THE MACRO SHOW

SEPTEMBER 20, 2016

LEGAL

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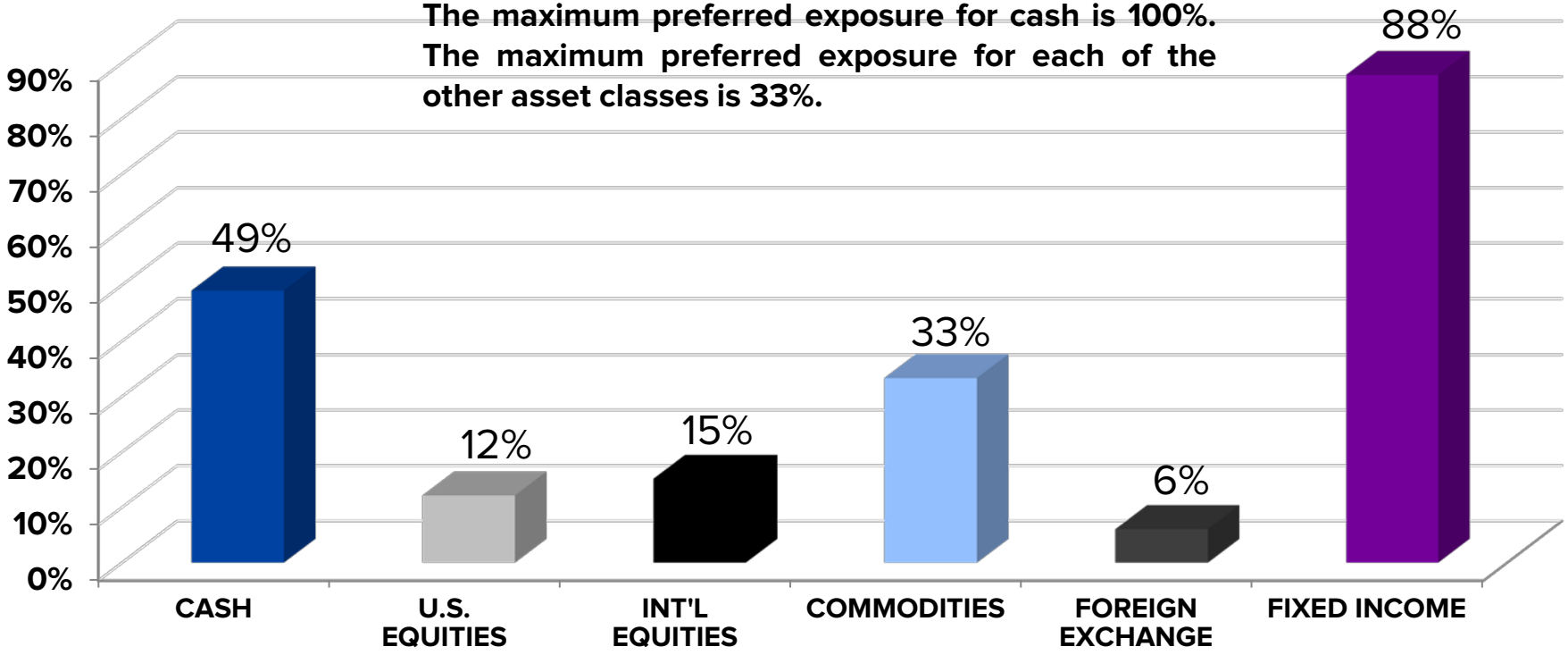
HEDGEYE ASSET ALLOCATION

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
9/19/2016	52	3	4	10	2	29
9/20/2016	49	4	5	11	2	29

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
9/19/2016	52%	9%	12%	30%	6%	88%
9/20/2016	49%	12%	15%	33%	6%	88%

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

HEDGEYE ASSET ALLOCATION



1 USD

2 JGB

3 UTILITIES

USD

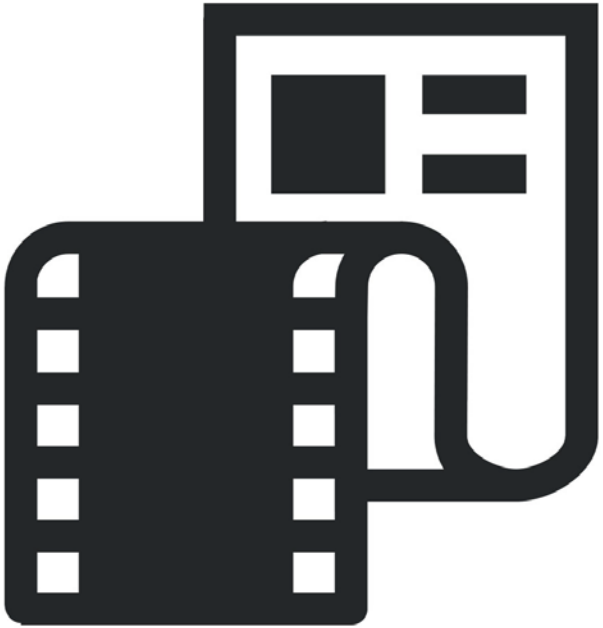
After signaling immediate-term TRADE overbought on “rate hike fears” the USD can easily correct back down to the low-end of our immediate-term risk range of 94.50-96.26 on the USD Index (that would give you a pop in EUR/USD to 1.13 FYI).

JGB

Plenty of clever questions in the @Hedgeye inbox on why "JGB yields might rip" (higher)… and they just went lower (again) instead, back down to -0.07% on the JGB 10YR this morning with no support to -0.27-0.28%.

UTILITIES

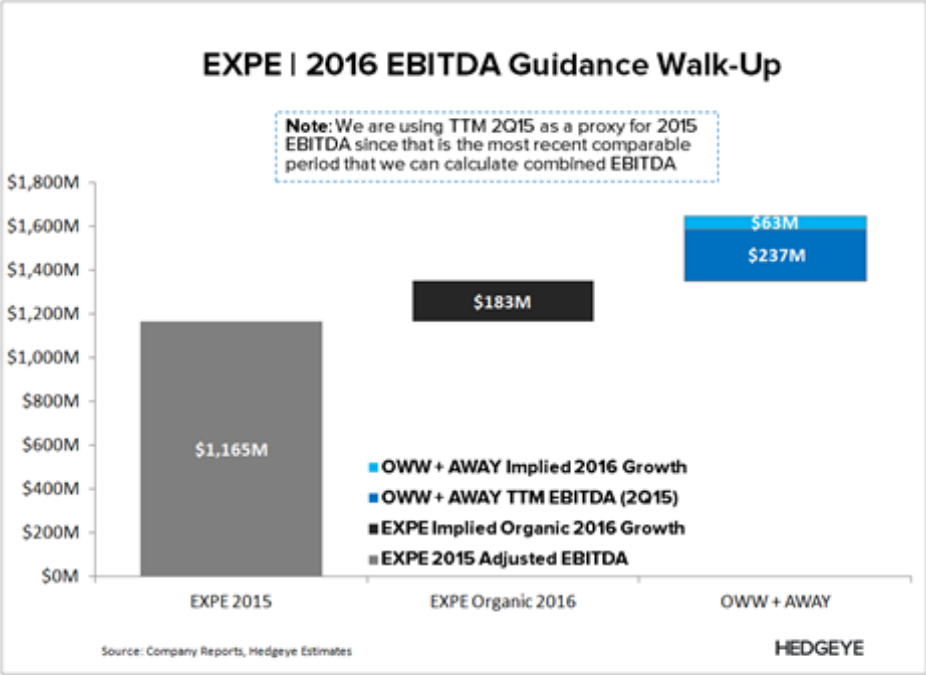
Utilities (XLU), ramped back up as Energy stocks reverse intraday yesterday. Utes (XLU) up a full +1% on the day taking their S&P Sector lead for 2016 back up to +15.0% vs. Financials (XLF) -1.3%; market sniffing out another dovish pivot?

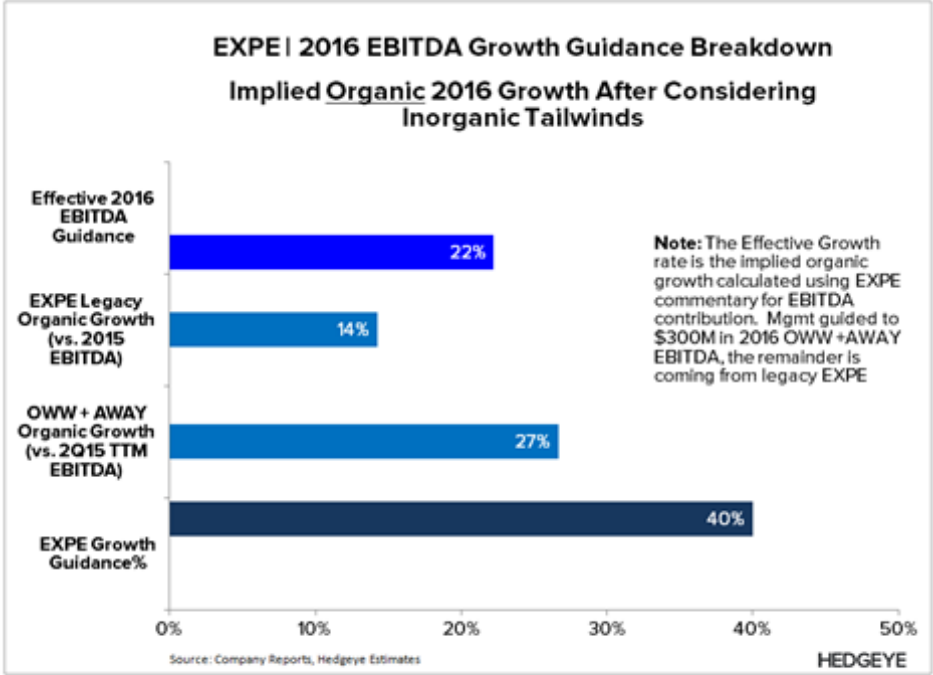


INTERNET & MEDIA

HESHAM SHAABAN

ORGANIC GUIDE < STATED GUIDE





INORGANIC (M&A) TAILWIND EFFECTIVELY EXTENDS THROUGH ALL OF 2016

EXPE didn't recognize OWW & AWAY EBITDA in 2015 given $33M in purchase accounting headwinds. So the effective organic guide for 2016 is actually closer to the low 20% range given a full-year of inorganic tailwinds

VERY LITTLE GOES A LONG WAY

AWAY NTM REVENUE GROWTH SCENARIO ANALYSIS FROM INTRODUCTION OF USER FEE										
REVENUE GROWTH ASSUMING FULL CANNIBALIZATION OF PAID LISTINGS TO ONLINE-BOOKING SUBSCRIPTION										
BOOKINGS	ONLINE CAPTURE RATE (% OF BOOKINGS)									
(millions)	*10%*	*15%*	*20%*	*25%*	*30%*	*35%*	*40%*	*45%*	*50%*	*55%*
$7,500	($73M)	($50M)	($28M)	($5M)	$17M	$40M	$62M	$85M	$107M	$130M
$8,250	($68M)	($44M)	($19M)	$6M	$31M	$55M	$80M	$105M	$130M	$154M
$9,000	($64M)	($37M)	($10M)	$17M	$44M	$71M	$98M	$125M	$152M	$179M
$9,750	($59M)	($30M)	($1M)	$28M	$58M	$87M	$116M	$145M	$175M	$204M
$10,500	($55M)	($23M)	$8M	$40M	$71M	$103M	$134M	$166M	$197M	$229M
$11,250	($50M)	($17M)	$17M	$51M	$85M	$118M	$152M	$186M	$220M	$253M
$12,000	($46M)	($10M)	$26M	$62M	$98M	$134M	$170M	$206M	$242M	$278M
$12,750	($41M)	($3M)	$35M	$73M	$112M	$150M	$188M	$226M	$265M	$303M
$13,500	($37M)	$4M	$44M	$85M	$125M	$166M	$206M	$247M	$287M	$328M
$14,250	($32M)	$10M	$53M	$96M	$139M	$181M	$224M	$267M	$310M	$352M
$15,000	($28M)	$17M	$62M	$107M	$152M	$197M	$242M	$287M	$332M	$377M
$15,750	($23M)	$24M	$71M	$118M	$166M	$213M	$260M	$307M	$355M	$402M
$16,500	($19M)	$31M	$80M	$130M	$179M	$229M	$278M	$328M	$377M	$427M

Notes

1 Assumes $118M headwind from full cannibalization of existing paid listings into subscription w/ online bookability

2 Assumes 6% User Fee

AWAY's TTM Listings Revenue (TTM 2Q15)	**$487M**
y/y growth %	11%
OWW + AWAY 2016 EBITDA Guidance (mid-point)	**$300M**
OWW + AWAY EBITDA (TTM 2Q15)	**$237M**
Implied OWW + AWAY 2016 EBITDA Growth	**$63M**

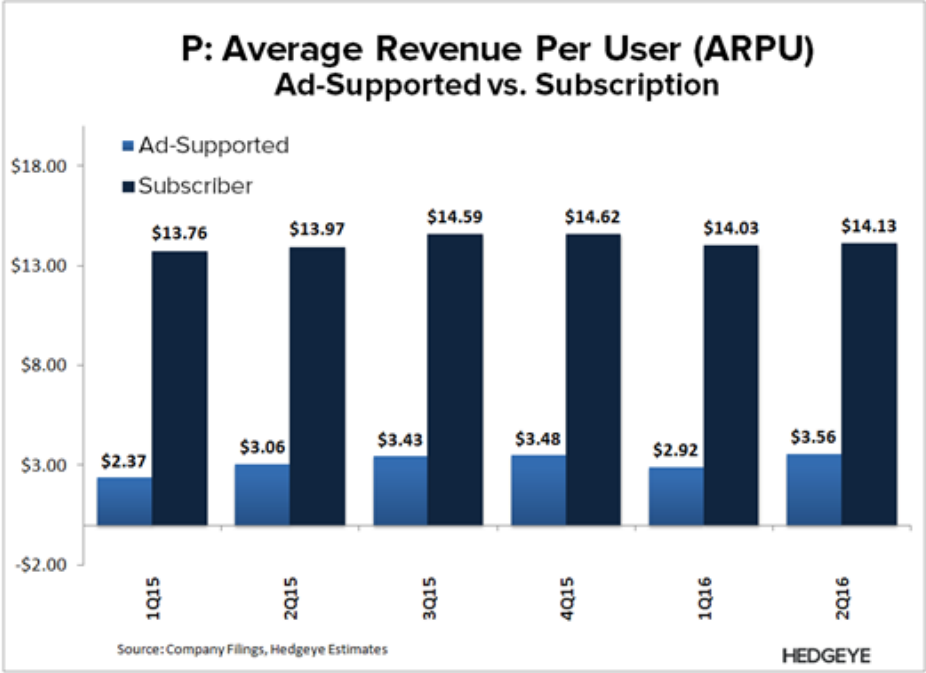
Source: Company filings, Hedgeye Estimates

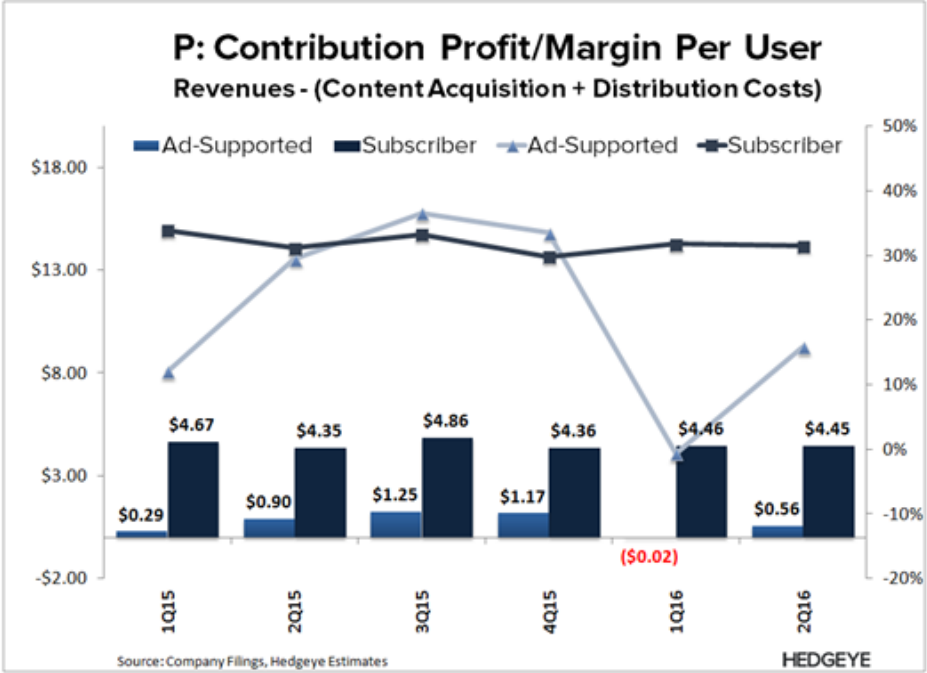
HEDGEYE

AWAY CAN DRIVE MATERIAL GROWTH, EVEN IF ITS SUBS LOSE BOOKINGS

Naturally timing issues around the transition will limit the 2016 opportunity, but the prior slide suggests we should some contribution this year. Either way, very little goes a long way to proving out the AWAY bull case narrative.

SUB = BETTER MONETIZED





BOTH FROM A REVENUE AND PROFIT PERSPECTIVE

Remember the sub model should only improve with the lower Web IV royalty rate & the Apple Tax reset, which kicks in 2H16. Ultimately, the sub model is far more viable, question is whether there's a market for it

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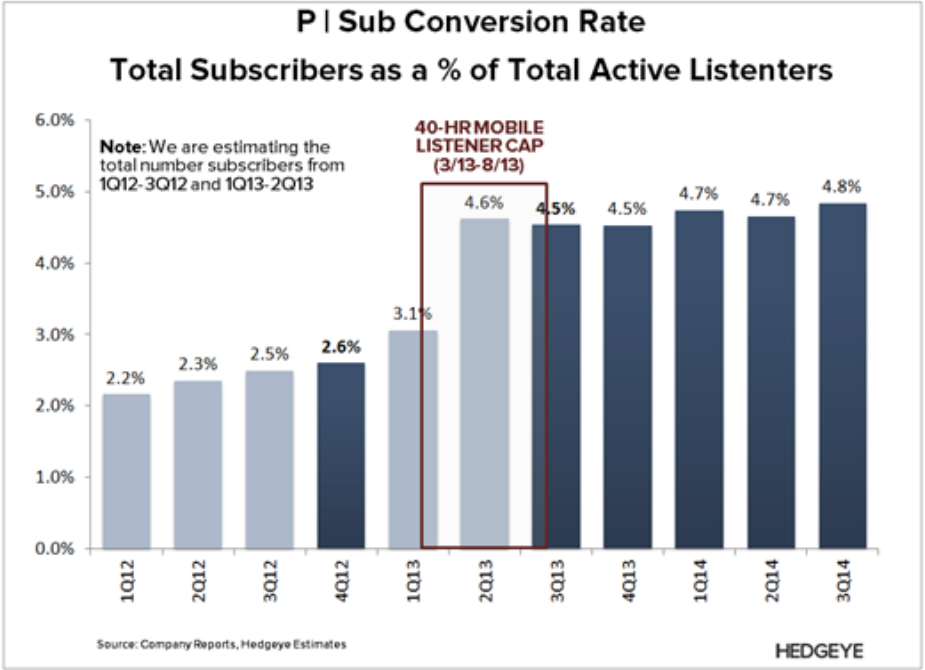
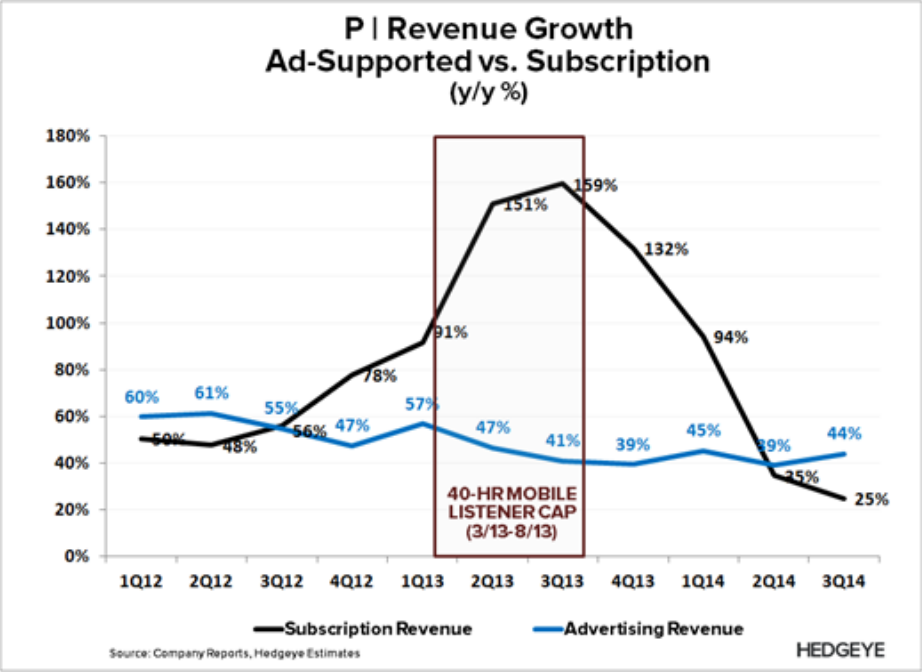
OPTION #2: CURB THE AD PRODUCT





LISTENER CAP HAS WORKED BEFORE, BUT P MUST WAIT ON SPOTIFY FIRST

The availability of the uncapped free option may be facilitating the user's reluctance to pay. P doesn't have to implement an identical cap to 2013, but could selectively deploy (e.g. heavy users, certain geographies, etc)

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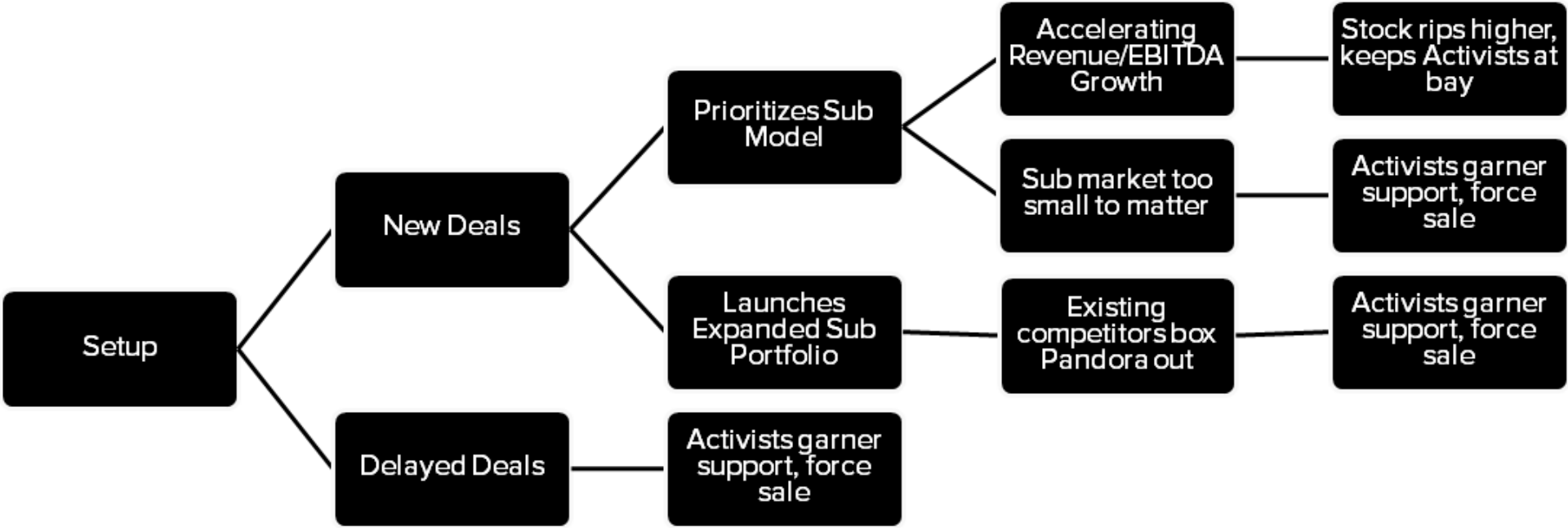
P | ALL ROADS LEAD TO ROME (HIGHER)



STOCK WORKS EITHER WAY (EXECUTE OR SELL)

Either mgmt executes on its expanded sub launch or facing increasing pressure to sell the company, which we suspect would be met with limited investor resistance if expanded sub launch sputters out.

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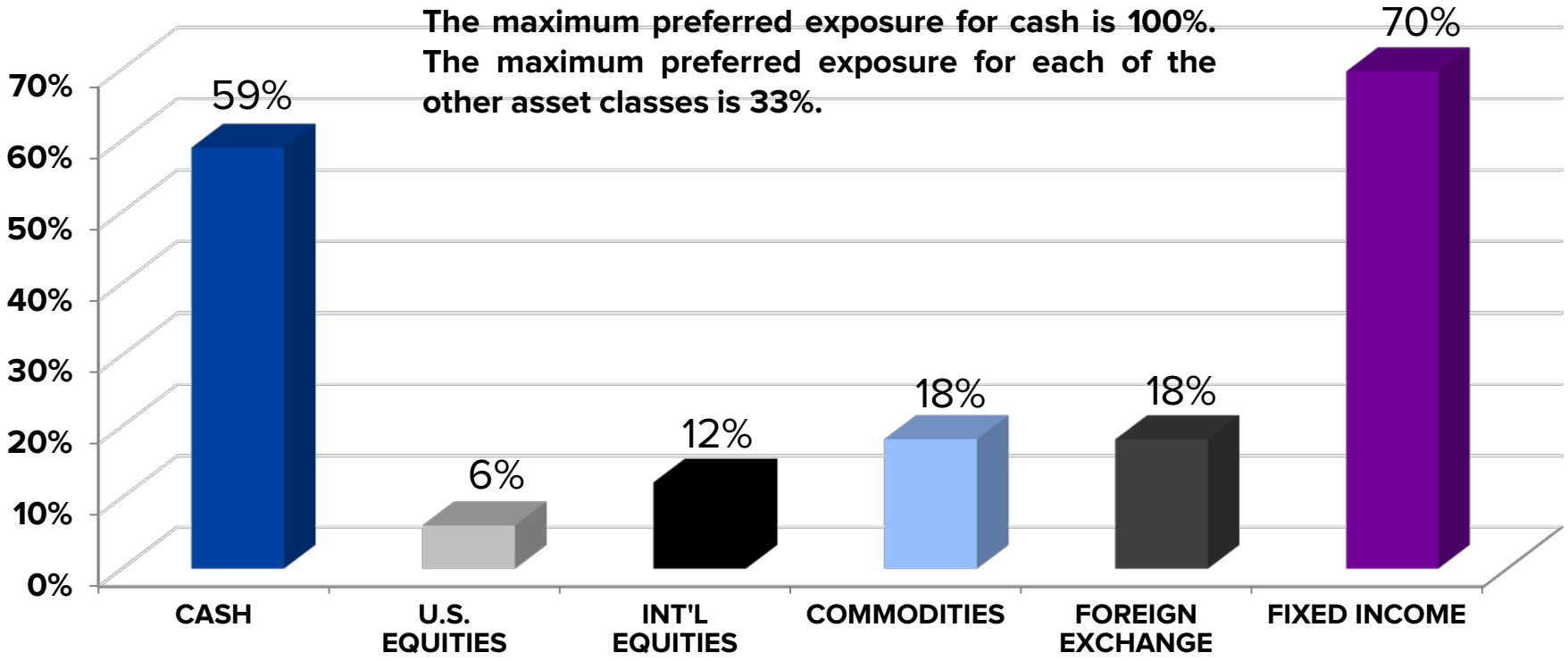
MACRO GRIND

HEDGEYE ASSET ALLOCATION



HEDGEYE SECTOR PERFORMANCE

HEDGEYE RISK MANAGEMENT - SECTOR PERFORMANCE

SECTOR	Ticker	Price	1-Day % Chg	MTD % Chg	YTD % Chg
Consumer Discretionary	XLY	$78.45	-0.08%	-2.62%	0.37%
Financial Select Sector	XLF	$19.31	0.68%	-4.26%	-1.32%
Health Care Select Sector	XLV	$71.85	-0.36%	-1.25%	-0.25%
Technology Select Sector	XLK	$47.12	-0.19%	0.28%	10.02%
Consumer Staples Select Sector	XLP	$52.68	-0.21%	-3.13%	4.34%
Industrial Select Sector	XLI	$56.86	0.44%	-2.95%	7.26%
Materials Select Sector	XLB	$46.83	0.15%	-3.56%	7.85%
The Energy Select Sector	XLE	$67.44	-0.01%	-1.56%	11.80%
Utilities Select Sector	XLU	$49.75	0.99%	1.06%	14.95%
S&P 500	SPX	2,139.12	0.00%	-1.47%	4.66%

HEDGEYE SECTOR RELATIVE PERFORMANCE

	Ticker	Price	1-Day % Chg	MTD % Chg	YTD % Chg
Consumer Discretionary	XLY	$78.45	-0.07%	-1.15%	-4.29%
Financial Select Sector	XLF	$19.31	0.68%	-2.79%	-5.98%
Health Care Select Sector	XLV	$71.85	-0.36%	0.22%	-4.91%
Technology Select Sector	XLK	$47.12	-0.19%	1.74%	5.36%
Consumer Staples Select Sector	XLP	$52.68	-0.21%	-1.66%	-0.32%
Industrial Select Sector	XLI	$56.86	0.44%	-1.49%	2.61%
Materials Select Sector	XLB	$46.83	0.15%	-2.10%	3.20%
The Energy Select Sector	XLE	$67.44	-0.01%	-0.10%	7.15%
Utilities Select Sector	XLU	$49.75	1.00%	2.52%	10.29%

HEDGEYE STYLE FACTOR PERFORMANCE

	FACTOR	1D % Chg	1W % Chg	1M % Chg	3M % Chg	6M % Chg	YTD % Chg
Debt	High Debt/EV	0.2%	-1.7%	-2.0%	3.7%	5.3%	10.5%
	Low Debt/EV	0.1%	-0.7%	-3.5%	3.3%	3.0%	4.7%
SI	High Short Interest	-0.1%	-1.8%	-3.9%	3.5%	0.4%	3.5%
	Low Short Interest	0.2%	-1.0%	-2.1%	2.7%	5.1%	7.0%
BETA	High Beta	0.0%	-1.7%	-1.8%	6.5%	6.8%	5.6%
	Low Beta	0.4%	-0.3%	-2.7%	-0.5%	2.3%	8.7%
YIELD	High Yield	0.3%	-1.1%	-2.0%	2.2%	2.0%	8.6%
	Low Yield	0.1%	-1.3%	-2.3%	5.4%	8.3%	7.4%
MKT CAP	MCAP Bottom 25%	0.2%	-1.6%	-2.9%	2.6%	0.9%	4.2%
	MCAP Top 25%	0.0%	-0.9%	-2.2%	2.7%	4.1%	4.5%
Sales	Top 25% Sales Growth	-0.1%	-1.8%	-2.5%	4.2%	8.0%	8.8%
	Bottom 25% Sales Growth	0.3%	-1.4%	-3.2%	2.9%	1.7%	5.5%
EPS	Top 25% EPS Growth	0.2%	-1.2%	-2.1%	3.9%	7.1%	6.7%
	Bottom 25% EPS Growth	0.1%	-2.0%	-3.2%	1.5%	2.4%	7.2%

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

HEDGEYE RATES & SPREADS

	Price	1D Bps Chg	5D Bps Chg	1M Bps Chg	3M Bps Chg	vs. 52-Wk, Bps High	vs. 52-Wk, Bps Low	vs. 3Y Ave	vs. 5Y Ave
3M T-Bill	0.24%	-3.6	-11.8	-6	-1	-13	29	15	17
3M LIBOR	0.86%	0.0	0.1	4	21	0	54	49	48
2Y T-Note	0.77%	1.2	0.4	3	8	-32	28	19	31
5Y T-Note	1.21%	1.5	1.7	5	10	-61	32	-27	-3
10Y T-Note	1.70%	1.2	4.2	13	10	-67	39	-52	-42
30Y T-Note	2.45%	0.9	6.3	17	3	-68	37	-57	-59
2Y-10Y Spread, Bps	93	0.0	3.8	9.8	2	-35	11	-71	-73
IG SPREAD (AAABBB)	1.68%	0.0	-5.0	5	-17	-62	8	-2	-16
HIGH YIELD	6.43%	0.0	7.1	16	-84	-290	24	-17	-31
5Y BREAKEVEN	1.37%	0.0	2.9	1.7	-7.6	-26.9	51.6	-19.6	-34.5

CFTC NON-COMMERCIAL NET LONG POSITIONING

METRIC	Latest	W/W Chg	3M Ave	6M Ave	1Y Ave	Z-Score 1Y	Z-Score 3Y
SPX (Index + E-mini)	113,534	(79,747)	133,102	56,870	(53,74[illegible])	*1.18X*	*1.27X*
Russell 2000 (mini)	8,183	(15,166)	(5,342)	(26,359)	(36,69[illegible])	*1.90X*	*1.53X*
10Y Treasury	72,415	(56,539)	92,175	16,426	7,84[illegible]	*0.92X*	*1.42X*
CRUDE OIL	360,492	34,607	337,604	358,786	311,46[illegible]	*0.83X*	*0.39X*
GOLD	248,858	(30,136)	262,896	227,077	136,07[illegible]	*1.07X*	*2.08X*
COPPER	(25,506)	4,953	(13,065)	(17,805)	(20,640)	*-0.54X*	*-0.59X*
$USD	17,006	172	15,317	13,731	25,947	*-0.65X*	*-0.55X*
JPY	57,687	4,280	49,080	50,149	21,812	*0.80X*	*1.74X*
EUR	(88,388)	13,897	(95,387)	(68,511)	(88,468)	*0.00X*	*-0.06X*
GBP	(81,972)	6,172	(74,285)	(58,245)	(40,077)	*-1.59X*	*-2.10X*

MARKET SHARE VOLUME & TOTAL VALUE TRADED

INDEX/SECURITY	VOLUME: (9/19) vs.			
	Prior Day	1M Ave	3M ave	1Y Ave
Total Market Volume*	-32%	-12%	-13%	-23%
Total Exchange Volume**	-37%	-9%	-11%	-17%

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

**Tape A+B+C volume = total US exchange volume

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

KEY $USD CORRELATIONS

METRIC	15D	30D	90D	120D	180D	52-Wk Rolling 30D Correlation			
						High	Low	% Time Pos	% Time Neg
SPX	-0.16	-0.28	0.26	0.47	-0.52	*0.73*	*-0.91*	*55%*	*45%*
BRENT Oil	-0.43	-0.71	-0.57	-0.12	-0.66	*0.73*	*-0.78*	*34%*	*66%*
CRB Index	-0.25	-0.46	-0.39	-0.12	-0.78	*0.71*	*-0.91*	*18%*	*82%*
GOLD	-0.83	-0.57	0.38	0.47	-0.50	*0.90*	*-0.95*	*23%*	*77%*

**Days = Trading Days*