

## DAILY REPORT

Date	2015-10-07
Time (Eastern)	03:45 PM
Next Refit in	15 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)	-0.12	-0.02	Bullish
Default Spread (DEF)	1.37	1.10	Not currently in model
New Orders/Shipments (NOS)	0.00	0.01	Bullish
Baltic Dry Index (BDI)	-0.08	-0.01	Bearish
Moving Average (MA)	0.00	0.81	Bearish
Implied Correlation (IC)	-7.59	0.21	Not currently in model
Proprietary Variable Y	-	-	Not currently in model
Short Interest (SI)	0.19	-0.03	Not currently in model
Consumption vs Wealth and Income (CAY)	-0.03	-0.01	Bearish

## EQUITY RISK PREMIUM CALCULATION (ANNUALIZED)

	Estimate	Historical <sup>1</sup>
Total Return	-10.78%	10.96%
3-Month Treasury Bill Rate	-0.01%	4.64%
Equity Risk Premium	-10.78%	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.

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