

DAILY REPORT

| | |
|-----------------|------------|
| Date | 2015-12-15 |
| Time (Eastern) | 03:51 PM |
| Next Refit in | 7 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) | -0.09 |
| Default Spread (DEF) * | -0.69 |
| New Orders/Shipments (NOS) | 0.19 |
| Baltic Dry Index (BDI) | -0.99 |
| Implied Correlation (IC) * | -0.27 |
| Proprietary Variable Y * | -1.95 |
| Short Interest (SI) * | 0.07 |
| Consumption vs Wealth and Income (CAY) | -0.93 |
| Moving Average (MA) | 0 |

EQUITY RISK PREMIUM CALCULATION (ANNUALIZED)

| | Estimate | Historical ² |
|----------------------------|----------|-------------------------|
| Total Return | -9.41% | 10.96% |
| 3-Month Treasury Bill Rate | 0.25% | 4.64% |
| Equity Risk Premium | -9.66% | 6.32% |

MODEL CONCLUSIONS

| | |
|----------------------------------|------|
| Optimal Long Term Exposure: | -31% |
| Short Term Adjustment: | 29% |
| Current Optimal Equity Exposure: | -2% |

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.