

## DAILY REPORT

Date	2015-08-07
Time (Eastern)	03:46 PM
Next Refit in	17 days
Last Refit Date	2015-08-04

## MODEL INDICATORS

Variables in Order of Frequency of Inclusion	Value	Mean	Direction
Proprietary Variable X	-	-	Bullish
Variance Risk Premium (VRP)	0.00	0.60	Bearish
PCA of Price Indicators (PCA.price)	1.20	1.71	Bullish
Default Spread (DEF)	1.09	0.96	Not currently in model
New Orders/Shipments (NOS)	-0.02	0.01	Not currently in model
Baltic Dry Index (BDI)	0.22	0.00	Bullish
Moving Average (MA)	1.00	0.77	Bullish
Implied Correlation (IC)	-14.81	1.00	Not currently in model
Proprietary Variable Y	-	-	Not currently in model
Short Interest (SI)	-0.06	0.00	Not currently in model
Consumption vs Wealth and Income (CAY)	-0.04	0.00	Bearish

## EQUITY RISK PREMIUM CALCULATION (ANNUALIZED)

	Estimate	Historical <sup>1</sup>
Total Return	4.11%	10.96%
3-Month Treasury Bill Rate	0.06%	4.64%
Equity Risk Premium	4.05%	6.32%
Current Optimal Equity Exposure:	40%	

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.

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