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HEDGEYE ASSET ALLOCATION

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
6/16/2016	66	2	0	8	4	20
6/17/2016	66	2	0	8	4	20

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
6/16/2016	66%	6%	0%	24%	12%	61%
6/17/2016	66%	6%	0%	24%	12%	61%

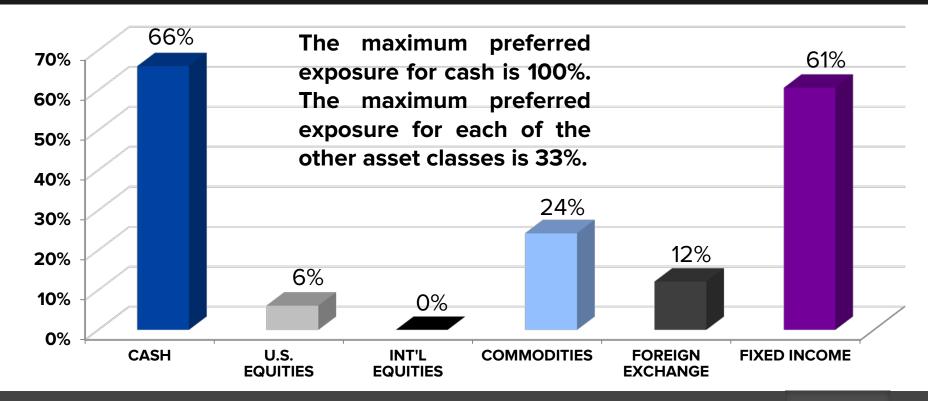
The maximum preferred exposure for cash is 100%. The maximum preferred exposure for each of the other asset classes is 33%.

June 17, 2016

THE MACRO SHOW



HEDGEYE ASSET ALLOCATION



June 17, 2016

THE MACRO SHOW



BREXIT ZDAX 3011

BREXIT

Coin toss? We would say so. And since we don't make calls on coin tosses, we'll just give you both bearish intermediate-term TREND signals in FTSE (6,388 resistance) and Pound (\$1.47 vs. USD) with an intermediate-term risk range of \$1.39-1.47. In other words, even if they don't exit, odds are the FTSE remains bearish TREND (because the UK economy is slowing regardless vs. last year's cycle peak).

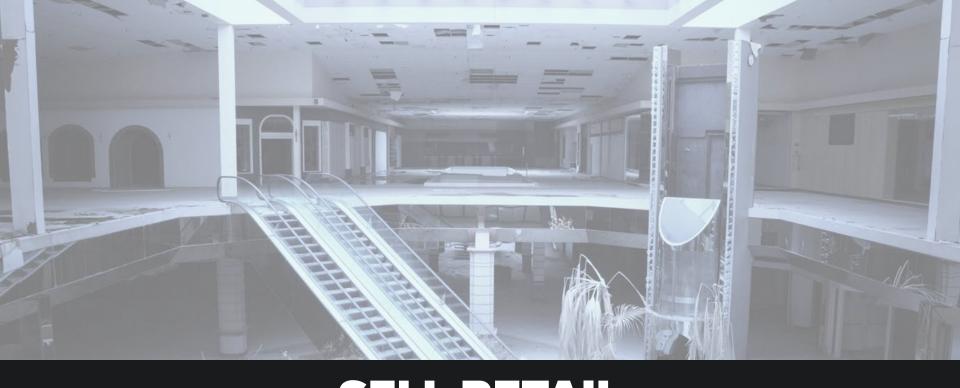






BRIAN MCGOUGH

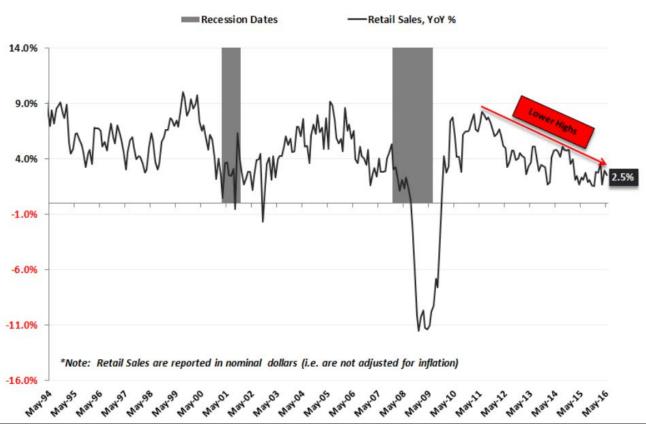
RETAIL



SELL RETAIL

RETAIL SALES: TREND =

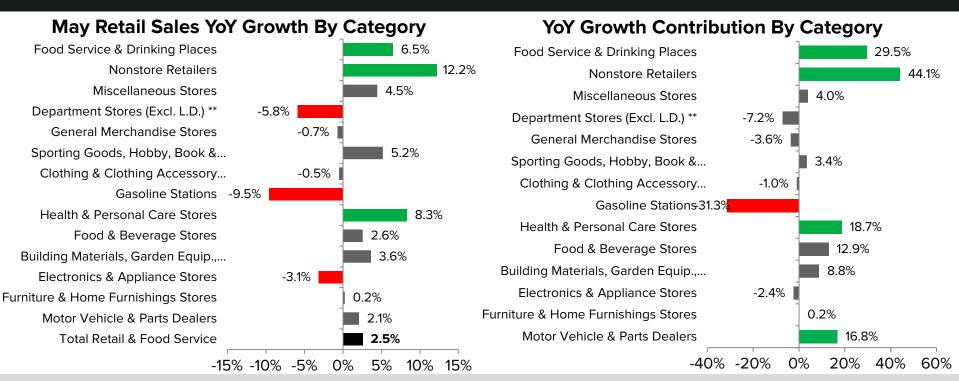
U.S. HEADLINE RETAIL SALES



US retail sales making lower highs and lower lows.

ATA SOURCE: BLOOMBERG. HEDGEYE HEDGEYE

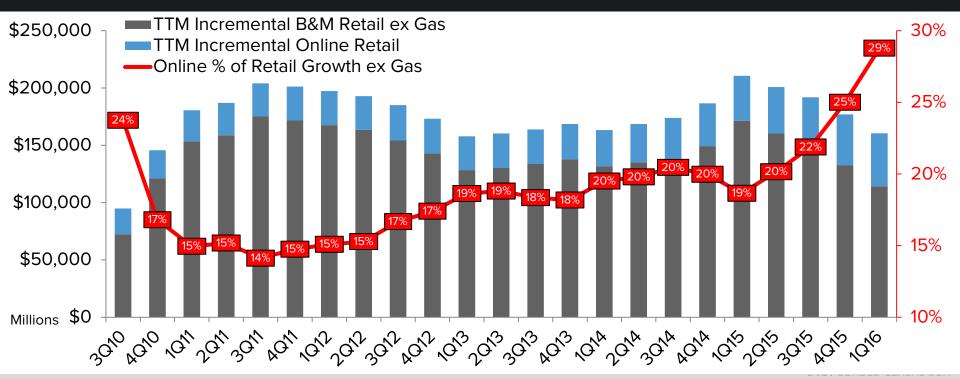
ONLY 4 MAIN GROWTH DRIVERS...



...AND NONE OF THEM HELP MALL-BASED OPERATORS

Restaurants, Internet, Personal Care, and Autos account for almost all the growth.

ECOMM IS PARABOLIC



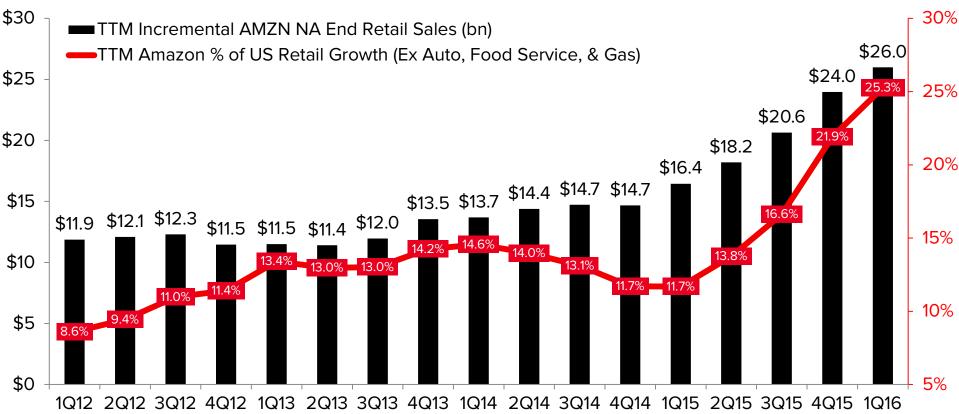
E-COMMERCE % OF TOTAL RETAIL SALES GROWTH

We're now up to 29% of incremental growth coming from the Internet. Theoretically, there's no reason this can't climb towards 100%.

DATA SOURCE: CENSUS.GOV HEDGEYE 13

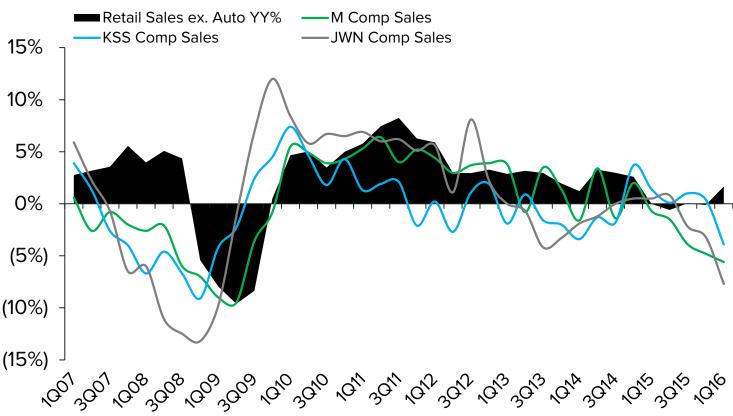
AMZN % OF SALES GROWTH

AMZN % OF RETAIL SALES GROWTH



DEPT STORE COMPS BIFURCATING

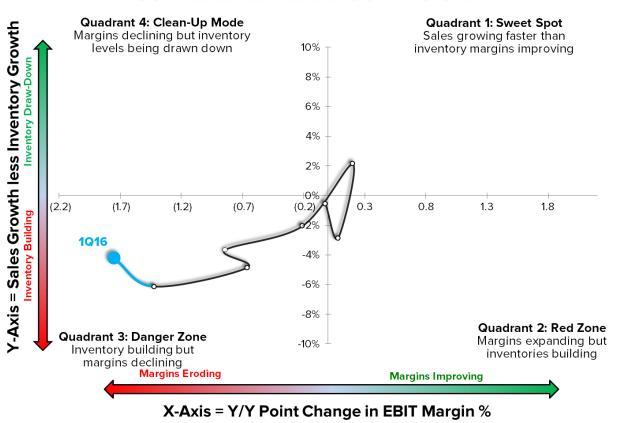
DEPT. STORE COMPS VS RETAIL SALES



Spread between Department Stores and the broader Macro sales metrics = widening.

INDUSTRY SPECIFIC - RETAIL SIGMA

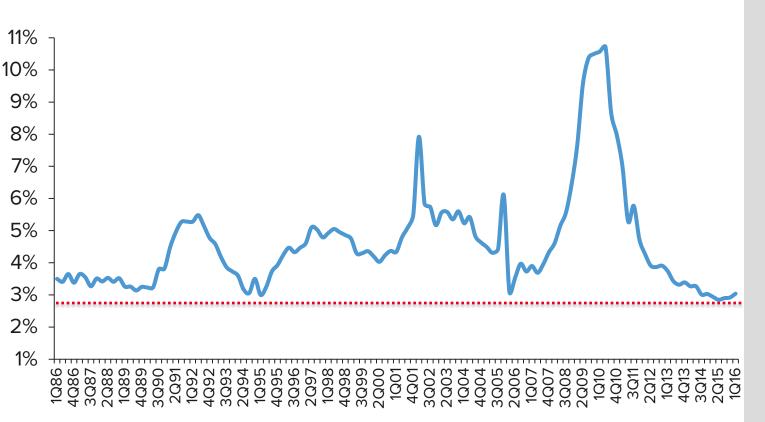
SOFTLINE RETAIL INDUSTRY SIGMA



Margins eroded in 1Q as retailers normalized inventory levels after weak 4Q15.

CREDIT CHARGE-OFF RISK GROWING

100 LARGEST BANKS CC CHARGE-OFF RATES

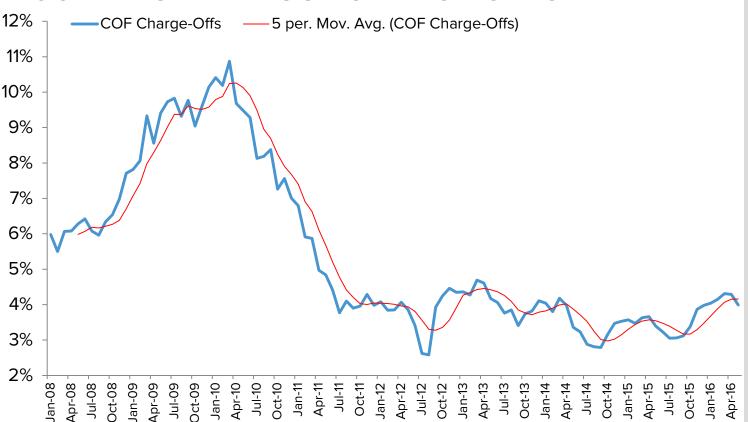


Credit chargeoff rates at 30year lows.

SOURCE: FEDERAL RESERVE HEDGEYE 17

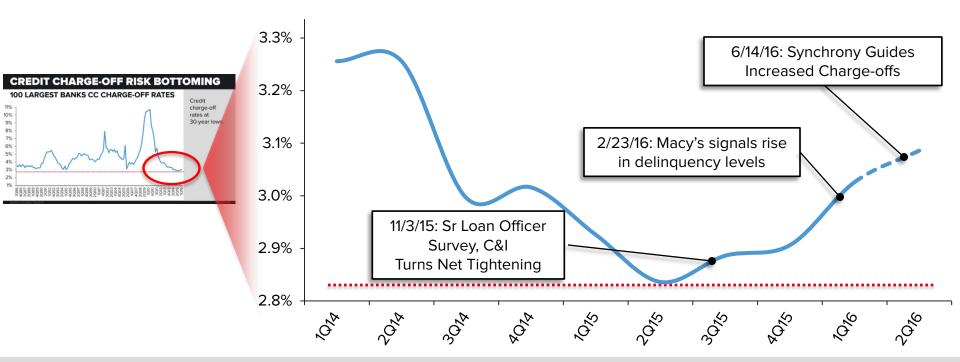
CAP ONE CHRG-OFFS NEAR TROUGH

COF MASTER TRUST CHARGE OFFS



There's no reason to think that COF/KSS would be any different than COF overall.

LATEST CREDIT DATAPOINTS

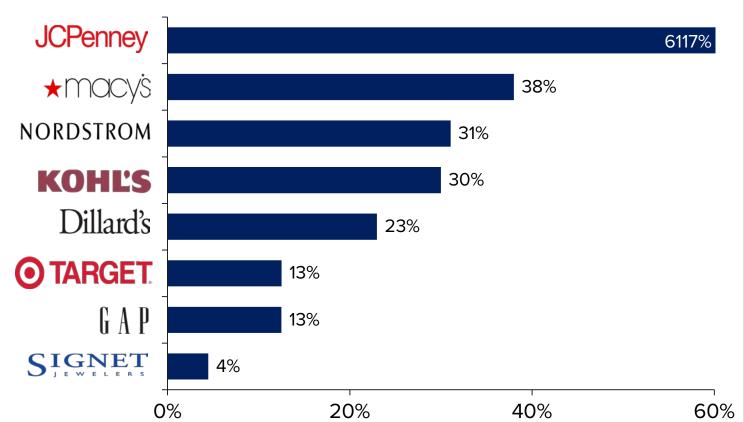


SYNCHRONY RAISES 2016 CHARGE-OFF EXPECTATIONS

This signal from Synchrony is not the indicator that Retail CEOs with credit portfolios want/need to see.

RETAILER CREDIT RISK

CREDIT CARD % OF EBIT

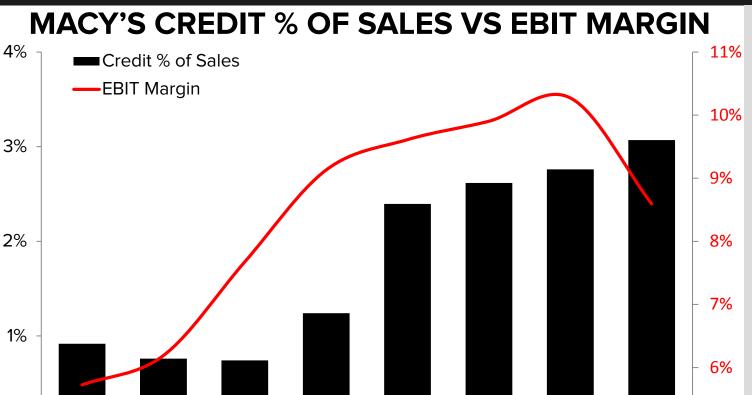


These are the retailers with the greatest credit risk.

Note that this completely excludes any potential revenue/marg in hit as consumers spend less.

DATA SOURCE: COMPANY REPORTS HEDGEYE 20

MACY'S CASE STUDY



2012

2013

2014

Credit as a percent of sales for Macy's has tripled throughout this economic expansion.

5%

2015

2010

2011

0%

2008

SHOPPING MALL DEBT

2ND LARGEST US MALL OWNER DEFAULTS

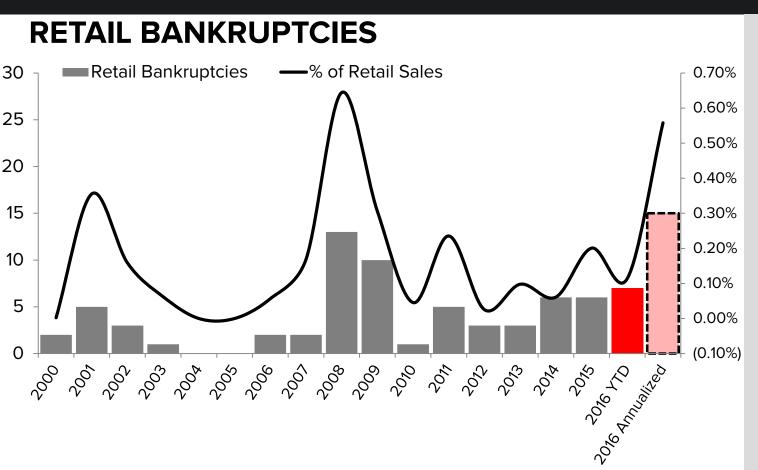
General Growth failed to pay mortgage due June 1st

- Near \$50bn in loans secured by these properties mature by end of '17.
- Properties reliant on M , JCP, SHLD at highest risk





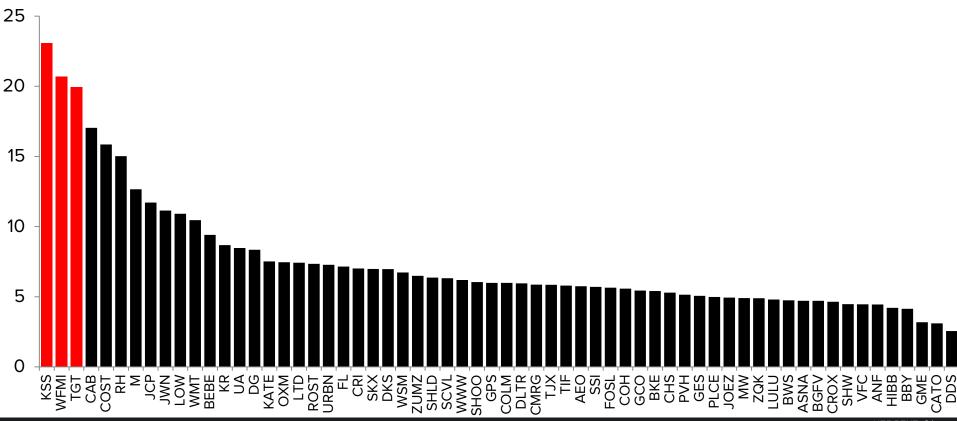
THIS IS GONNA LEAVE A MARK



Most Bankruptcies Since 2009. And we still have half a year left.

NOW IS WHEN LONG-DATED LIABS MATTER

2015 AVG. WEIGHTED LEASE DURATION (YEARS)



STOCK SPECIFIC DATA POINTS



1st Ever Analyst Day, New Plan, CFO Change



Negative comps to start May, Talking bad about Nike



Now that his gag order is up Founder Chip Wilson is launching a proxy fight with the LULU board.

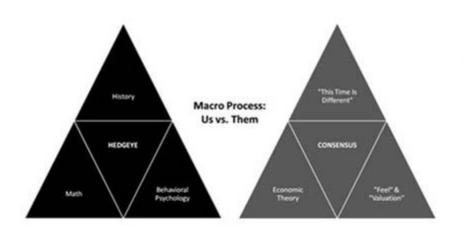


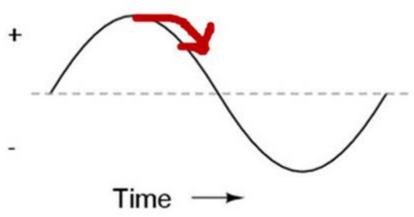
\$32 >>>> \$105 >>>> \$26



MACRO GRIND

HEDGEYE MACRO PROCESS: RATE OF CHANGE





DIFFERENTIATED FROM THE HERD

Macroeconomics and Global Macro Risk Management are two very different fields. We specialize in the latter.

WE FOCUS ON THE SLOPES

Everything that matters in Global Macro occurs on the margin.

June 17, 2016

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HEDGEYE SECTOR PERFORMANCE

			1-Day %	MTD %	YTD %
SECTOR	<u>Ticker</u>	<u>Price</u>	<u>Chg</u>	Chg	<u>Chg</u>
Consumer Discretionary	XLY	\$78.33	0.32%	-1.15%	0.22%
Financial Select Sector	XLF	\$22.75	0.26%	-4.21%	-4.53%
Health Care Select Sector	XLV	\$71.08	0.35%	-0.38%	-1.32%
Technology Select Sector	XLK	\$43.55	0.21%	-1.45%	1.68%
Consumer Staples Select Sector	XLP	\$54.01	0.52%	2.56%	6.97%
Industrial Select Sector	XLI	\$55.99	0.18%	0.13%	5.62%
Materials Select Sector	XLB	\$47.23	0.34%	0.62%	8.77%
The Energy Select Sector	XLE	\$66.65	-0.48%	-0.33%	10.49%
Utilities Select Sector	XLU	\$50.78	0.63%	3.32%	17.33%
S&P 500	SPX	2,077.99	0.31%	-0.90%	1.67%

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HEDGEYE SECTOR RELATIVE PERFORMANCE

			1-Day %	MTD %	YTD %
	<u>Ticker</u>	<u>Price</u>	<u>Chg</u>	<u>Chg</u>	<u>Chg</u>
Consumer Discretionary	XLY	\$78.33	0.01%	-0.24%	-1.45%
Financial Select Sector	XLF	\$22.75	-0.05%	-3.31%	-6.20%
Health Care Select Sector	XLV	\$71.08	0.04%	0.53%	-2.98%
Technology Select Sector	XLK	\$43.55	-0.11%	-0.54%	0.02%
Consumer Staples Select Sector	XLP	\$54.01	0.21%	3.47%	5.31%
Industrial Select Sector	XLI	\$55.99	-0.13%	1.03%	3.96%
Materials Select Sector	XLB	\$47.23	0.03%	1.52%	7.11%
The Energy Select Sector	XLE	\$66.65	-0.79%	0.58%	8.83%
Utilities Select Sector	XLU	\$50.78	0.32%	4.22%	15.66%

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HEDGEYE STYLE FACTOR PERFORMANCE

	FACTOR	1D % Chg	1W % Chg	1M % Chg	3M % Chg	6M % Chg	YTD % Chg
五	High Debt/EV	0.0%	-3.1%	1.4%	1.6%	9.5%	6.6%
(1)	Low Debt/EV	0.0%	-2.4%	1.1%	0.6%	1.3%	1.3%
IS	High Short Interest	-0.4%	-3.8%	1.8%	-2.0%	3.3%	1.4%
- 0	Low Short Interest	0.4%	-2.0%	0.9%	2.4%	3.2%	2.6%
BETA	High Beta	-0.4%	-4.3%	1.7%	1.3%	2.4%	0.6%
	Low Beta	0.6%	-0.5%	2.2%	2.5%	10.3%	9.6%
YIELD	High Yield	0.4%	-1.6%	2.2%	-0.4%	6.9%	5.3%
<u></u>	Low Yield	-0.2%	-3.6%	1.5%	3.7%	2.8%	1.4%
MKT	MCAP Bottom 25%	-0.3%	-3.8%	0.9%	-1.8%	2.3%	0.1%
Σ θ	MCAP Top 25%	0.3%	-1.6%	1.4%	2.5%	2.1%	2.0%
Sales	Top 25% Sales Growth	-0.2%	-3.4%	1.4%	4.2%	4.9%	3.4%
Sa	Bottom 25% Sales Growth	0.3%	-1.9%	2.1%	-0.3%	5.0%	3.5%
EPS	Top 25% EP\$ Growth	0.0%	-2.7%	1.5%	3.5%	3.5%	2.1%
	Bottom 25% EPS Growth	-0.1%	-2.8%	1.4%	0.6%	8.2%	6.1%

^{*}Mean Performance of Top Quartile vs. Bottom Quartile, S&P500 Companies

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HEDGEYE RATES & SPREADS

		1D	5D	1M	3M	vs. 52-V	Vk, Bps	vs.	vs.
	Price	Bps Chg	Bps Chg	Bps Chg	Bps Chg	High	Low	3Y Ave	5Y Ave
3M T-Bill	0.25%	0.0	1.1	-3	-3	-10	31	19	19
3M LIBOR	0.66%	0.0	0.1	3	3	-3	38	33	31
2Y T-Note	0.70%	1.6	-4.1	-15	-18	-40	16	14	26
5Y T-Note	1.11%	1.9	-7.6	-21	-28	-71	14	-40	-14
10Y T-Note	1.60%	0.7	-6.2	-19	-32	-89	8	-73	-57
30Y T-Note	2.41%	-1.0	-5.5	-20	-29	-85	6	-73	-72
2Y-10Y Spread, Bps	90	-0.4	-1.6	-4.3	-13	-49	-8	-87	-83
IG SPREAD (AAABBB)	1.89%	0.0	6.0	10	-20	-41	13	19	4
HIGH YIELD	7.34%	8.5	23.0	-1	-44	-199	103	76	55
5Y BREAKEVEN	1.44%	-3.2	-7.0	-11.8	-4.9	-30.0	58.8	-16.5	-29.7
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CFTC NON-COMMERCIAL NET LONG POSITIONING

						Z-Score	
METRIC	Latest	W/W Chg	3M Ave	6M Ave	1Y Ave	1 Y	3Y
SPX (Index + E-mini)	(26,295)	(82,376)	(30,773)	(102,068)	(123,034)	1.16X	-0.01X
Russell 2000 (mini)	(24,869)	6,038	(50,052)	(52,770)	(41,392)	0.89X	0.01X
10Y Treasury	(1,294)	158,636	(66,889)	(25,214)	(15,271)	0.26X	0.80X
CRUDE OIL	384,921	(12,597)	380,512	311,630	297,526	1.49X	0.74X
GOLD	186,562	30,786	187,124	118,523	70,578	1.46X	2.09X
COPPER	(39,210)	(348)	(20,697)	(24,125)	(22,617)	-1.37X	-1.57X
\$USD	9,793	(101)	12,767	24,040	36,857	-1.59X	-0.87X
JPY	41,165	24,416	51,129	40,566	(6,597)	0.87X	1.89X
EUR	(70,336)	(37,800)	(40,333)	(70,637)	(88,387)	0.42X	0.06X
GBP	(64,691)	(32,748)	(42,890)	(37,636)	(24,675)	-2.39X	-1.96X

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MARKET SHARE VOLUME & TOTAL VALUE TRADED

INDEX/SECURITY	VOLUME: (6/16) vs.							
	Prior Day	1M Ave	3M ave	1Y Ave				
Total Market Volume*	10%	6%	-2%	-5%				
Total Exchange Volume**	7%	8%	6%	-1%				
Total Traded Value (R3K)***	-3%	-8%	-11%	-17%				

^{*}Total Market Volume = Total US exchange volume plus OTC and OTCBB trading volume for all security types. Calculated by Bloomberg.

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^{**}Tape A+B+C volume = total US exchange volume

^{***} Total Traded Value for Russell 3000 (total mkt proxy)