

## ECONOMIC OVERVIEW

Recent economic data suggest the Fed may be getting close to declaring victory in its war on inflation. Outside of the energy space, broad price declines are evident across industries, even while economic growth remains solid. Employment, long the key to the “no landing” thesis, remains robust, while the housing market has held up despite higher interest rates, and the reshoring movement has lifted the demand for manufacturing resources here in the U.S.

The jobs report for August was published today, September 1<sup>st</sup>, and showed a stronger than expected rise of 187k nonfarm payrolls. July's increase of 187k was revised down to 157k, however. The Unemployment Rate edged up from 3.5% to 3.8%, while the Labor Force Participation Rate moved up from 62.6% to 62.8%. Average Hourly Earnings edged higher again, up +0.2% MoM in August (+4.3% YoY) while the average work week held steady at 34.4. JOLTS dropped below 9mm in July, coming in at 8.8mm, signaling perhaps a slowdown in hiring is under way, and Continuing Claims hover around the 1,725k mark.

The S&P Global US Manufacturing PMI reading for August came in at 47.6, following July's 49.0 (readings below 50.0 suggest contraction in the sector). Factory Orders in June, however, edged up +2.3% and Industrial Production in July came in higher than expected at +1.0% MoM. Capacity Utilization registered 79.3%, slightly higher than estimates. Durable Goods for July, however, fell a greater than expected -5.2%.

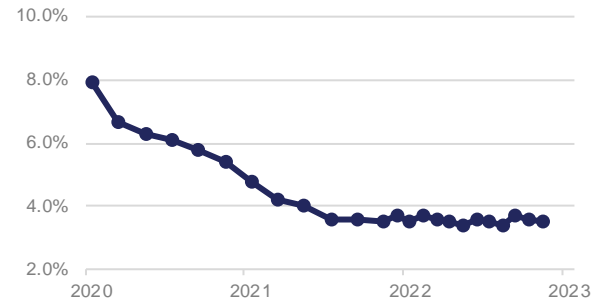
Despite materially higher mortgage interest rates, the residential housing sector, (for many individuals home equity is their largest balance sheet item), remains resilient. The fundamental supply and demand imbalance remains a primary cause, but anecdotally many homeowners with low interest rate mortgages are reluctant to sell and take on today's 6-7% mortgage rate. Commercially, the story is markedly different, with some building owners waking away from urban office buildings upside down financially.

Jackson Hole proved to be a non-event, with Chair Powell's comments leaning a bit dovish. Markets appeared relieved that no bombshells were dropped and responded favorably. As mentioned earlier, recent economic data suggest inflationary pressures are waning, enough to give the Fed air cover for a longer term pause, or permanent cessation to rate hikes.

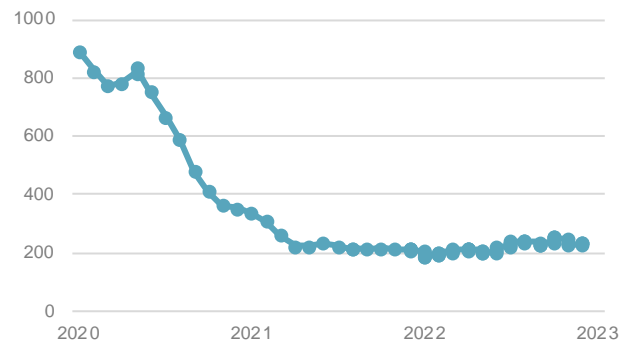
### KEY DATA POINTS

DATA POINT	CURRENT	FOR	PREVIOUS	FOR
Retail Sales ex. Autos MOM %	1	July	0.2	Jun
Housing Starts	1452	July	1398	Jun
Factory Orders MOM %	2.30	Jun	0.40	May
Leading Indicators MOM %	-0.40	July	-0.70	Jun
Unit Labor Costs	1.60	Q2 2023	4.20	Q1 2023
GDP QOQ (Annualized)	2.40	Q2 2023	1.30	Q1 2023
Wholesale Inventories	-0.10	July	-0.70	Jun
MBA Mortgage Applications	2.30	Aug	-3.00	July

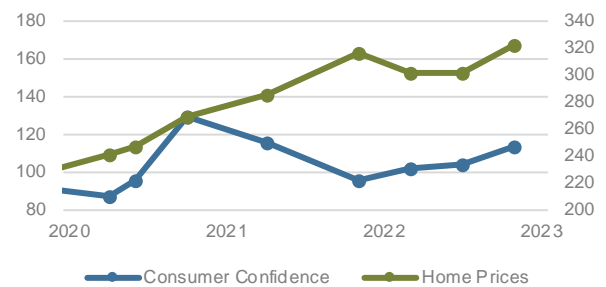
UNEMPLOYMENT RATE (%)



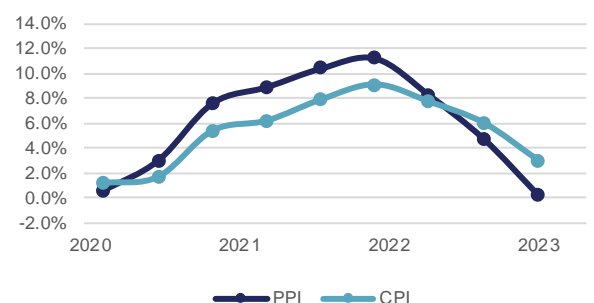
4-WK MOVING AVERAGE OF INITIAL CLAIMS (000S), SA



CONSUMER CONFIDENCE LHS  
VS. HOME PRICES RHS



PPI & CPI YOY % CHANGE



## DOMESTIC EQUITY

U.S. equities rallied into the end of August, but still finished the month in the red. The S&P 500 Index lost -1.6%, snapping a 5-month winning streak, to close at 4,508. Mid- and Small-Caps fared slightly worse, with the S&P 400 and 600 Indices losing -2.89% and -4.14%, respectively. Collectively, SMID-caps have been hampered by rising interest rates, as the yield on the benchmark 10-year U.S. Treasury bond rose 15 bps in August.

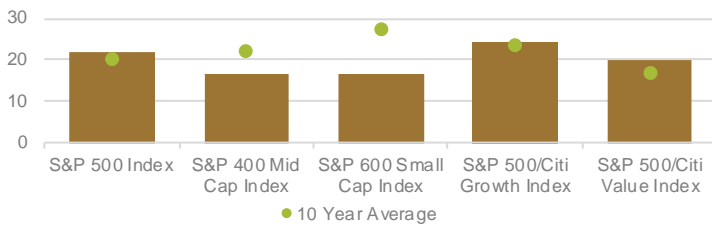
From a sector standpoint, the lone positive performer on the month was the Energy sector, which rose +1.81% on higher crude oil prices. The other 10 sectors were in the red, led by Utilities, which shed -6.16% during the period. Other defensive and rate sensitive sectors such as Consumer Staples were also at the bottom of the pack. Staples list -3.57% on the month.

Despite another record quarter from chip maker NVIDIA, the Technology sector gave back -1.32% during the period but remains up a whopping +44.66% year to date. NVIDIA remains one of the top performers on the year, up +237.8%.

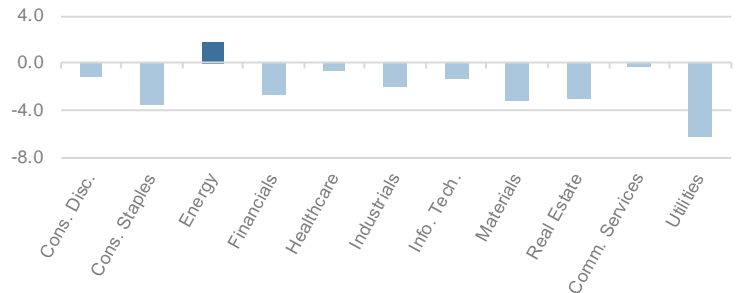
Technology stocks continue to power the market's rally, with investors seeking secular growth trends in the Artificial Intelligence (AI) arena. Perhaps unlike other transformative change cycles, this AI transformation may favor the incumbents. Collectively the "Magnificent Seven", these "technology" companies can be found across the Technology, Communications Services, and Consumer Discretionary sectors, encompassing nearly half of the market capitalization of the S&P 500. The aforementioned seven companies make up just over 30% of the market. Perhaps one reason these incumbents have rocketed higher this year is that they not only have the software tools and platforms to enable AI applications, but the data troves to distance themselves from the competition.

Time will tell how real the AI revolution will be, but in the meantime, strong economic data and upward earnings revisions for 2023 and 2024 are providing a fundamental backdrop that remains positive for equities

**DOMESTIC EQUITY MARKET  
P/E RATIOS**



**MTD S&P 500 SECTOR RETURNS**



### S&P 500 SECTOR RETURNS

SECTOR	MTD	QTD	YTD	1YR	3YR	5YR	% Wt.
Consumer Discretionary	-1.17	1.25	34.63	11.18	3.18	8.72	11%
Consumer Staples	-3.57	-1.51	-0.25	3.46	7.21	9.74	7%
Energy	1.81	9.34	3.27	14.93	42.29	8.86	4%
Financials	-2.65	2.07	1.53	6.35	13.34	6.18	12%
Healthcare	-0.69	0.32	-1.17	8.59	8.91	9.49	13%
Industrials	-1.99	0.85	11.13	18.57	13.43	9.05	8%
Information Technology	-1.32	1.32	44.66	33.33	13.92	19.99	28%
Materials	-3.28	0.02	7.76	12.39	11.76	9.21	2%
Real Estate	-3.00	-1.78	1.87	-8.15	4.14	5.35	2%
Communication Services*	-0.37	6.55	45.16	25.76	4.14	9.50	9%
Utilities	-6.16	-3.84	-9.31	-12.65	5.32	6.76	2%

\*The S&P 500 Communication Services Sector was reclassified from the Telecommunications Sector on September 21st, 2018

### DOMESTIC EQUITY RETURNS

NAME	MTD	QTD	YTD	1YR	3YR	5YR
S&P 500 Index	-1.59	1.57	18.72	15.92	10.50	11.10
S&P 400 Mid Cap Index	-2.89	1.11	10.02	10.66	12.79	6.94
S&P 600 Small Cap Index	-4.15	1.13	7.19	5.44	12.53	3.76
S&P 500/Citi Growth Index	-0.62	2.40	24.15	13.37	6.86	11.70
S&P 500/Citi Value Index	-2.74	0.58	12.78	17.23	14.24	9.50

### S&P 500 FACTOR RETURNS

NAME	MTD	QTD	YTD	1YR	3YR	5YR
S&P 500 Quality	0.22	3.99	20.34	22.31	11.51	12.20
S&P 500 Momentum	2.27	4.15	4.05	9.93	6.16	9.46
S&P 500 Equal Weight	-3.16	0.19	7.24	8.67	12.43	9.12
S&P 500 High Beta	-5.64	-0.44	22.64	18.97	21.79	12.86
S&P 500 Low Volatility	-2.98	-2.06	-2.51	-0.57	6.19	6.75

## INTERNATIONAL EQUITY

August provided international markets with their worst performing month in 2023 with the MSCI ACWI ex-USA Index falling -4.5% (in USD terms). Developed Markets, as measured by the MSCI EAFE Index, fell -3.8% while Emerging Markets, as measured by the MSCI EM Index fell -6.1% (both in USD terms).

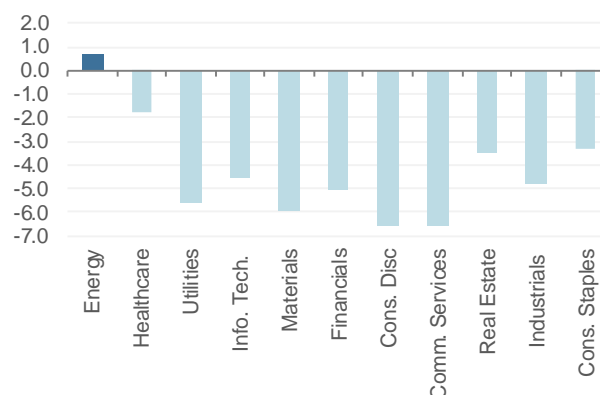
The story surrounding international markets continues to be dominated by the lackluster performance out of the world's second largest economy. The MSCI China index fell -8.5% during the month, driven by a waning economy and continued liquidity problems in the debt-laden property sector. New developments in August saw weakness in factories with sinking exports and consumers keeping a tight leash on any spending. Had it not been for a government tax cut on securities transactions during the last week of the month, performance would have been likely much worse. Global investors have become net sellers of Chinese shares, showing they have a sense that China's government has relatively few good options to curb the downturn in economic conditions.

Performance out of Japan, while negative, still protected on the downside with the Nikkei 225 Index falling just -1.6% during the month of August (in JPY terms). Year-to-date, the index is up an impressive +26.5%. Flash composite PMI data rose to 52.6 in August, up from 52.2 in July, reflecting an expansionary environment. However, the Yen continued its weaker trend, moving to 145.47 against the US Dollar at the end of the month, approaching some of the lowest levels since September & October of 2022.

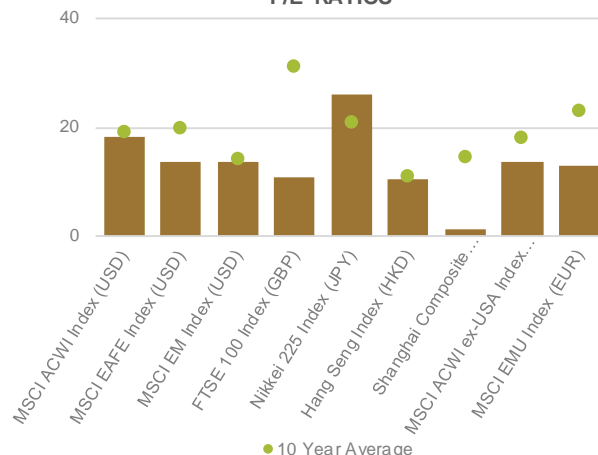
Across the Atlantic, headline inflation in the Eurozone remained unchanged during the month of August from the month prior, coming in at 5.3%, with some areas of the bloc's largest economies, such as Germany, showing that inflation is tending to be a bit stickier than most had forecasted. Given this, many are expecting another 25bp rate hike at the ECB's September meeting. Battling stickier inflation and higher rates, the MSCI EMU Index fell -3.1% during the month of August (in EUR terms).

Reflecting a broad risk-off environment, every ACWI ex-US sector turned in negative performance over the month except Energy, which rose just +0.67%. Consumer Discretionary (-6.6%), Communication Services (-6.6%) and Materials (-5.9%) all fell the most with most others not far behind.

MTD MSCI ACWI SECTOR RETURNS



INTERNATIONAL EQUITY MARKET P/E RATIOS



### MSCI ACWI EX U.S. SECTOR RETURNS

SECTOR	MTD	QTD	YTD	1YR	3YR	5YR	%
Energy	0.67	6.20	10.12	12.59	18.77	3.68	11%
Healthcare	-1.77	0.76	6.94	12.81	0.90	5.28	8%
Utilities	-5.58	-3.59	-3.78	-5.81	4.08	5.82	6%
Information Technology	-4.52	-3.23	20.67	18.10	5.14	9.48	10%
Materials	-5.93	0.14	3.43	11.84	6.31	5.62	7%
Financials	-5.06	0.18	7.10	13.88	10.96	3.79	19%
Consumer Discretionary	-6.58	-1.02	12.04	12.39	-1.34	2.27	11%
Communication Services*	-6.56	-2.25	3.94	1.98	-5.45	-0.08	5%
Real Estate	-3.48	2.58	-1.47	-3.72	-5.84	-5.14	2%
Industrials	-4.78	-1.63	14.56	20.39	7.08	5.23	12%
Consumer Staples	-3.34	-1.54	4.76	7.22	1.62	2.70	9%

### INTERNATIONAL EQUITY RETURNS

NAME	MTD	QTD	YTD	1YR	3YR	5YR
MSCI ACWI Index (USD)	-2.76	0.83	15.22	14.55	7.75	8.01
MSCI EAFE Index (USD)	-3.82	-0.68	11.40	18.67	6.67	4.75
MSCI EM Index (USD)	-6.14	-0.25	4.80	1.63	-1.06	1.32
FTSE 100 Index (GBP)	-2.61	-0.32	2.78	5.86	11.54	3.85
Nikkei 225 Index (JPY)	-1.61	-1.65	26.54	18.77	14.33	9.54
Hang Seng Index (HKD)	-8.23	-1.65	-4.36	-4.45	-7.10	-4.95
Shanghai Composite Index (CNY)	-5.07	-1.22	3.52	0.19	-0.36	5.28
MSCI ACWI ex-USA Index (USD)	-4.50	-0.58	9.23	12.54	4.54	3.88
MSCI EMU Index (EUR)	-3.07	-1.15	14.69	21.25	11.34	6.50
MSCI China Index (USD)	-8.45	0.99	-4.08	-7.47	-13.82	-3.79
MSCI Canada Index (USD)	-1.45	1.27	7.44	9.57	10.58	7.58
MSCI EM ex-China (USD)	-4.92	-0.80	8.98	5.48	6.52	3.53

\*The MSCI ACWI Ex U.S. Communication Services Sector was reclassified on November 30th, 2018

## FIXED INCOME

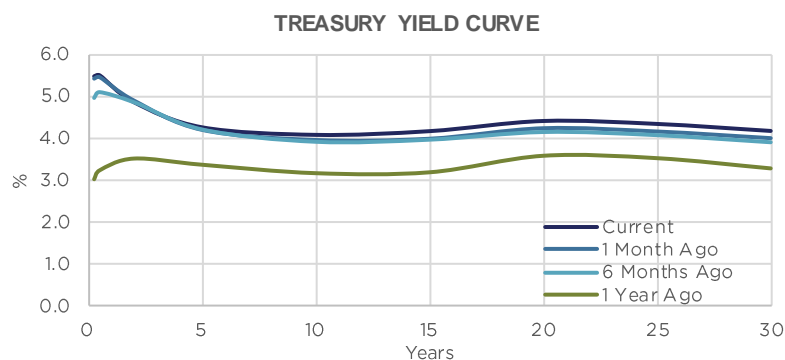
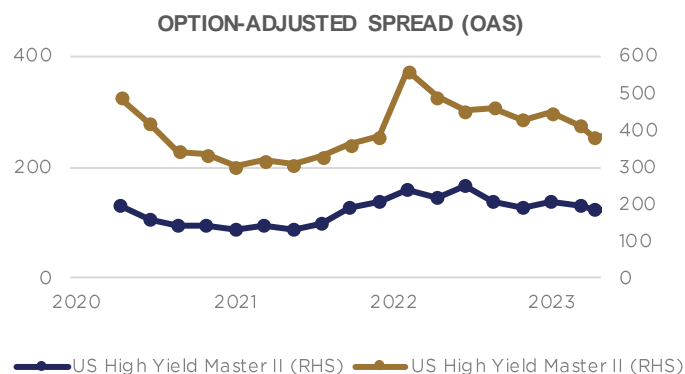
Last week at the Federal Reserve conference in Jackson Hole, Wyoming, Chairperson Powell said that inflation remained too high and central bankers were ready to do more to reduce inflation if needed, and that they “intend to hold policy at a restrictive level until we are confident that inflation is moving sustainably down toward our objective.” This reinforces the view that we are unlikely to see Fed rates cuts in the near-term, something the markets are continually pinning for.

During the past month, Treasury yields moved higher across much of the yield curve. This rise in interest rates put broad downward price pressure on bond returns in August. All of the indices but one, tracked by this report declined. High Yield bonds were the outlier offering a positive return and continuing the category’s strong performance in 2023.

Investment grade spreads were flat for the month of August, after having declined through much of 2023. The upward movement of interest rates outweighed the income generated, resulting in a negative return overall. High Yield spreads tightened 3 basis points in August, and have declined significantly year to date. Even with the rise in yields pressuring prices, High Yield bonds were able to generate enough income to post a positive return.

Tax-free municipal bonds sold off in August, approaching their cheapest (most attractive) valuation in 2023. Longer maturity bonds continue to offer the best value, while shorter maturities have begun to catch up to the selloff that the Treasury market has experienced. Often municipal bonds react to market movements slower than the rest of the bond market, exhibiting a bit of a lagged price response.

Year to date, fixed income has provided broadly positive returns. This is heavily influenced by where interest rates finished 2022. Although yields inside of 12 months have moved markedly higher in 2023, much of the yield curve beyond 12 months began the year trading at levels close to where they are currently. While interest rates moved lower in Q1 and higher in Q2, those moves largely negated one another, allowing each index to earn a positive return as the income generated, combined with market price movements, have netted to a positive outcome.



### U.S. TREASURY YIELDS

PERIOD	3MOS	1YR	5YR	10YR	20YR	30YR
Current	5.48	4.87	4.28	4.11	4.43	4.20
1 Month Ago	5.43	4.90	4.20	3.95	4.24	4.00
6 Months Ago	4.95	4.85	4.20	3.90	4.14	3.89
1 Year Ago	3.02	3.53	3.38	3.17	3.59	3.29

### CENTRAL BANK ACTIVITY

NAME	CURRENT	1MTH AGO	6MTH AGO	1YR AGO
Fed Funds Rate	5.50	5.50	4.75	2.50
Bank of Japan Target Rate	0.10	0.10	0.10	0.10
European Central Bank Rate	4.25	4.00	2.50	0.50
Bank of England Base Rate	5.25	5.00	4.00	1.75

### FIXED INCOME RETURNS

NAME	MTD	QTD	YTD	1YR	3YR	5YR
Bloomberg Barclays US Government Index	-0.50	-0.84	0.73	-2.00	-4.99	0.23
Bloomberg Barclays US Agg Index	-0.64	-0.71	1.37	-1.19	-4.41	0.49
Bloomberg Barclays US Corporate Index	-0.78	-0.43	2.76	0.90	-4.17	1.41
Bloomberg Barclays US Corporate High Yield Index	0.28	1.66	7.13	7.16	1.81	3.32
Bloomberg Barclays EM USD Agg Index	-1.20	-0.03	3.26	3.98	-3.88	0.96
Bloomberg Barclays Global Agg Treasuries USD Index	-0.05	-0.31	2.82	0.10	-3.15	0.68
Bloomberg Barclays Municipal Index	-1.44	-1.05	1.59	1.70	-1.32	1.52

## ALTERNATIVE INVESTMENTS

Alternative investments had mainly negative returns in August. Broad commodities, as measured by the Bloomberg Commodity Index, fell -1.2% for the month.

Crude oil prices had a relatively subdued month of August, with WTI crude oil rising 2.2% during the period, after experiencing a large price spike in July. In addition, the AAA national average gas price continued to rise and ended the month at \$3.82 per gallon, near YTD highs but well off the price of \$5.02 seen in June of last year.

Gold declined -1.3% for the month but is up +6.6% in 2023. The solid YTD performance has occurred despite the magnitude of interest rate increases experienced (the price of gold is often thought to work inversely of interest rates). During previous recessions, gold has often outperformed other major asset classes, and its resilience in the face of rising interest rates may be viewed as a sign that recessionary risks are elevating.

Bitcoin, the cryptocurrency that seemed to be a daily news topic in 2021 before experiencing a steep sell-off in 2022, was the topic of a recent lawsuit. A federal appeals court ruled that the SEC (Securities Exchange Commission) must reconsider Grayscale Investments' application to convert its bitcoin trust into an ETF. This may open the path to a U.S. listed bitcoin ETF, potentially increasing access and liquidity to crypto for investors. Although bitcoin is up +60% YTD, the volatile asset fell -7% in August and is still down more than -60% from its high of \$64,000 hit in November of 2021.

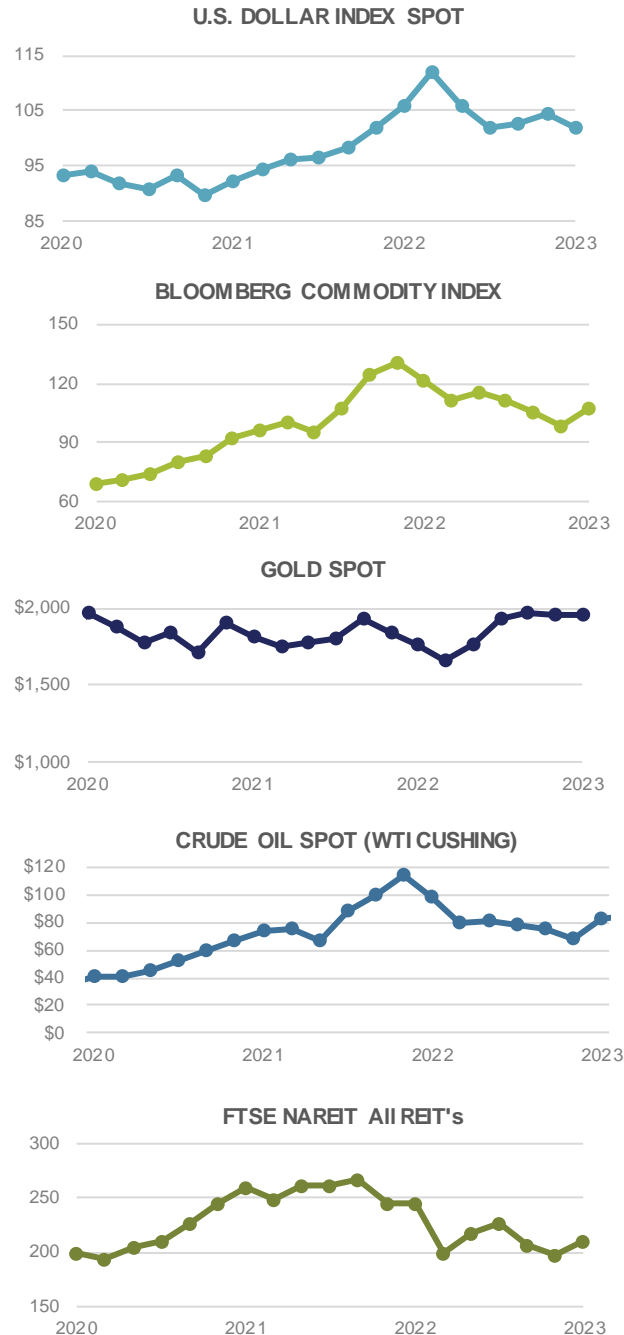
### SPOT RATES

DESCRIPTION	CURRENT	1 MTH AGO	3 MTHS AGO	6 MTHS AGO	1 YR AGO
CAD / USD	1.35	1.33	1.34	1.36	1.32
JPY / USD	145.44	143.34	138.80	136.19	140.21
USD / GBP	1.27	1.28	1.25	1.20	1.15
USD / EUR	1.08	1.10	1.08	1.07	0.99

### HEDGE FUNDS

NAME	MTD	QTD	YTD	1YR	3YR	5YR
Global Hedge	1.57%	1.57%	4.94%	3.92%	5.08%	3.80%
Convertible Arbitrage	0.82%	0.82%	3.27%	4.29%	7.10%	6.39%
Event Driven	1.81%	1.81%	3.70%	4.48%	8.47%	4.53%
Macro Hedge	0.90%	0.90%	0.77%	-0.56%	4.26%	3.34%
Merger Arbitrage	1.16%	1.16%	0.49%	1.77%	7.71%	5.63%

Note: Price Return, Returns as of 08/31/2023



### COMMODITIES

	MTD	QTD	YTD	1YR	3YR	5YR
Dollar	1.81%	0.58%	-0.52%	-4.92%	2.21%	0.96%
BCOM	-1.22%	4.48%	-5.25%	-10.53%	13.29%	5.00%
Gold	-1.27%	1.09%	6.60%	14.55%	-0.44%	10.10%
WTI	2.24%	18.39%	5.32%	-2.37%	35.77%	7.06%
FTSENAREIT	-3.33%	-1.39%	1.54%	-7.71%	4.28%	3.79%



If you have any questions or comments, please feel free to contact any member of our investment team:

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**S&P 500 Index (SPX)** – Standard and Poor's 500 Index is a capitalization-weighted index of 500 stocks. The index is designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

**S&P 500 Sector Indices (S5COND, S5CONS, S5ENRS, S5FINL, S5HLTH, S5INDU, S5INFT, S5MATR, S5TELS, S5UTIL, S5RLST)** – The S&P 500 is broken down into eleven sub-indices according to the Global Industry Classification Standard (GICS) sectors. These eleven sectors include Consumer Discretionary, Consumer Staples, Energy, Financials, Health Care, Industrials, Information Technology, Materials, Communication Services, Utilities, and Real Estate.

**S&P 400 Mid Cap Index (MID)** – Standard and Poor's Mid Cap 400 Index is a capitalization-weighted index, which measures the performance of the mid-range sector of the U.S. stock market.

**S&P 600 Small Cap Index (SML)** – Standard & Poor's Small Cap 600 Index is a capitalization-weighted index that measures the performance of selected U.S. stocks with a small market capitalization.

**S&P 500/Citigroup Growth Index (SGX)** – The S&P 500/Citigroup Growth Index is a market capitalization weighted index. All the stocks in the underlying parent index are allocated into value or growth. Stocks that do not have pure value or pure growth characteristics have their market caps distributed between the value & growth indices.

**S&P 500/Citigroup Value Index (SVX)** – The S&P 500/Citigroup Value Index is a market capitalization-weighted index. All the stocks in the underlying parent index are allocated into value or growth. Stocks that do not have pure value or pure growth characteristics have their market caps distributed between the value & growth indices.

**MSCI AC World Index (MXWD)** – The MSCI AC World Index is a free float-weighted equity index. The index includes both emerging and developed world markets.

**MSCI EAFE Index (MXEA)** – The MSCI EAFE Index is a capitalization-weighted index that monitors the performance of stocks from developed markets in Europe, Australia-Asia, and the Far East.

**MSCI Emerging Market Index (MXEF)** – The MSCI Emerging Market Index is a free-float weighted index that is designed to measure the equity performance of international emerging markets.

**FTSE 100 Index (UKX)** – The FTSE 100 Index is a capitalization weighted index of the 100 most highly capitalized companies traded on the London Stock Exchange. The equities use an investability quotient weighting in the index calculation.

**Nikkei 225 Stock Average Index (NKY)** – The Nikkei-225 Stock Average is a price-weighted average of 225 top-rated Japanese companies listed in the First Section of the Tokyo Stock Exchange.

**Hang Seng Index (HSI)** – The Hang Seng is a free-float capitalization-weighted index of selected companies from the Stock Exchange of Hong Kong. The components of the index are divided into four sub-indices: Commerce and Industry, Finance, Utilities, and Properties.

**Shanghai Stock Exchange Composite Index (SHCOMP)** – The Shanghai Stock Exchange Composite Index is a capitalization weighted index. The index tracks the daily price performance of all A-shares and B-shares listed on the Shanghai Stock Exchange.

**MSCI USA Extended ESG Focus Index** – The Index is designed to maximize exposure to positive environmental, social and governance (ESG) factors while exhibiting risk and return characteristics similar to those of the MSCI USA Index.

**MSCI EAFE Extended ESG Focus Index** – The Index is designed to maximize exposure to positive environmental, social and governance (ESG) factors while exhibiting risk and return characteristics similar to those of the MSCI EAFE Index.

**MSCI Emerging Markets Extended ESG Focus Index** – The Index is designed to maximize exposure to positive environmental, social and governance (ESG) factors while exhibiting risk and return characteristics similar to those of the MSCI Emerging Markets Index.

**MSCI ACWI ex USA Index (MXWDU)** – The MSCI ACWI ex USA Index is a free-float weighted index.

**MSCI ACWI ex USA Sector Indices** – The MSCI ACWI ex USA Index is broken down into eleven sub-indices according to the Global Industry Classification Standard (GICS) sectors. These eleven sectors include Consumer Discretionary, Consumer Staples, Energy, Financials, Health Care, Industrials, Information Technology, Materials, Communication Services, Utilities, and Real Estate.

**MSCI EMU Index (MXEM)** – The MSCI EMU (European Economic and Monetary Union) Index is a free-float weighted equity index.

**Bloomberg Barclays Global Treasuries USD Hedged Index (LGTRTRUH)** – The Bloomberg Barclays Global Treasury Index tracks fixed-rate, local currency government debt of investment grade countries. The index represents the treasury sector of the Global Aggregate Index and contains issues from 37 countries denominated in 24 currencies.

**Bloomberg Barclays Municipal Bond Index (LMBITR)** – The Bloomberg Barclays Municipal Bond Index covers the USD denominated long-term tax exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds, and pre-refunded bonds.

**Bloomberg Barclays U.S. Government Index** – Bloomberg Barclays US Government Bond Index is comprised of the US Treasury and US Agency Indices. The index includes US dollar-denominated, fixed-rate, nominal US Treasuries and US agency debentures (securities issued by US government owned or government sponsored entities, and debt explicitly guaranteed by the US government).

**Bloomberg Barclays EM Hard Currency Aggregate Index (LG20TRUU)** – The Bloomberg Barclays Emerging Markets Hard Currency Aggregate Index is a hard currency Emerging Markets debt benchmark that includes USD-denominated debt from sovereign, quasi-sovereign, and corporate EM issuers.

**Bloomberg Barclays U.S. Aggregate Bond Index (LBSTRUU)** – The Bloomberg Barclays US Aggregate Bond Index is a broad-based benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM pass-through), ABS and CMBS (agency and non-agency).

**Bloomberg Barclays U.S. Corporate Index (LUACTRUU)** – The Bloomberg Barclays US Corporate Bond Index measures the investment grade, fixed-rate, taxable corporate bond market. It includes USD denominated securities publicly issued by US and non-US industrial, utility and financial issuers.

**Bloomberg Barclays U.S. Corp High Yield Index (LFTR ML U.S. Corporate Index (COAO))** – The Bloomberg Barclays US Corporate High Yield Bond Index measures the USD denominated, high yield, below-investment grade fixed-rate corporate bond market.

**S&P Green Bond Select Index (SPGRSLLT)** – The S&P Green Bond Select Index is a market value-weighted subset of the S&P Green Bond Index that seeks to measure the performance of green-labeled bonds issued globally, subject to stringent financial and extra-financial eligibility criteria.

**ML U.S. Corporate Index (COAO)** – The Merrill Lynch U.S. Corporate Index tracks the performance of U.S. dollar denominated investment grade corporate debt publicly issued in the U.S. domestic market.

**ML U.S. High Yield Index (HOOA)** – The Merrill Lynch U.S. High Yield Index tracks the performance of U.S. dollar denominated below investment grade corporate debt publicly issued in the U.S. domestic market.

**FTSE NAREIT All REITs Index (FNAR)** – The FTSE NAREIT All REITs Index is a free float adjusted market capitalization-weighted index that includes all tax qualified REITs listed in the NYSE, AMEX, and NASDAQ National Market.

**Bloomberg Commodity Index (BCOM)** – Bloomberg Commodity Index (BCOM) is calculated on an excess return basis and reflects commodity futures price movements. The index rebalances annually weighted 2/3 by trading volume and 1/3 by world production and weight-caps are applied at the commodity, sector and group level for diversification. Roll period typically occurs from 6th-10th business day based on the roll schedule.

**U.S. Dollar Index (DXY)** – The U.S. Dollar Index (USDIX) indicates the general int'l value of the USD. The USDIX does this by averaging the exchange rates between the USD and 6 major world currencies. The ICE US computes this by using the rates supplied by some 500 banks.

The Bloomberg All Hedge Index represents the average performance of hedge funds, as defined by the Bloomberg Hedge Fund Classifications.

The Bloomberg Convertible Bond Arbitrage Hedge Fund Index represents the average performance of hedge funds with a convertible bond arbitrage strategy, as defined by the Bloomberg Hedge Fund Classifications.

The Bloomberg Event Driven Hedge Fund Index represents the average performance of hedge funds with a event driven strategy, as defined by the Bloomberg Hedge Fund Classifications.

The Bloomberg Macro Hedge Fund Index represents the average performance of hedge funds with a macro strategy, as defined by the Bloomberg Hedge Fund Classifications.

The Bloomberg Merger Arbitrage Hedge Fund Index represents the average performance of hedge funds with a merger arbitrage strategy, as defined by the Bloomberg Hedge Fund Classifications.

**Economic Data Sources:**

**PPI & CPI** – Bureau of Labor Statistics

**Unemployment Rate** – Bureau of Labor Statistics

**Consumer Confidence** – Conference Board

**SP/Case-Shiller Composite 20** – Case-Shiller

**Industrial Production** – Federal Reserve

**Capacity Utilization** – Federal Reserve

**Retail Sales** – U.S. Census Bureau

**Housing Starts** – U.S. Department of Commerce

**Factory Orders** – U.S. Census Bureau

**Leading Indicators** – Conference Board

**Unit Labor Costs** – Bureau of Labor Statistics

**GDP** – Bureau of Economic Analysis

**Wholesale Inventories** – U.S. Census Bureau

**MBA Mortgage Applications** – Mortgage Bankers Association

**4-Week Moving Average of Initial Claims, SA** – Bureau of Labor Statistics

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