

## DAILY REPORT

|                 |            |
|-----------------|------------|
| Date            | 2015-09-22 |
| Time (Eastern)  | 03:45 PM   |
| Next Refit in   | 6 days     |
| Last Refit Date | 2015-09-01 |

## MODEL INDICATORS

| Variables in Order of Frequency of Inclusion | Value | Mean  | Direction              |
|--|-------|-------|------------------------|
| Proprietary Variable X                       | -     | -     | Bullish                |
| Variance Risk Premium (VRP)                  | 0.00  | 0.61  | Bearish                |
| PCA of Price Indicators (PCA.price)          | 0.19  | -0.06 | Bearish                |
| Default Spread (DEF)                         | 1.28  | 1.10  | Not currently in model |
| New Orders/Shipments (NOS)                   | 0.00  | 0.01  | Bullish                |
| Baltic Dry Index (BDI)                       | -0.01 | -0.01 | Not currently in model |
| Moving Average (MA)                          | 0.00  | 0.81  | Not currently in model |
| Implied Correlation (IC)                     | 9.43  | 0.31  | Not currently in model |
| Proprietary Variable Y                       | -     | -     | Not currently in model |
| Short Interest (SI)                          | -0.16 | -0.03 | Not currently in model |
| Consumption vs Wealth and Income (CAY)       | -0.04 | -0.01 | Bearish                |

## EQUITY RISK PREMIUM CALCULATION (ANNUALIZED)

|                                  | Estimate | Historical <sup>1</sup> |
|----------------------------------|----------|-------------------------|
| Total Return                     | 1.07%    | 10.96%                  |
| 3-Month Treasury Bill Rate       | -0.01%   | 4.64%                   |
| Equity Risk Premium              | 1.08%    | 6.32%                   |
| Current Optimal Equity Exposure: | 10%      |                         |

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.