

DAILY REPORT

Date	2015-12-16
Time (Eastern)	03:51 PM
Next Refit in	6 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)	-0.18
Default Spread (DEF) *	-0.76
New Orders/Shipments (NOS)	0.19
Baltic Dry Index (BDI)	-1.17
Implied Correlation (IC) *	-0.59
Proprietary Variable Y *	-1.96
Short Interest (SI) *	0.09
Consumption vs Wealth and Income (CAY)	-0.93
Moving Average (MA)	0

EQUITY RISK PREMIUM CALCULATION (ANNUALIZED)

	Estimate	Historical ²
Total Return	-10.83%	10.96%
3-Month Treasury Bill Rate	0.25%	4.64%
Equity Risk Premium	-11.08%	6.32%

MODEL CONCLUSIONS

Optimal Long Term Exposure:	-28%
Short Term Adjustment:	8%
Current Optimal Equity Exposure:	-20%

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.