

DAILY REPORT

Date	2015-11-27
Time (Eastern)	12:51 PM
Next Refit in	19 days
Last Refit Date	2015-11-25

MODEL INDICATORS

Variables in Order of Frequency of Inclusion	Value ¹
Proprietary Variable X	-0.29
Variance Risk Premium (VRP)	-0.49
PCA of Price Indicators (PCA.price)	-0.24
Default Spread (DEF) *	-0.65
New Orders/Shipments (NOS)	0.21
Baltic Dry Index (BDI)	-0.9
Implied Correlation (IC) *	0.24
Proprietary Variable Y *	-1.76
Short Interest (SI) *	-0.11
Consumption vs Wealth and Income (CAY)	-1.09
Moving Average (MA)	0

EQUITY RISK PREMIUM CALCULATION (ANNUALIZED)

	Estimate	Historical ²
Total Return	-12.02%	10.96%
3-Month Treasury Bill Rate	0.17%	4.64%
Equity Risk Premium	-12.19%	6.32%

MODEL CONCLUSIONS

Optimal Long Term Exposure:	-32%
Short Term Adjustment:	-3%
Current Optimal Equity Exposure:	-35%

The long term model looks out at a 6 month time horizon for trend directionality. A short term adjustment has been introduced on 11 November 2015. This model will continue to evolve with additional short term and intermediate term models.

¹Bullish indicators are denoted by positive signs and bearish indicators by negative signs. Variables marked with * are currently not in the model.

²Calculated using S&P 500 and 3-Month Treasury Bill Rate between 1954 and present.