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#### HEDGEYE ASSET ALLOCATION

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
10/13/2016	48	8	3	14	0	27
10/14/2016	52	6	4	13	0	25

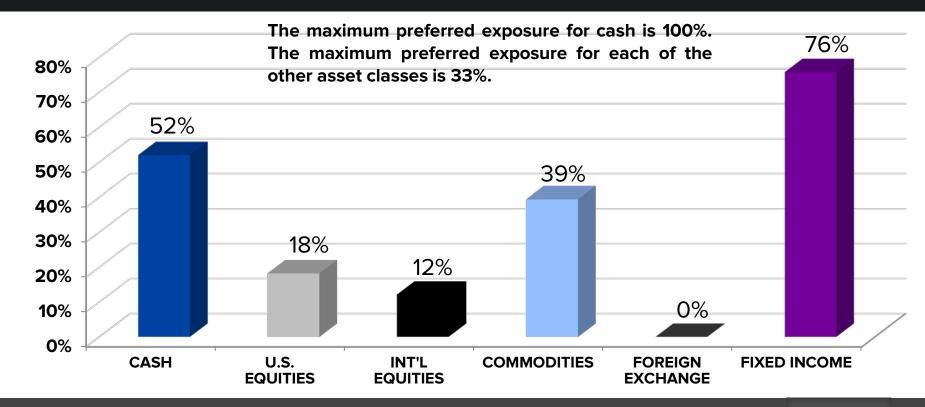
	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
10/13/2016	48%	24%	9%	42%	0%	82%
10/14/2016	52%	18%	12%	39%	0%	76%

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

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#### HEDGEYE ASSET ALLOCATION



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# 1 UK **L** COPPER SECTORS





# SECTORS

Basic Materials (XLB, -3.3% OCT to-date), Healthcare (XLV, -2.8% OCT), and Industrials (XLI, -2.2% OCT) are the 3 worst performing sectors so far with Earnings Season underway. Financials (XLF) is +0.2% OCT at -0.1% YTD and we don't think that's going to hold as consumer credit continues to deteriorate.

## MACRO GRIND

#### **10-YEAR UK TREASURY YIELD INDEX**



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#### COPPER CONTINUOUS CONTRACT



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#### LIGHT CRUDE OIL



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#### THAILAND SET INDEX



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#### **S&P 500 REVENUES & EARNINGS COMPS**

Q2 2016 QTD

SECTOR	SALES GROWTH (% CHG)	EARNINGS GROWTH (% CHG)	#REPORTED
S&P 500 (Aggregate)	3.2%	1.5%	27 / 499
Energy	0.0%	0.0%	0 / 36
Materials	-1.9%	6841.6%	2 / 27
Industrials	17.5%	13.5%	4 / 67
<b>Consumer Discretionary</b>	4.3%	-1.9%	8 / 83
Consumer Staples	-0.8%	4.7%	6 / 37
Healthcare	0.0%	0.0%	0 / 58
Financials	0.0%	0.0%	0 / 64
Information Technology	4.7%	-5.3%	7 / 66
Telecom	0.0%	0.0%	0 / 5
Utilities	0.0%	0.0%	0 / 28
Source: BBG	0.0%	0.0%	0 / 28

Source: BBG

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### HEDGEYE SECTOR PERFORMANCE

			1-Day %	MTD %	YTD %
SECTOR	<u>Ticker</u>	<u>Price</u>	<u>Chg</u>	<u>Chg</u>	<u>Chg</u>
Consumer Discretionary	XLY	\$78.98	-0.37%	-1.32%	1.05%
Financial Select Sector	XLF	\$19.33	-0.97%	0.16%	-0.11%
Health Care Select Sector	XLV	\$70.09	0.04%	-2.80%	-2.69%
Technology Select Sector	XLK	\$47.19	-0.63%	-1.23%	10.18%
Consumer Staples Select Sector	XLP	\$52.36	0.02%	-1.60%	3.70%
Industrial Select Sector	XLI	\$57.11	-0.04%	-2.18%	7.73%
Materials Select Sector	XLB	\$46.17	-0.52%	-3.31%	6.33%
The Energy Select Sector	XLE	\$70.21	-0.55%	-0.57%	16.40%
Utilities Select Sector	XLU	\$48.02	1.24%	-1.98%	10.95%
S&P 500	SPX	2,132.55	-0.31%	-1.65%	4.34%

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THE MACRO SHOW



#### HEDGEYE SECTOR RELATIVE PERFORMANCE

			1-Day %	MTD %	YTD %
	<u>Ticker</u>	<u>Price</u>	<u>Chg</u>	Chg	<u>Chg</u>
Consumer Discretionary	XLY	\$78.98	-0.06%	0.32%	-3.29%
Financial Select Sector	XLF	\$19.33	-0.66%	1.80%	-4.44%
Health Care Select Sector	XLV	\$70.09	0.35%	-1.15%	-7.03%
Technology Select Sector	XLK	\$47.19	-0.32%	0.41%	5.84%
Consumer Staples Select Sector	XLP	\$52.36	0.33%	0.05%	-0.63%
Industrial Select Sector	XLI	\$57.11	0.27%	-0.53%	3.40%
Materials Select Sector	XLB	\$46.17	-0.21%	-1.66%	2.00%
The Energy Select Sector	XLE	\$70.21	-0.24%	1.08%	12.06%
Utilities Select Sector	XLU	\$48.02	1.55%	-0.33%	6.62%

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#### HEDGEYE STYLE FACTOR PERFORMANCE

	FACTOR	1D % Chg	1W % Chg	1M % Chg	3M % Chg	<b>6M</b> % Chg	YTD % Chg
五	High Debt/EV	-0.2%	-1.6%	-0.3%	-1.4%	3.4%	9.5%
Debt	Low Debt/EV	-0.2%	-1.7%	0.5%	-1.3%	1.2%	4.6%
IS	High Short Interest	-0.5%	-2.1%	0.8%	-0.6%	1.3%	5.6%
- 01	Low Short Interest	-0.3%	-1.6%	-0.3%	-1.5%	2.3%	5.1%
BETA	High Beta	-0.9%	-3.2%	1.3%	3.7%	6.4%	6.8%
- 8	Low Beta	0.3%	0.2%	-0.5%	-6.1%	0.6%	8.2%
YIELD	High Yield	-0.2%	-0.9%	0.0%	-3.1%	1.0%	7.1%
YIE	Low Yield	-0.2%	-2.5%	-0.5%	0.5%	4.2%	7.0%
MKT	MCAP Bottom 25%	-0.7%	-2.4%	-0.5%	-1.9%	-0.2%	3.9%
Σδ	MCAP Top 25%	-0.3%	-1.4%	0.1%	-1.1%	2.2%	4.2%
Sales	Top 25% Sales Growth	-0.2%	-1.7%	0.1%	0.1%	4.1%	8.7%
Sa	Bottom 25% Sales Growth	-0.4%	-1.8%	0.0%	-1.7%	1.2%	5.0%
EPS	Top 25% EPS Growth	-0.4%	-2.0%	-0.4%	0.0%	4.3%	5.9%
	Bottom 25% EPS Growth	-0.2%	-1.6%	0.5%	-1.9%	1.1%	6.7%

<sup>\*</sup>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
0.28%	-5.6	-3.6	-7	-2	-9	29	19	20
0.88%	0.0	1.0	3	20	0	57	50	50
0.83%	-2.4	-1.5	4	17	-26	34	24	36
1.26%	-3.3	-1.9	1	20	-57	37	-22	1
1.74%	-2.8	0.4	1	27	-63	42	-46	-37
2.48%	-2.2	2.3	1	30	-66	39	-51	-56
91	-0.4	1.9	-2.2	10	-37	8	-70	-74
1.65%	0.0	2.0	-1	-5	-65	7	-5	-18
6.43%	2.3	11.7	1	-3	-290	27	-17	-27
1.54%	0.0	0.6	20.5	10.5	-9.6	68.8	-1.6	-17.2
	0.28% 0.88% 0.83% 1.26% 1.74% 2.48% 91 1.65% 6.43%	Price Bps Chg 0.28% -5.6 0.88% 0.0 0.83% -2.4 1.26% -3.3 1.74% -2.8 2.48% -2.2 91 -0.4 1.65% 0.0 6.43% 2.3	Price         Bps Chg         Bps Chg           0.28%         -5.6         -3.6           0.88%         0.0         1.0           0.83%         -2.4         -1.5           1.26%         -3.3         -1.9           1.74%         -2.8         0.4           2.48%         -2.2         2.3           91         -0.4         1.9           1.65%         0.0         2.0           6.43%         2.3         11.7	Price         Bps Chg         Bps Chg         Bps Chg           0.28%         -5.6         -3.6         -7           0.88%         0.0         1.0         3           0.83%         -2.4         -1.5         4           1.26%         -3.3         -1.9         1           1.74%         -2.8         0.4         1           2.48%         -2.2         2.3         1           91         -0.4         1.9         -2.2           1.65%         0.0         2.0         -1           6.43%         2.3         11.7         1	Price         Bps Chg         Bps Chg         Bps Chg         Bps Chg         Bps Chg           0.28%         -5.6         -3.6         -7         -2           0.88%         0.0         1.0         3         20           0.83%         -2.4         -1.5         4         17           1.26%         -3.3         -1.9         1         20           1.74%         -2.8         0.4         1         27           2.48%         -2.2         2.3         1         30           91         -0.4         1.9         -2.2         10           1.65%         0.0         2.0         -1         -5           6.43%         2.3         11.7         1         -3	Price         Bps Chg         Bps Chg         Bps Chg         Bps Chg         High           0.28%         -5.6         -3.6         -7         -2         -9           0.88%         0.0         1.0         3         20         0           0.83%         -2.4         -1.5         4         17         -26           1.26%         -3.3         -1.9         1         20         -57           1.74%         -2.8         0.4         1         27         -63           2.48%         -2.2         2.3         1         30         -66           91         -0.4         1.9         -2.2         10         -37           1.65%         0.0         2.0         -1         -5         -65           6.43%         2.3         11.7         1         -3         -290	Price         Bps Chg         Bps Chg         Bps Chg         Bps Chg         High         Low           0.28%         -5.6         -3.6         -7         -2         -9         29           0.88%         0.0         1.0         3         20         0         57           0.83%         -2.4         -1.5         4         17         -26         34           1.26%         -3.3         -1.9         1         20         -57         37           1.74%         -2.8         0.4         1         27         -63         42           2.48%         -2.2         2.3         1         30         -66         39           91         -0.4         1.9         -2.2         10         -37         8           1.65%         0.0         2.0         -1         -5         -65         7           6.43%         2.3         11.7         1         -3         -290         27	Price         Bps Chg         Bps Chg         Bps Chg         High         Low         3Y Ave           0.28%         -5.6         -3.6         -7         -2         -9         29         19           0.88%         0.0         1.0         3         20         0         57         50           0.83%         -2.4         -1.5         4         17         -26         34         24           1.26%         -3.3         -1.9         1         20         -57         37         -22           1.74%         -2.8         0.4         1         27         -63         42         -46           2.48%         -2.2         2.3         1         30         -66         39         -51           91         -0.4         1.9         -2.2         10         -37         8         -70           1.65%         0.0         2.0         -1         -5         -65         7         -5           6.43%         2.3         11.7         1         -3         -290         27         -17

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#### **CFTC NON-COMMERCIAL NET LONG POSITIONING**

							Score
METRIC	Latest	W/W Chg	3M Ave	6M Ave	1Y Ave	1 <b>Y</b>	3Y
SPX (Index + E-mini)	67,847	(21,095)	140,761	82,969	(35,075)	0.75X	0.86X
Russell 2000 (mini)	16,598	5,040	4,495	(17,737)	(34,070	1.94X	1.86X
10Y Treasury	144,958	(14,487)	105,478	37,848	15,201	1.66A	2.15X
CRUDE OIL	402,010	71,899	336,177	357,615	314,296	1.45X	1.07X
GOLD	205,176	(56,716)	252,835	234,617	147,093	0.56X	1.41X
COPPER	786	3,002	(8,641)	(17,853)	(20,120)	1.43X	1.25X
\$USD	12,050	(78)	15,644	13,200	24,145	-0.90X	-0.77X
JPY	69,211	659	52,369	51,685	26,862	0.95X	1.83X
EUR	(88,879)	(6,358)	(99,525)	(72,014)	(88,996)	0.00X	-0.02X
GBP	(94,283)	(7,537)	(81,917)	(62,824)	(44,612)	-1.89X	2.34X

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#### **MARKET SHARE VOLUME & TOTAL VALUE TRADED**

INDEX/SECURITY	VOLUME: (10/13) vs.							
	Prior Day	1M Ave	3M ave	1Y Ave				
Total Market Volume*	14%	26%	37%	21%				
Total Exchange Volume**	20%	-1%	4%	-7%				

TV

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

<sup>\*\*</sup>Tape A+B+C volume = total US exchange volume

<sup>\*\*\*</sup> Total Traded Value for Russell 3000 (total mkt proxy)

## KEY \$USD CORRELATIONS

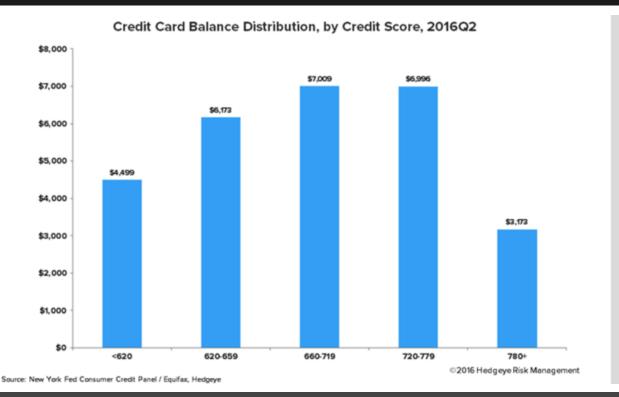
52-Wk Rolling 30D Correlation

METRIC	15D	30D	90D	120D	180D	High	Low	% Time Pos	% Time Neg
SPX	-0.67	-0.39	0.17	0.42	-0.19	0.64	-0.91	47%	53%
BRENT Oil	0.79	0.66	-0.18	-0.15	-0.36	0.73	-0.78	37%	63%
CRB Index	-0.60	-0.42	-0.35	-0.15	-0.62	0.71	-0.91	18%	82%
GOLD	-0.88	-0.90	-0.02	0.24	-0.02	0.90	-0.95	23%	77%

<sup>\*</sup>Days = Trading Days

TV

#### LEVERAGE \* & RISK = UNDERAPPRECIATED



We've interpolated the Fed's histogram to try and understand average balances by credit score bucket. Surprisingly, the deep subprime bucket (sub-620) and the traditional subprime bucket (620-659) carry average balances not dissimilar from prime borrowers. This means the risk of these borrowers is greater than what's generally understood.

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