

Economic Overview

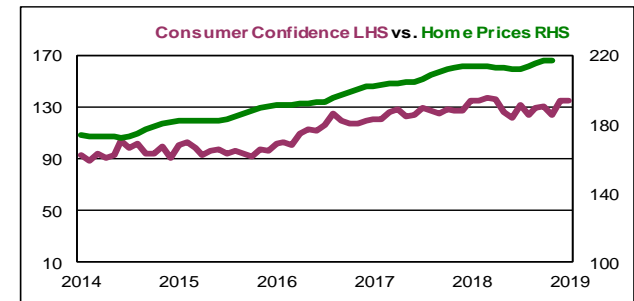
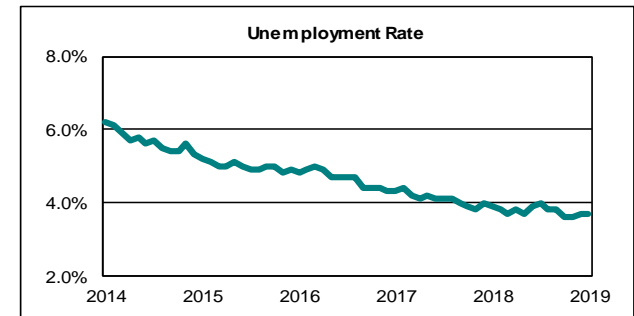
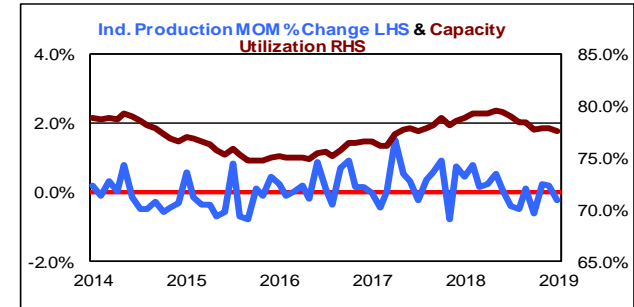
Economic conditions in the US remained steady in August despite a worsening of the trade war with China and the continued slowdown in Europe exacerbated by the lingering Brexit drama. The US remains the safest port in the global economic storm so to speak, and that has manifested itself in a strong US Dollar as well as historically low interest rates here at home. The cost of the trade war continues to rise and may ultimately hit the American consumer in the pocketbook but as of yet we haven't seen a material decline in US consumption patterns.

Personal Spending rose +0.6% in July despite Personal Income rising only +0.1%. The Conference Board's Consumer Confidence survey hovered near all-time highs in August (at 135.1) while the University of Michigan's Consumer Sentiment index dropped in August to 89.8 from 92.1, yet remains high in historical terms.

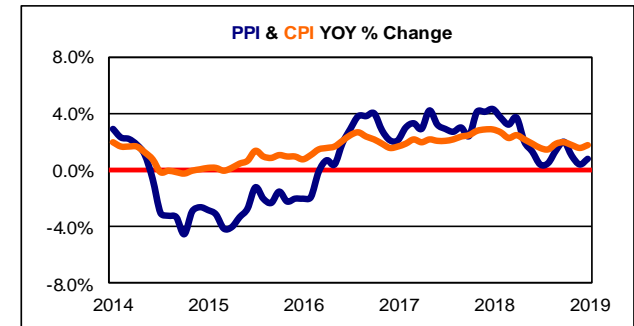
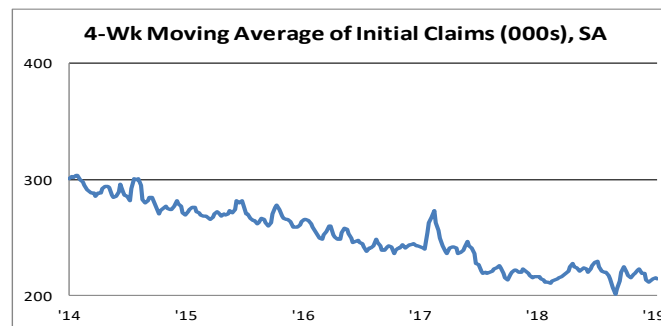
Turning from the consumer to the producer, the ISM Manufacturing index dropped to 49.1 in August, coming in below the critical 50 number. The Markit US Manufacturing PMI came in at 50.3 for August. Clearly the consumer remains strong but manufacturers are starting to feel a slowdown, certainly impacted by the aforementioned trade dispute with China. A so-called "profits recession" might just appear before a broader economic downturn in the US, although that should be getting priced into the market on a daily basis.

The unemployment rate in the US remains historically low with July coming in at 3.7% as 148,000 new jobs were added in that month. Average hourly earnings ticked up +0.3% MoM in July and are up +3.2% YoY. Labor force participation came in at 63.0% while the Underemployment Rate dropped to 7.0%.

With the 2/10 yield curve inverting formally in August, economists everywhere are on the watch for an impending recession. With all the noise around this anomaly (it does have a perfect track record in terms of preceding recessions), it's very likely we talk ourselves into some sort of economic pullback merely out of fear. That said, a satisfactory resolution to the trade war with China will likely be necessary if we are to avert an economic slowdown in the near term.



Key Data Points				
Name	Current	For	Previous	For
Retail Sales ex. Autos MOM %	1.00%	July	0.30%	June
Housing Starts	1191K	July	1241K	June
Factory Orders MOM %	0.60%	June	-1.30%	May
Leading Indicators MOM %	0.50%	July	-0.10%	June
Unit Labor Costs	2.40%	Q2 2019	5.50%	Q1 2019
GDP QOQ (Annualized)	2.00%	Q2 2019	3.10%	Q1 2019
Wholesale Inventories	0.20%	July	0.00%	June
MBA Mortgage Applications	-6.20%	August	-1.40%	July





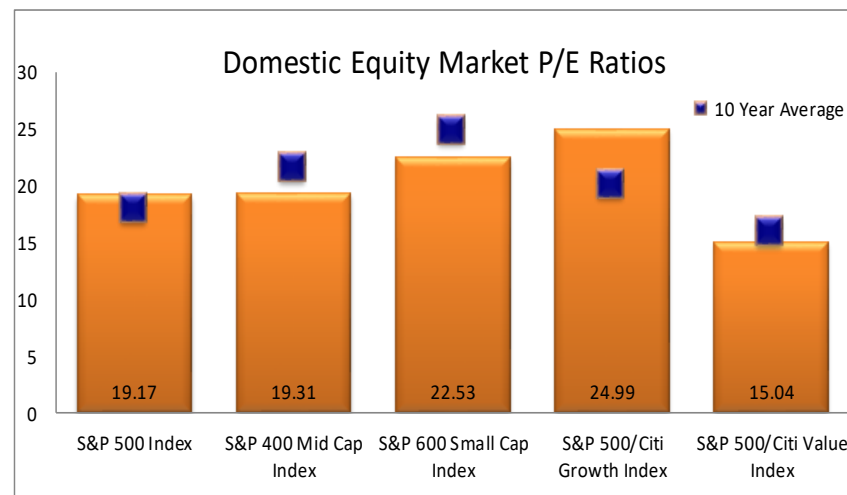
Domestic Equity

U.S. Equities lost ground in August, with the benchmark S&P 500 Index losing -1.58%. Small- and Mid-Caps fared worse, losing -4.51% and -4.19%, respectively. Volatility picked up during the month, with +/-1% daily moves in the market becoming more common. Case in point: the S&P 500 rose +2.8% last week, but finished the month in negative territory.

With tariffs on Chinese goods being increased September 1, headwinds to global trade are intensifying; however, Small- and Mid-Caps may be beneficiaries of a heavily domestic sales base. With new tariffs being imposed on \$125B of new Chinese goods September 1, all eyes will be on the consumer to see if tariffs are passed on and whether consumption slows. Last quarter's GDP report showed an upward revision to personal consumption (+4.3%) which remains a healthy ~70% of the U.S. economy. Small- and Mid-caps tend to have higher leverage to the U.S. economy, generating nearly 80% of sales domestically. Should consumer spending hold up, these pockets of the U.S. equity market may be ripe for a rebound, having lagged Large-Caps by a wide margin year to date.

From a style standpoint, Value stocks, as measured by the S&P 500 Citi Value Index lost -2.59% in August as the Dollar rose and yields compressed. Energy companies were the worst performing sector of the Value market losing -8.07% on the month. Financials, Materials, and Industrials were also large contributors, losing -4.85%, -2.83%, and -2.62%, respectively, all underperforming the broader market. Growth stocks held up better, losing -0.71% on the month, as Healthcare (-0.50%), Consumer Discretionary (-1.29%) and Technology (-1.48%) outperformed the broader market.

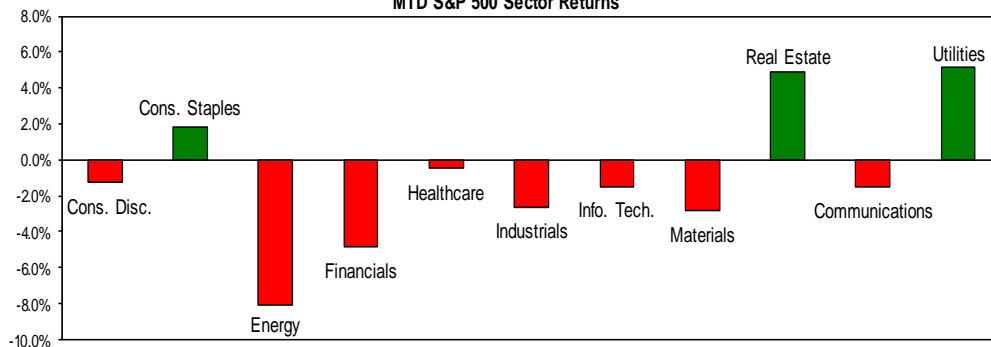
Low Volatility sectors such as Utilities, Real Estate Investment Trusts (REITs), and Consumer Staples were the top performing sectors during the period, gaining +5.16%, +4.87%, and +1.80%, respectively as global yields compressed further. These defensive sectors have become a crowded area of the market given their above market yields (both equity and fixed income) as the global search for U.S. Dollar denominated assets remains strong.



Domestic Equity Returns

Name	MTD	QTD	YTD	1 Year	3 Year	5 Year
S&P 500 Index	-1.58%	-0.17%	18.34%	2.92%	12.71%	10.09%
S&P 400 Mid Cap Index	-4.19%	-3.06%	14.35%	-6.45%	8.05%	7.20%
S&P 600 Small Cap Index	-4.51%	-3.43%	9.78%	-15.09%	8.30%	7.91%
S&P 500/Citi Growth Index	-0.71%	0.43%	20.71%	3.70%	15.78%	12.49%
S&P 500/Citi Value Index	-2.59%	-0.87%	15.68%	2.12%	9.12%	7.28%

MTD S&P 500 Sector Returns



S&P 500 Sector Returns

Sector	MTD	QTD	YTD	1 Year	3 Year	5 Year	% of S&P 500
Consumer Discretionary	-1.29%	-0.34%	21.42%	2.55%	15.38%	13.18%	10.53%
Consumer Staples	1.80%	4.35%	21.23%	16.09%	6.77%	9.02%	8.34%
Energy	-8.07%	-9.71%	2.15%	-20.13%	-2.89%	-7.22%	4.30%
Financials	-4.85%	-2.51%	14.30%	-2.91%	12.66%	9.38%	12.27%
Healthcare	-0.50%	-2.08%	5.82%	-0.57%	9.53%	9.07%	13.66%
Industrials	-2.62%	-1.97%	18.99%	0.53%	10.16%	8.81%	9.28%
Information Technology	-1.48%	1.80%	29.41%	6.62%	22.94%	17.67%	21.80%
Materials	-2.83%	-3.18%	13.52%	-2.52%	7.44%	4.38%	2.67%
Real Estate	4.87%	6.70%	28.49%	20.29%	9.42%	8.75%	3.19%
Communication Services*	-1.52%	1.79%	21.22%	9.72%	2.82%	5.16%	10.60%
Utilities	5.16%	4.87%	20.28%	21.18%	12.18%	11.51%	3.37%

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

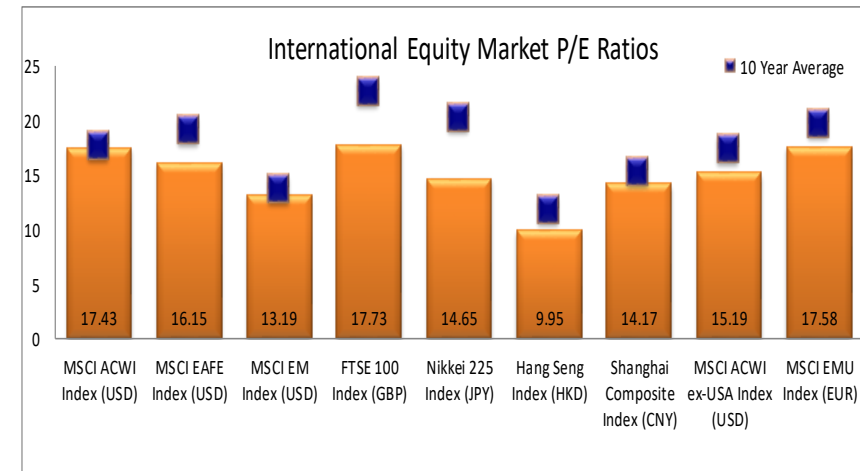
International Equity

International equities also lost ground in August, with both developed and emerging markets posting negative returns. Developed international equities as measured by the MSCI EAFE Index lost -2.56% during the period, while Emerging Markets, as measured by the MSCI EM Index lost -4.85%. A strong U.S. Dollar was a key contributor, as well as country specific geopolitical events that put further downward pressure on home currencies such as the Pound, Euro, and Yuan.

From a country standpoint, protests in Hong Kong raged on, without a clear light at the end of the tunnel. The benchmark Hang Seng Index lost -7.05% in HKD during the month as investors reduced exposure to the autonomous region. In the U.K. Prime Minister Boris Johnson pressed on with hard-Brexit rhetoric. The PM has threatened to shut down Parliament, call snap elections, and leave the European Union without a deal on October 31 "no ifs or buts." The Pound hit a 34-year low against the Dollar, contributing to the FTSE 100 Index return of -4.07% in GBP during the period. Chinese equities held up relatively well, with the Shanghai Composite Index falling -1.46% in CNY terms, despite the Yuan breaching the key 7.0 level against the Dollar. At last check, CNY/USD exchange rate was nearing 7.2, the lowest level since 2008.

In Europe, expectations for stimulus by the European Central Bank sent the Euro reeling, hitting multi-year lows against the Dollar. Manufacturing data in Germany remains in contractionary territory, and yields continue to plumb the depths of negative rates. The benchmark MSCI EMU Index lost -1.22% in EUR terms, and remains stealthily up +16.11% year to date.

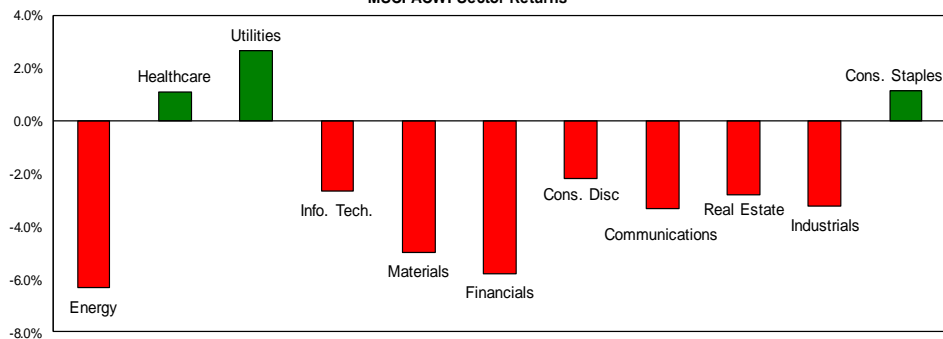
From a sector standpoint, defensive sectors such as Utilities, Staples, and Healthcare were top performers, gaining +2.63%, +1.12%, and +1.07%, respectively. Value oriented sectors were hardest hit, with Energy and Financials losing -6.32%, and -5.78%, respectively.



International Equity Returns

Name	MTD	QTD	YTD	1 Year	3 Year	5 Year
MSCI ACWI Index (USD)	-2.32%	-2.00%	14.27%	0.31%	9.80%	6.11%
MSCI EAFE Index (USD)	-2.56%	-3.77%	10.21%	-2.65%	6.53%	2.47%
MSCI EM Index (USD)	-4.85%	-5.95%	4.12%	-4.01%	6.14%	0.77%
FTSE 100 Index (GBP)	-4.07%	-1.93%	10.92%	1.40%	6.36%	5.24%
Nikkei 225 Index (JPY)	-3.72%	-2.61%	4.75%	-7.46%	9.19%	8.10%
Hang Seng Index (HKD)	-7.05%	-9.19%	2.39%	-4.45%	7.67%	4.48%
Shanghai Composite Index (CNY)	-1.46%	-2.11%	18.41%	8.54%	-2.21%	4.42%
MSCI ACWI ex-USA Index (USD)	-3.06%	-4.20%	9.22%	-2.72%	6.44%	1.92%
MSCI EMU Index (EUR)	-1.22%	-1.01%	16.11%	1.18%	7.85%	6.45%

MSCI ACWI Sector Returns



MSCI ACWI Ex U.S. Sector Returns

Sector	MTD	QTD	YTD	1 Year	3 Year	5 Year	% of ACWI
Energy	-6.32%	-9.40%	2.83%	-9.89%	10.14%	0.03%	6.86%
Healthcare	1.07%	0.81%	13.74%	1.10%	5.60%	2.66%	6.16%
Utility	2.63%	2.42%	15.65%	16.30%	9.84%	6.31%	6.52%
Information Technology	-2.67%	-1.80%	17.32%	-2.39%	13.06%	9.31%	7.56%
Materials	-4.98%	-8.42%	5.27%	-6.85%	7.71%	0.55%	6.74%
Financials	-5.78%	-7.88%	3.91%	-5.87%	5.71%	0.23%	21.39%
Consumer Discretionary	-2.20%	-2.34%	13.11%	-3.47%	5.28%	2.41%	11.70%
Communication Services*	-3.32%	-3.09%	4.83%	1.29%	0.00%	-1.26%	7.61%
Real Estate**	-2.82%	-4.66%	7.53%	1.02%	N/A	N/A	3.53%
Industrials	-3.23%	-5.10%	10.36%	-3.51%	6.47%	3.20%	11.15%
Consumer Staples	1.12%	1.72%	15.96%	7.04%	5.68%	4.58%	10.77%

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

Fixed Income

Markets are a little wobbly this morning, reflecting the continuing escalation of the trade war with China. I almost wrote “trade tensions,” but I think we are beyond that at this point. A currency war may already be in progress as China has allowed the Yuan to fall to its weakest level in more than ten years. The current strength of the US Dollar (weakness of non-USD currencies) is sure to be a point of contention for the President as trade policy continues to evolve.

The Fed Minutes for the July 30th/31st meeting were released on August 21st. This revealed that most participants viewed the rate cut as a “mid cycle adjustment,” not necessarily the first cut in a series of waterfall moves to push rates lower. At Jackson Hole, Rosengren and George both appeared to favor a wait and see approach to any further rate cuts. Bullard, significantly more dovish, will push for an “insurance cut,” to try to head off any coming economic weakness due to the ongoing trade war.

As interest rates declined across the yield curve, duration was an asset, particularly if it did not have any spread exposure, as spreads widened and detracted from performance. This setup was ideal for Government Bond holdings, and that index led the pack in returns for the month.

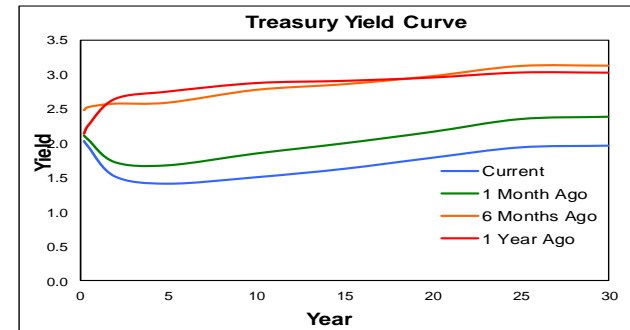
Municipal bonds had another strong month, although they underperformed Government bonds. This occurred because Municipal bonds did not benefit as much from Duration related gains, as their yields declined less than that of Government bonds. The supply/demand imbalance continues to support muni bond prices. Municipal bond mutual funds have now received positive flows for 34 consecutive weeks. This continues to make the 1-10 year portion of the muni curve expensive.

High Yield (HY) or “Junk” bonds, experienced significant spread widening, and offered a return that trailed all but Emerging Market (EM) debt. EM fixed income was weak due to a reversal of the recent spread tightening, significantly hampering performance.

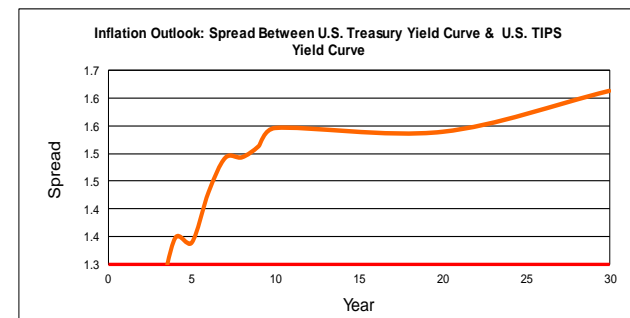
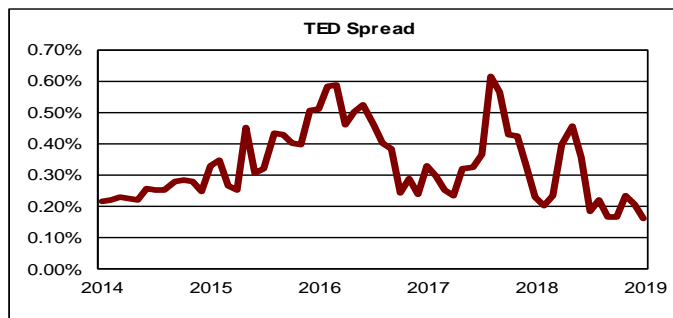
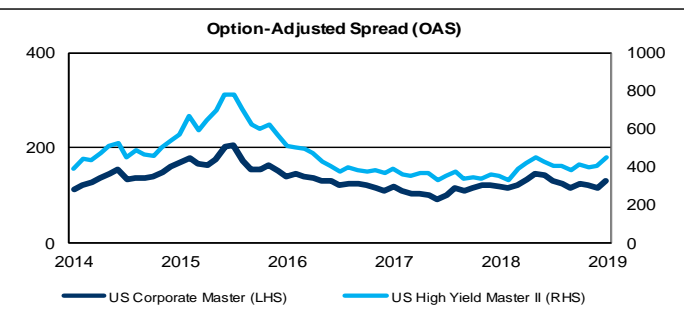
Investment Grade (IG) bonds did experience some spread widening, but to a significantly lesser degree than either EM or HY. This allowed IG bonds to post the second best monthly return, retain the best 12 month return number, and pull into the lead with the top YTD return. The strong return pattern is supported by historically tight yields, which appear rich given current economic fundamentals.

Central Bank Activity				
Name	Current	1 Month Ago	6 Months Ago	1 Year Ago
Fed Funds Rate	2.25%	2.25%	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%	0.75%

Fixed Income Returns				
Name	MTD	QTD	YTD	1 Year
Bloomberg Barclays US Government Index	3.36%	3.25%	8.56%	10.31%
Bloomberg Barclays US Agg Index	2.59%	2.82%	9.10%	10.17%
Bloomberg Barclays US Corporate Index	3.14%	3.72%	13.94%	13.33%
Bloomberg Barclays US Corporate High Yield Index	0.40%	0.97%	11.00%	6.56%
Bloomberg Barclays EM USD Agg Index	0.25%	1.25%	10.75%	12.02%
Bloomberg Barclays Global Agg Treasuries USD Index	2.64%	3.49%	9.20%	11.35%
Bloomberg Barclays Municipal Index	1.58%	2.40%	7.61%	8.72%



U.S. Treasury Yields									
Period	3 Month	6 Month	2 Year	5 Year	10 Year	15 Year	20 Year	25 Year	30 Year
Current	2.03%	1.94%	1.52%	1.41%	1.51%	1.63%	1.79%	1.94%	1.96%
1 Month Ago	2.11%	2.05%	1.72%	1.68%	1.85%	2.00%	2.16%	2.35%	2.38%
6 Months Ago	2.48%	2.52%	2.57%	2.59%	2.78%	2.86%	2.98%	3.13%	3.14%
1 Year Ago	2.15%	2.27%	2.65%	2.75%	2.88%	2.91%	2.96%	3.03%	3.03%



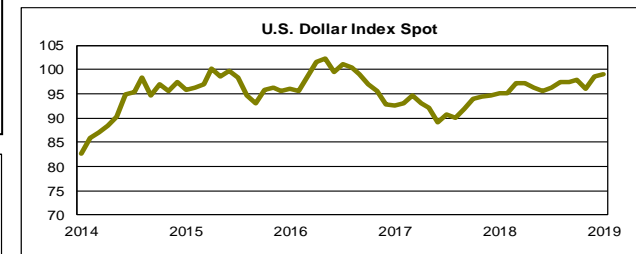
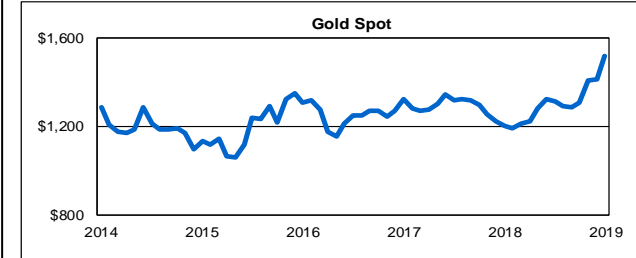
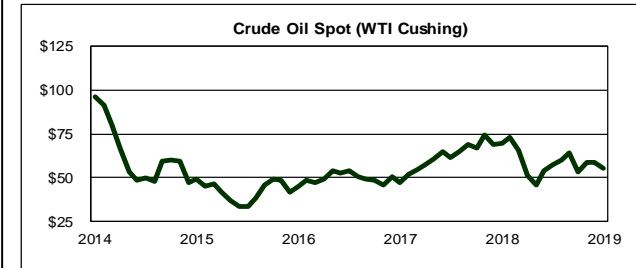
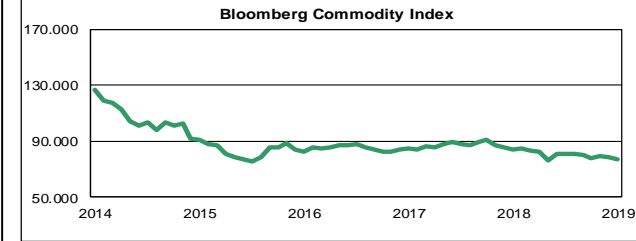
Alternative Investments

Alternative investments were a mixed bag in August, with the repercussions of negative interest rates, a strong U.S. Dollar, and increased geopolitical tensions uniquely impacting each individual alternative investment we cover. Global yields continued to trend lower, with the benchmark 10-Year U.S. Treasury closing the month yielding 1.5%, in stark contrast to the more than 3.0% yield last Fall.

The U.S. Dollar, as measured by the DXY Index closed the month at 98.2, hitting levels not seen since April 2017, nearly 2 ½ years ago. The Dollar's strength, coupled with signs of slowing global growth, took a toll on West Texas Intermediate (WTI) crude oil, with fell nearly -6% on the month to close at \$55/barrel. WTI has fallen nearly -14% since April, and has traded in a wide range (\$45-\$75/barrel) over the past year. A strong Dollar and lower crude oil prices helped drag down the Bloomberg Commodities (BCOM) Index, which fell -2.5% during the month. Commodities closed the month near multi-year lows.

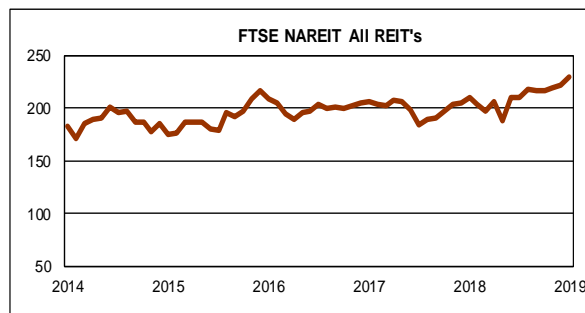
Despite a strong Dollar, falling global yields and diminishing inflation expectations helped buoy Gold prices, which rose a whopping +7.5% during the month, or more than \$106/oz, to close at \$1,520/oz. As the global pile of negative yielding bonds (nearly \$17 Trillion at last check) grows larger, Gold all of the sudden has a "positive" carry at 0%! This phenomenon makes Gold much more attractive, as evidenced by the shiny metal's +18.5% gain year to date. Gold continues to make sense in diversified portfolios, even more so now as a hedge to *negative* interest rates.

Currencies continue to be a standout alternative, with decade lows being seen in CNY/USD as the Chinese Yuan hits decade lows against the Dollar (nearly 7.2 at last check), and multi-decade lows being seen in USD/GBP which touched 1.20 intra-month ahead of hard-Brexit negotiations. The Euro hit multi-year lows against the Dollar at 1.09 USD/EUR intra-month, ahead of expected stimulus from the European Central Bank, and far flung currencies such as the Argentine Peso strengthened after President Macri imposed strict capital controls. Country specific events and global geopolitics remain front and center. Stay tuned.



Hedge Funds						
Name	MTD	QTD	YTD	1 Year	3 Year	5 Year
Global Hedge	0.23%	1.00%	5.27%	-1.27%	1.85%	0.02%
Convertible Arbitrage	-0.56%	0.22%	2.86%	0.80%	3.28%	1.02%
Equity Hedge (L/S)	-0.52%	0.54%	6.55%	-4.19%	2.61%	0.71%
Equity Market Neutral	-1.10%	-1.81%	-2.85%	-6.23%	-1.91%	-0.61%
Event Driven	0.51%	0.67%	3.18%	-4.03%	0.11%	-1.70%
Macro	1.51%	3.37%	6.03%	3.17%	1.11%	0.85%
Merger Arbitrage	0.16%	0.50%	-1.88%	-3.16%	-0.06%	2.46%
Relative Value Arbitrage	-0.09%	0.24%	4.44%	0.74%	2.92%	0.13%
Absolute Return	0.32%	0.55%	2.21%	0.35%	1.64%	1.38%

Note: Price Return, Returns as of 08/29/19



Spot Rates					
Description	Current	1 Month Ago	3 Months Ago	6 Months Ago	1 Year Ago
CAD / USD	1.33	1.32	1.35	1.32	1.30
JPY / USD	106.28	108.78	108.29	111.39	111.03
USD / GBP	1.22	1.22	1.26	1.33	1.30
USD / EUR	1.10	1.11	1.12	1.14	1.16



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 eleven sub-indices according to the Global Industry Classification Standard (GICS) sectors. These eleven 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.

MSCI ACWI ex USA Index (MXWDU) – The MSCI ACWI ex USA Index is a free-float weighted index.

MSCI ACWI ex USA Sector Indices– The MSCI ACWI ex USA Index is broken down into eleven sub-indices according to the Global Industry Classification Standard (GICS) sectors. These eleven sectors include Consumer Discretionary, Consumer Staples, Energy, Financials, Health Care, Industrials, Information Technology, Materials, Communication Services, Utilities, and Real Estate.

MSCI EMU Index (MXEM) – The MSCI EMU (European Economic and Monetary Union) Index is a free-float weighted equity index.

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 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.

Bloomberg Commodity Index (BCOM) – Bloomberg Commodity Index (BCOM) is calculated on an excess return basis and reflects commodity futures price movements. The index rebalances annually weighted 2/3 by trading volume and 1/3 by world production and weight-caps are applied at the commodity, sector and group level for diversification. Roll period typically occurs from 6th-10th business day based on the roll schedule.

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

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

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

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

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

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

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

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

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

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

Economic Data Sources:

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

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

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