

## ECONOMIC OVERVIEW

The first quarter of 2024 has investors of all stripes focused on the prospects for Federal Reserve rate cuts, with the interest rate futures market pricing in a more aggressive pattern of cuts than Fed officials are suggesting. This has led to the “good news is bad news” paradigm, with positive economic data being met with negative moves in both the equity and fixed income markets. As we go to press, futures are pricing a 60% probability for a 50bp cut by June.

Economic data, particularly around employment, remain robust. Inflation, while steady, is still above the Fed’s target rate of 2%, and US GDP for Q4 shows the economy growing at a 3.2% annual rate. The Atlanta Fed GDP Now Forecast suggests 3% annualized growth for the first quarter.

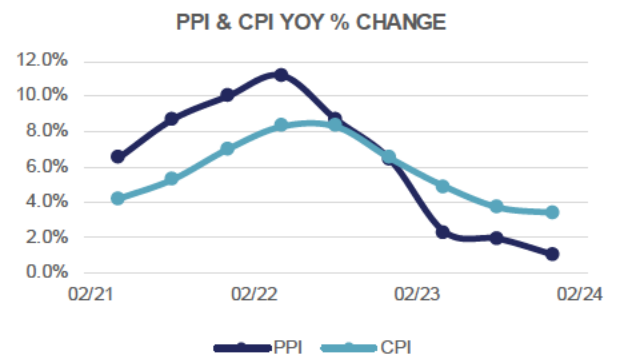
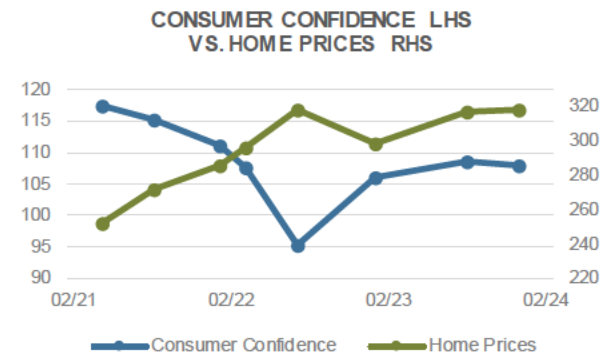
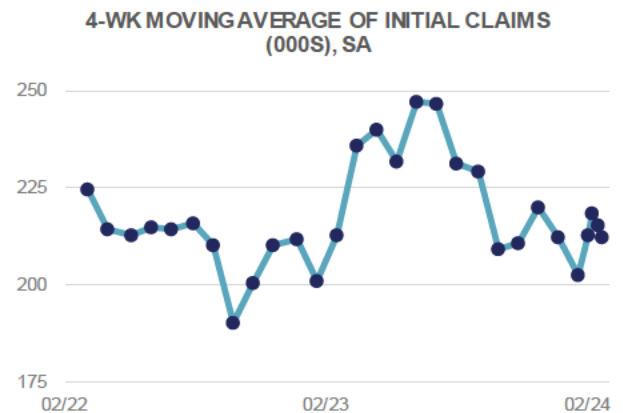
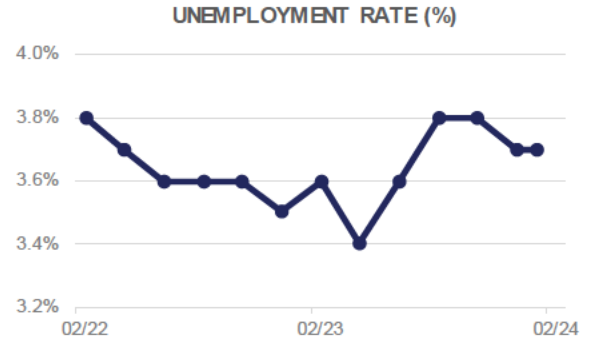
The Unemployment Rate in January held steady at 3.7%, although Nonfarm Payrolls surged by 353k (versus expectations for +185k). The JOLTS reading for December ticked back up over 9 million openings, and weekly Initial Jobless Claims have yet to break meaningfully higher. In sum, the U.S. employment picture remains strong, and is the backbone of the “no-landing” thesis.

Inflation could prove more nettlesome, however, as it may prevent the Fed from cutting short-term rates in 2024, which would likely prove unsettling to equity markets. The Fed’s preferred inflation measure, the Personal Consumption Expenditure (PCE) Deflator, rose +0.3% in January, and is up +2.4% YoY. The Core PCE, which strips out volatile food and energy prices, rose +0.4% MoM, and is up +2.8% YoY. These numbers remain above the Fed’s target of 2% inflation, and may serve to delay interest rate cuts.

The outlook for the US economy remains strong, despite increasing geopolitical unrest and election-year angst. Corporate earnings rose YoY in Q4, the demand for labor is high, the housing market is strong, and thus far, higher interest rates haven’t triggered widespread distress. As mentioned up top, a lot rests on the Fed this year, with cuts to Fed Funds providing a risk tail-wind, but a more hawkish Fed potentially disrupting this Goldilocks situation we find ourselves in.

### KEY DATA POINTS

DATA POINT	CURRENT	FOR	PREVIOUS	FOR
Retail Sales ex. Autos MOM %	-0.6	Jan	0.4	Dec
Housing Starts	1331	Jan	1562	Dec
Factory Orders MOM %	0.20	Dec	2.60	Nov
Leading Indicators MOM %	-0.40	Jan	-0.20	Dec
Unit Labor Costs	0.50	Q4 2023	-1.10	Q3 2023
GDP QOQ (Annualized)	3.30	Q4 2023	4.90	Q3 2023
Wholesale Inventories	-0.10	Jan	0.40	Dec
MBA Mortgage Applications	-5.60	Feb	-7.20	Jan



## DOMESTIC EQUITY

U.S. equities rose sharply in February with the benchmark S&P 500 Index gaining +5.3% to close at another all-time high of 5,096. Mid-Caps, as measured by the S&P 400 Index, rose an even more impressive +5.9% on the month, helped by its cyclical sector composition. Small-Caps, as measured by the S&P 600 Index gained a still impressive +3.3%, but lagged the broader market.

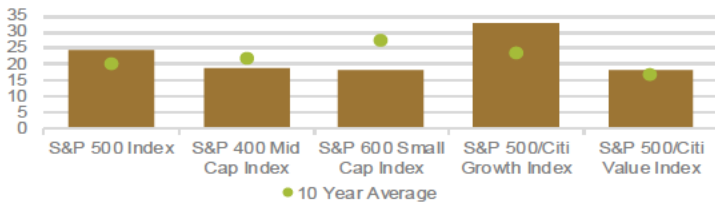
Performance through February continues to be concentrated at the top of the market. The S&P Top 50 Index has gained an impressive +9.6% YTD, outperforming the other 450 companies in the S&P 500. Large-Caps are quickly up +7.1%, adding to last year's more than +26% gain; however, the "average" stock continues to lag the broader market, with the S&P 500 Equal Weight Index gaining only +3.3% on the year.

From a style factor perspective, Growth once again outperformed Value, with the S&P 500 Growth Index rising +7.3%, where as the S&P 500 Value index gained a mere +3.1%. For the year, the delta between the two stands at +705bps in favor of Growth, thanks to the continued dominance of Artificial Intelligence (AI) related themes. Looking at the S&P 500 Momentum Index, which gained +11.2% on the month, and is up an impressive +17.7% YTD, it can be seen that companies outside of AI are popping up on momentum screens in the new year. Furthermore, the momentum scores that weight the index no longer favor many of the "Magnificent 7" names from last year. Only Meta and NVIDIA are representing the Magnificent 7 within the Top 10 holdings of the Index. In fact, they are the only two Magnificent 7 stocks within the entire Momentum Index. Put differently, AI as a theme appears to be broadening out, and performance is finally coming from other parts of the market.

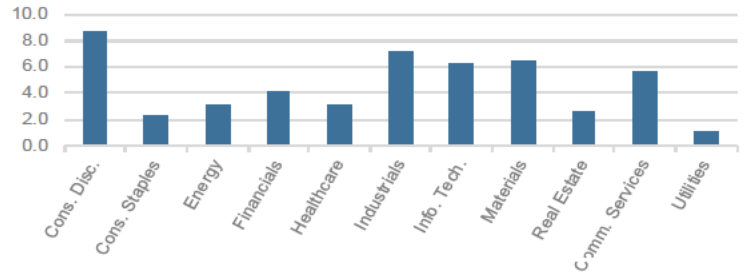
From a sector standpoint, Consumer Discretionary led the pack in February, gaining +8.7%, followed closely by Industrials and Materials, which rose +7.2%, and +6.5%, respectively. Industrials and Materials continue to benefit from a strong US economy and continued fiscal stimulus from the Inflation Reduction Act, CHIPS Act, and Infrastructure bill that should serve as tailwinds for years to come.

Lastly, it should be noted that Communication Services (+11.0%) and Information Technology (+10.5%) are the best performing sectors YTD by more than +300bps when compared to the next sector, highlighting that fact the best performing parts of the market have both a growth and momentum tilt, and can likely be found within those two sectors (Meta and NVIDIA anyone?).

DOMESTIC EQUITY MARKET  
P/E RATIOS



MTD S&P 500 SECTOR RETURNS



### S&P 500 SECTOR RETURNS

SECTOR	MTD	QTD	YTD	1YR	3YR	5YR	% Wt.
Consumer Discretionary	8.71	4.87	4.87	32.62	5.52	12.39	11%
Consumer Staples	2.32	3.89	3.89	7.96	9.58	10.08	6%
Energy	3.18	2.79	2.79	6.11	26.60	10.96	4%
Financials	4.16	7.32	7.32	15.23	9.80	11.04	13%
Healthcare	3.22	6.32	6.32	15.92	10.53	11.62	12%
Industrials	7.23	6.29	6.29	22.09	11.93	11.70	9%
Information Technology	6.31	10.51	10.51	58.85	18.83	26.05	30%
Materials	6.46	2.30	2.30	9.25	8.21	12.14	2%
Real Estate	2.58	-2.28	-2.28	6.19	5.03	5.91	2%
Communication Services*	5.70	11.01	11.01	58.44	6.42	13.24	9%
Utilities	1.12	-1.93	-1.93	-1.19	5.38	5.12	2%

### DOMESTIC EQUITY RETURNS

NAME	MTD	QTD	YTD	1YR	3YR	5YR
S&P 500 Index	5.34	7.11	7.11	30.43	11.86	14.73
S&P 400 Mid Cap Index	5.93	4.12	4.12	13.01	6.59	10.33
S&P 600 Small Cap Index	3.32	-0.77	-0.77	6.40	2.23	7.65
S&P 500/Citi Growth Index	7.30	10.40	10.40	38.58	10.34	15.88
S&P 500/Citi Value Index	3.05	3.35	3.35	21.66	12.71	12.45

### S&P 500 FACTOR RETURNS

NAME	MTD	QTD	YTD	1YR	3YR	5YR
S&P 500 Quality	5.04	8.20	8.20	31.59	12.92	15.36
S&P 500 Momentum	11.16	17.65	17.65	45.74	15.67	16.80
S&P 500 Equal Weight	4.16	3.31	3.31	13.28	8.65	11.56
S&P 500 High Beta	5.07	2.49	2.49	20.67	9.28	17.20
S&P 500 Low Volatility	1.66	2.67	2.67	6.87	8.09	6.99

## INTERNATIONAL EQUITY

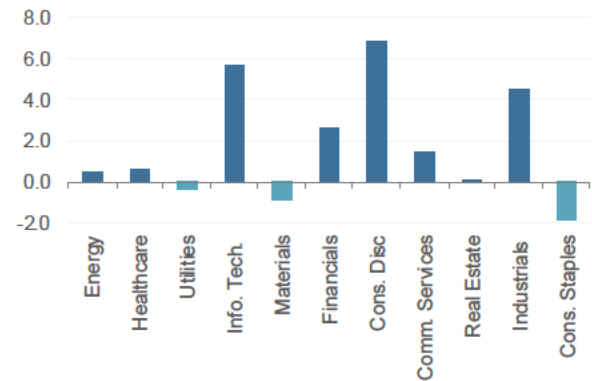
International risk assets saw positive performance during the month of February. Developed Markets (DM), as measured by the MSCI EAFE index, returned +1.9% during the month while Emerging Markets (EM), as measured by the MSCI EM Index gained +4.8% (both in USD). The risk-on sentiment felt internationally was mainly driven by a slew of positive economic data coming from many major global economies.

The Eurozone Composite Purchasing Managers Index showed an increase in February to 48.9 from January's number of 47.9 - possibly an early indication that the Eurozone's economy may be beginning to stabilize. While a number below 50 indicates economic contraction, it is notable that the trend in this area has been increasing. The MSCI EMU Index extended its January gains, up +3.3% during the month (in EUR). While performance was positive, only 8 out of the 16 countries contributed positively to the pan-European equity returns.

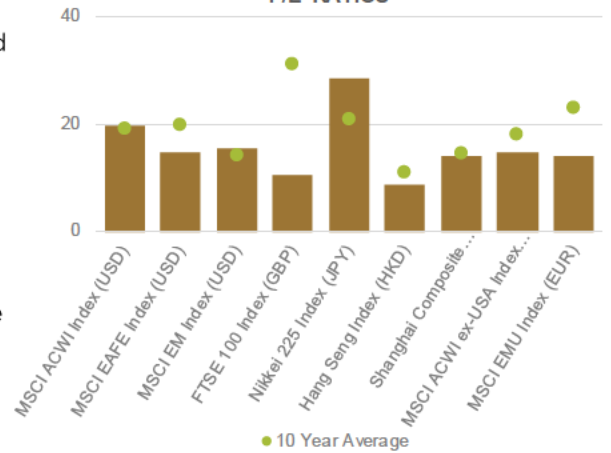
Japan saw a continued rally in their markets, with the Nikkei 225 again reaching new all-time highs and returning +8.0% over the month (in JPY). The performance out of Japan continues to be supported by strong economic data. Exports increased +11.9% in January and the Services sector PMI for February came in at 52.5. While manufacturing PMI softened to 47.2, down from 48.0 in January, this decrease didn't seem to be enough to worry market participants. Comments from Bank of Japan Governor Kuzuo Ueda reiterated that the country's accelerated inflation was keeping up with the rise in wages, supporting their conviction for ending negative interest rates. Market participants seemed to take these comments in stride, boosting overall returns in the area.

China saw positive news for the first time in what feels like a very long time as tourism revenue over the weeklong Lunar New Year surged by +47.3% year over year, and surpassed pre-COVID levels. However, average spending per person over the holiday fell -9.5% from 2019, putting a damper on the headline number. The people's Bank of China took an accommodative stance over the month, decreasing the five-year loan prime rate by 25 basis points to 3.95%. Overall, it seems as if investors took whatever good news they could find in stride, as the MSCI China Index rebounded from January, returning +8.6% during the month.

MTDMSCIACWI SECTOR RETURNS



INTERNATIONAL EQUITY MARKET P/E RATIOS



### MSCI ACWI EX U.S. SECTOR RETURNS

### INTERNATIONAL EQUITY RETURNS

SECTOR	MTD	QTD	YTD	1YR	3YR	5YR	%	NAME	MTD	QTD	YTD	1YR	3YR	5YR
Energy	0.44	0.32	0.32	13.92	14.25	5.21	10%	MSCI ACWI Index (USD)	4.33	4.97	4.97	23.77	7.29	11.05
Healthcare	0.61	1.70	1.70	11.60	1.80	6.58	8%	MSCI EAFE Index (USD)	1.86	2.46	2.46	15.10	5.05	7.38
Utilities	-0.40	-3.18	-3.18	3.74	3.87	4.59	5%	MSCI EM Index (USD)	4.78	-0.08	-0.08	9.11	-5.96	2.23
Information Technology	5.68	6.59	6.59	32.70	1.94	15.24	11%	FTSE 100 Index (GBP)	0.45	-0.83	-0.83	0.57	9.44	5.30
Materials	-0.88	-7.07	-7.07	1.95	-0.06	6.36	7%	Nikkei 225 Index (JPY)	7.99	17.11	17.11	45.76	12.78	15.13
Financials	2.65	2.19	2.19	13.30	7.58	6.18	20%	Hang Seng Index (HKD)	6.63	-3.14	-3.14	-13.30	-14.32	-7.45
Consumer Discretionary	6.94	5.68	5.68	12.76	-4.89	4.58	11%	Shanghai Composite Index (CNY)	8.13	1.36	1.36	-5.51	-2.50	3.00
Communication Services*	1.50	-0.02	-0.02	0.80	-10.26	-0.01	5%	MSCI ACWI ex-USA Index (USD)	2.56	1.56	1.56	13.13	1.85	5.99
Real Estate	0.13	-4.44	-4.44	-0.59	-8.19	-5.10	2%	MSCI EMU Index (EUR)	3.34	5.64	5.64	13.43	10.31	9.41
Industrials	4.55	4.16	4.16	21.50	5.56	8.58	13%	MSCI China Index (USD)	8.55	-2.86	-2.86	-14.21	-20.50	-5.98
Consumer Staples	-1.87	-3.56	-3.56	0.11	0.48	2.34	8%	MSCI Canada Index (USD)	2.24	2.85	2.85	11.12	9.93	9.40
								MSCI EM ex-China (USD)	3.55	0.98	0.98	19.71	1.70	5.76

## FIXED INCOME

The most recent inflation data releases have come in a bit hotter than the market anticipated, reducing the number of expected rate cuts being priced into the market.

This caused yields to shift broadly higher during the month of February, as the “Fed Pivot” euphoria gave way to a re-embrace of “Higher for Longer.” At one point, the market was pricing in upwards of 7 rates cuts in 2024. This has been cut roughly in half, closer to what the Federal Reserve projections would imply.

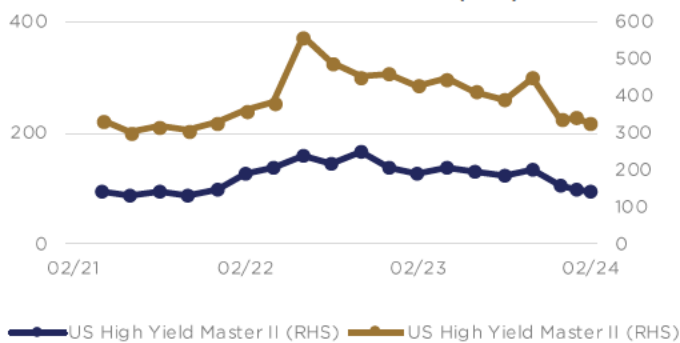
Without a strong expectation of significantly lower rates, the tailwind for certain assets becomes less clear. Banks with significant amounts of unrecognized losses in their investment portfolios (caused by rising rates) remain constrained, and their loans backed by commercial real estate (CRE) remain under pressure as higher rates and declining occupancy levels pressure the value of the collateral.

As rates have moved higher, longer Duration bonds have underperformed. In the month, Investment Grade (IG) corporate bonds were the most challenged, posting a loss of -1.5%. This loss came despite BBB credit spreads remaining relatively steady and single A spreads actually contracting, which affect bond prices positively.

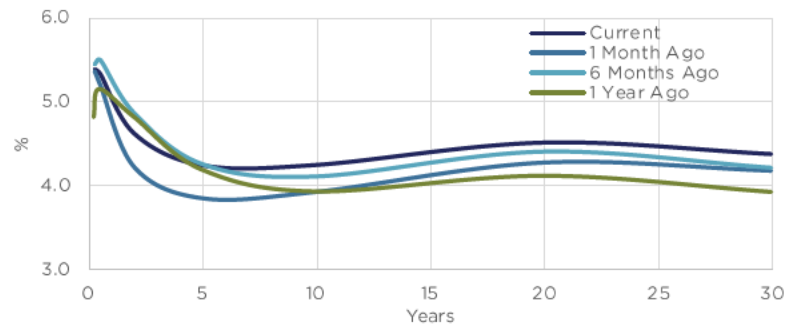
High Yield (non-investment grade) corporate bonds had a strong month, returning +0.3% despite rising yields. This is due to their higher income generation, coupled with contracting credit spreads and a Duration roughly 50% lower than the Investment Grade corporate bond benchmark, limiting the negative impact of rising rates.

Tax-free Municipal bonds were also a strong performer in February. For some time, shorter maturity municipal bonds have looked expensive, and still do. There was value to be found in longer Duration tax-free bonds, making a barbell structure using taxable bonds for shorter maturities and tax-free bonds for longer maturities an attractive portfolio structure. Recently, it has become more difficult to find good value in tax-free bonds, even at the long end of the curve. Municipal bonds have held up admirably in this rising rate environment, but offer less value now for investors who can entertain other options.

OPTION-ADJUSTED SPREAD (OAS)



TREASURY YIELD CURVE



### U.S. TREASURY YIELDS

PERIOD	3MOS	1YR	5YR	10YR	20YR	30YR
Current	5.38	4.62	4.25	4.25	4.52	4.38
1 Month Ago	5.37	4.21	3.84	3.91	4.27	4.17
6 Months Ago	5.45	4.87	4.26	4.11	4.41	4.21
1 Year Ago	4.81	4.82	4.18	3.92	4.11	3.92

### CENTRAL BANK ACTIVITY

NAME	CURRENT	1 MTH AGO	6 MTH AGO	1YR AGO
Fed Funds Rate	5.50	5.50	5.50	4.75
Bank of Japan Target Rate	0.10	0.10	0.10	0.10
European Central Bank Rate	4.50	4.50	4.00	2.50
Bank of England Base Rate	5.25	5.25	5.25	4.00

### FIXED INCOME RETURNS

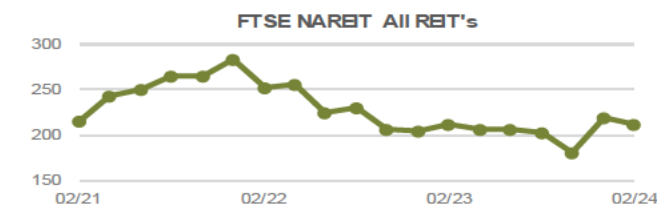
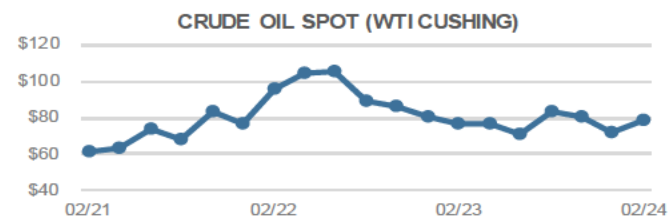
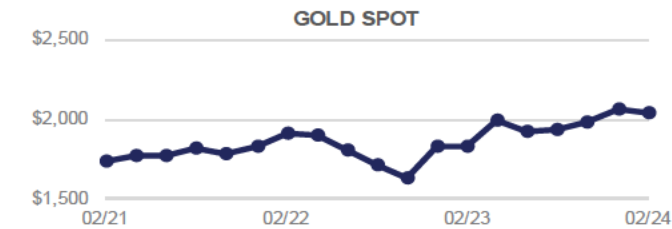
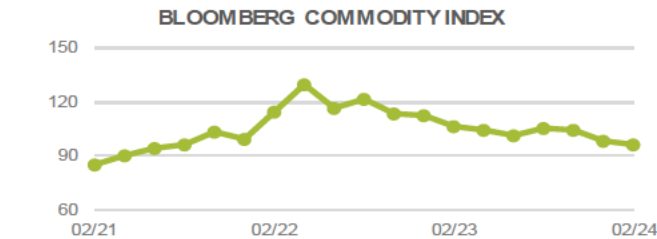
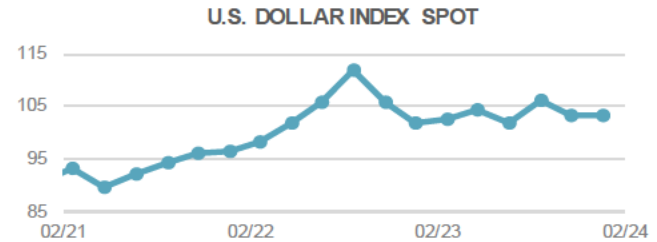
NAME	MTD	QTD	YTD	1YR	3YR	5YR
Bloomberg Barclays US Government Index	-1.30	-1.56	-1.56	2.35	-3.37	0.21
Bloomberg Barclays US Agg Index	-1.41	-1.68	-1.68	3.33	-3.15	0.56
Bloomberg Barclays US Corporate Index	-1.50	-1.67	-1.67	5.97	-2.84	1.76
Bloomberg Barclays US Corporate High Yield Index	0.29	0.29	0.29	11.03	1.84	4.15
Bloomberg Barclays EM USD Agg Index	0.38	-0.19	-0.19	7.92	-2.44	1.00
Bloomberg Barclays Global Agg Treasuries USD Index	-0.49	-0.76	-0.76	5.25	-1.67	0.72
Bloomberg Barclays Municipal Index	0.13	-0.38	-0.38	5.42	-0.21	1.91

## ALTERNATIVE INVESTMENTS

Alternative investments had mixed results in February. Broad commodities, as measured by the Bloomberg Commodity Index, returned -0.8% for the month. Commodity prices were partially dragged down by a stronger U.S. Dollar, as the DXY Index was up +1.0% during the period. A large gain in WTI Crude Oil prices (+7.6%) helped offset some of the weakness in other underlying commodities.

Broad commodities are in a relatively subdued market currently, at least compared to the volatility experienced in 2022. However, there is an elevated amount of political risk in 2024 given the conflicts in the Middle East and Ukraine. These conflicts combined with a significant amount of national elections throughout the world this year leave an uncertain backdrop that could introduce more volatility at any moment.

The past few years has seen some structural shifts in financial markets, including private market alternative investments growing in size and accessibility. This includes the private debt market, which now has a greater overall market cap than the publicly traded U.S. High Yield bond market. Many financial institutions stepped back from the lending business in 2023 after the Silicon Valley Bank scare, allowing private credit to step in to finance middle market companies looking for funding. Private credit assets grew to over \$1.6 Trillion globally in 2023 and are projected to reach \$3.5 Trillion by 2028, according to BlackRock. However, the growth has recently caught the eyes of some regulators in a space where valuations and pricing aren't as transparent.



### SPOT RATES

DESCRIPTION	CURRENT	1 MTH AGO	3 MTHS AGO	6 MTHS AGO	1 YR AGO
CAD / USD	1.36	1.34	1.35	1.36	1.36
JPY / USD	150.38	146.43	146.82	146.22	136.19
USD / GBP	1.26	1.27	1.27	1.26	1.20
USD / EUR	1.08	1.09	1.09	1.08	1.07

### HEDGE FUNDS

NAME	MTD	QTD	YTD	1YR	3YR	5YR
Global Hedge	0.22%	0.22%	0.22%	5.39%	2.09%	4.82%
Convertible Arbitrage	0.83%	0.83%	0.83%	5.43%	3.13%	6.83%
Event Driven	0.03%	0.03%	0.03%	4.21%	3.86%	5.65%
Macro Hedge	0.10%	0.10%	0.10%	1.17%	2.30%	4.31%
Merger Arbitrage	-0.76%	-0.76%	-0.76%	3.54%	3.99%	5.77%

Note: Price Return, Returns as of 1/31/2024

### COMMODITIES

	MTD	QTD	YTD	1YR	3YR	5YR
Dollar	0.96%	2.55%	2.55%	-0.35%	3.14%	0.83%
BCOM	-0.78%	-1.97%	-1.97%	-9.72%	4.53%	3.64%
Gold	-0.07%	-0.91%	-0.91%	11.76%	5.98%	9.67%
WTI	7.60%	13.61%	13.61%	6.49%	21.45%	12.59%
FTSENAREIT	1.93%	-3.03%	-3.03%	5.66%	3.22%	4.35%

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

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**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, S5INF, 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-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.

**MSCI USA Extended ESG Focus Index** – The Index is designed to maximize exposure to positive environmental, social and governance (ESG) factors while exhibiting risk and return characteristics similar to those of the MSCI USA Index.

**MSCI EAFE Extended ESG Focus Index** – The Index is designed to maximize exposure to positive environmental, social and governance (ESG) factors while exhibiting risk and return characteristics similar to those of the MSCI EAFE Index.

**MSCI Emerging Markets Extended ESG Focus Index** – The Index is designed to maximize exposure to positive environmental, social and governance (ESG) factors while exhibiting risk and return characteristics similar to those of the MSCI Emerging Markets Index.

**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 (LGTTRUHU)** – 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 pre-refunded bonds.

**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 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. 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-through), 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 (COAO))** – The Bloomberg Barclays US Corporate High Yield Bond Index measures the USD denominated, high yield, below-investment grade fixed-rate corporate bond market.

**S&P Green Bond Select Index (SPGRSLT)** – The S&P Green Bond Select Index is a market value-weighted subset of the S&P Green Bond Index that seeks to measure the performance of green-labeled bonds issued globally, subject to stringent financial and extra-financial eligibility criteria.

**ML U.S. Corporate Index (COAO)** – 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 (HOAO)** – 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 (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.

The Bloomberg All Hedge Index represents the average performance of hedge funds, as defined by the Bloomberg Hedge Fund Classifications.

The Bloomberg Convertible Bond Arbitrage Hedge Fund Index represents the average performance of hedge funds with a convertible bond arbitrage strategy, as defined by the Bloomberg Hedge Fund Classifications.

The Bloomberg Event Driven Hedge Fund Index represents the average performance of hedge funds with an event driven strategy, as defined by the Bloomberg Hedge Fund Classifications.

The Bloomberg Macro Hedge Fund Index represents the average performance of hedge funds with a macro strategy, as defined by the Bloomberg Hedge Fund Classifications.

The Bloomberg Merger Arbitrage Hedge Fund Index represents the average performance of hedge funds with a merger arbitrage strategy, as defined by the Bloomberg Hedge Fund Classifications.

**Economic Data Sources:**

**PPI & CPI** – Bureau of Labor Statistics

**Unemployment Rate** – Bureau of Labor Statistics

**Consumer Confidence** – Conference Board

**SP/Case-Shiller Composite 20** – Case-Shiller

**Industrial Production** – Federal Reserve

**Capacity Utilization** – Federal Reserve

**Retail Sales** – U.S. Census Bureau

**Housing Starts** – U.S. Department of Commerce

**Factory Orders** – U.S. Census Bureau

**Leading Indicators** – Conference Board

**Unit Labor Costs** – Bureau of Labor Statistics

**GDP** – Bureau of Economic Analysis

**Wholesale Inventories** – U.S. Census Bureau

**MBA Mortgage Applications** – Mortgage Bankers Association

**4-Week Moving Average of Initial Claims, SA** – Bureau of Labor Statistics

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