DAILY REPORT

Date	2016-01-07
Time (Eastern)	03:50 PM
Next Refit in	12 days
Last Refit Date	2015-12-24

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)	0.23
Default Spread (DEF) *	-0.79
New Orders/Shipments (NOS)	0.14
Baltic Dry Index (BDI)	-0.74
Implied Correlation (IC) *	0.11
Proprietary Variable Y *	-1.79
Short Interest (SI) *	-0.55
Consumption vs Wealth and Income (CAY)	-0.89
Moving Average (MA)	0

EQUITY RISK PREMIUM CALCULATION (ANNUALIZED)

	Estimate	Historical [2]
Total Return	0.54%	10.96%
3-Month Treasury Bill Rate	0.20%	4.64%
Equity Risk Premium	0.34%	6.32%

MODEL CONCLUSIONS

Optimal Long Term Exposure:	-14%
Short Term Adjustment:	20%
Current Optimal Equity Exposure:	6%

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.

[1] Bullish indicators are denoted by positive signs and bearish indicators by negative signs. Variables marked with * are currently not in the model.

[2] Calculated using S&P 500 and 3-Month Treasury Bill Rate between 1954 and present.