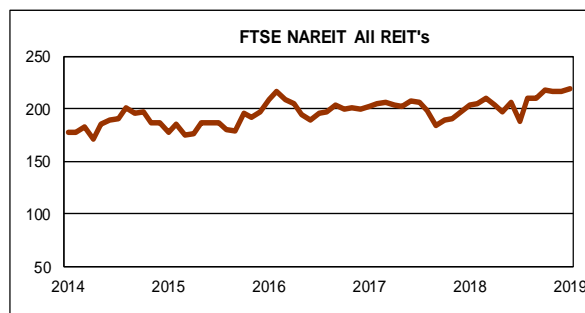
Lastly, Real Estate continues to perform well, with the FTSE NAREIT All-REIT Index gaining +0.94% during June and +16.32% YTD. Hedge Funds on the other hand continue to underperform, with most strategies underperforming stocks and bonds by a wide margin YTD.



### Hedge Funds

Name	MTD	QTD	YTD	1 Year	3 Year	5 Year
Global Hedge	1.46%	1.43%	4.06%	-2.10%	2.07%	-0.14%
Convertible Arbitrage	1.18%	1.37%	2.42%	0.66%	4.23%	0.74%
Equity Hedge (L/S)	1.25%	-0.12%	5.83%	-4.37%	3.18%	0.64%
Equity Market Neutral	-0.03%	-0.68%	-1.23%	-4.54%	-0.96%	-0.05%
Event Driven	1.43%	1.46%	2.26%	-5.43%	1.15%	-1.79%
Macro	2.40%	3.30%	2.40%	0.91%	-0.36%	0.49%
Merger Arbitrage	-0.23%	-0.56%	-2.31%	-3.59%	-0.08%	2.33%
Relative Value Arbitrage	1.06%	1.45%	4.11%	0.68%	3.18%	-0.06%
Absolute Return	0.75%	1.09%	1.66%	0.12%	1.69%	1.33%

Note: Price Return, Returns as of 06/27/19



Spot Rates					
Description	Current	1 Month Ago	3 Months Ago	6 Months Ago	1 Year Ago
CAD / USD	1.31	1.35	1.33	1.36	1.31
JPY / USD	107.85	108.29	110.86	109.69	110.76
USD / GBP	1.27	1.26	1.30	1.28	1.32
USD / EUR	1.14	1.12	1.12	1.15	1.17



**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-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](mailto:tom.quealy@nottinghamadvisors.com)

**Larry Whistler**, *CFA, President/Chief Investment Officer* – [larry.whistler@nottinghamadvisors.com](mailto:larry.whistler@nottinghamadvisors.com)

**Nick Verbanic**, *CFP® V.P./Portfolio Manager* – [nick.verbanic@nottinghamadvisors.com](mailto:nick.verbanic@nottinghamadvisors.com)

**Matthew Krajna**, *CFA, Senior Portfolio Manager, Director of Equity Research* – [matthew.krajna@nottinghamadvisors.com](mailto:matthew.krajna@nottinghamadvisors.com)

**Tim Calkins**, *CFA, Senior Portfolio Manager, Director of Fixed Income* – [timothy.calkins@nottinghamadvisors.com](mailto:timothy.calkins@nottinghamadvisors.com)

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