

DAILY REPORT

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|-----------------|------------|
| Date | 2015-10-01 |
| Time (Eastern) | 03:45 PM |
| Next Refit in | 19 days |
| Last Refit Date | 2015-09-30 |

MODEL INDICATORS

| Variables in Order of Frequency of Inclusion | Value | Mean | Direction |
|--|-------|-------|------------------------|
| Proprietary Variable X | - | - | Bullish |
| Variance Risk Premium (VRP) | 0.00 | 0.56 | Bearish |
| PCA of Price Indicators (PCA.price) | -0.47 | -0.02 | Bullish |
| Default Spread (DEF) | 1.35 | 1.10 | Not currently in model |
| New Orders/Shipments (NOS) | 0.00 | 0.01 | Bullish |
| Baltic Dry Index (BDI) | -0.04 | -0.01 | Bearish |
| Moving Average (MA) | 0.00 | 0.81 | Bearish |
| Implied Correlation (IC) | 0.07 | 0.21 | Not currently in model |
| Proprietary Variable Y | - | - | Not currently in model |
| Short Interest (SI) | 0.06 | -0.03 | Not currently in model |
| Consumption vs Wealth and Income (CAY) | -0.03 | -0.01 | Bearish |

EQUITY RISK PREMIUM CALCULATION (ANNUALIZED)

| | Estimate | Historical ¹ |
|----------------------------------|----------|-------------------------|
| Total Return | -8.61% | 10.96% |
| 3-Month Treasury Bill Rate | -0.02% | 4.64% |
| Equity Risk Premium | -8.59% | 6.32% |
| Current Optimal Equity Exposure: | -20% | |

This model currently looks out at a 6-month horizon for trend directionality, and will continue to evolve with short term and intermediate term models.

¹Calculated using S&P 500 and 3-Month Treasury Bill Rate between 1954 and present.