

LEGAL

DISCLAIMER

Hedgeye Risk Management is a registered investment advisor, registered with the State of Connecticut. Hedgeye Risk Management is not a broker dealer and does not provide investment advice to individuals. This research does not constitute an offer to sell, or a solicitation of an offer to buy any security. This research is presented without regard to individual investment preferences or risk parameters; it is general information and does not constitute specific investment advice. This presentation is based on information from sources believed to be reliable. Hedgeye Risk Management is not responsible for errors, inaccuracies or omissions of information. The opinions and conclusions contained in this report are those of Hedgeye Risk Management, and are intended solely for the use of Hedgeye Risk Management's clients and subscribers. In reaching these opinions and conclusions, Hedgeye Risk Management and its employees have relied upon research conducted by Hedgeye Risk Management's employees, which is based upon sources considered credible and reliable within the industry. Hedgeye Risk Management is not responsible for the validity or authenticity of the information upon which it has relied.

TERMS OF USE

This report is intended solely for the use of its recipient. Re-distribution or republication of this report and its contents are prohibited. For more detail please refer to the appropriate sections of the Hedgeye Services Agreement and the Terms of Use at www.hedgeye.com.

HEDGEYE ASSET ALLOCATION

	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
5/31/2016	77	0	0	6	6	11
6/1/2016	77	0	0	6	6	11

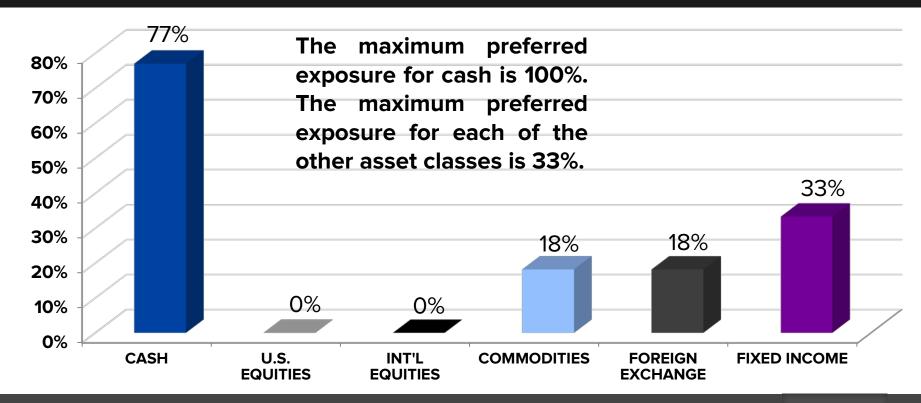
	CASH	U.S. EQUITIES	INT'L EQUITIES	COMMODITIES	FOREIGN EXCHANGE	FIXED INCOME
5/31/2016	77%	0%	0%	18%	18%	33%
6/1/2016	77%	0%	0%	18%	18%	33%

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

June 1, 2016



HEDGEYE ASSET ALLOCATION



June 1, 2016



PMIS YIELDS S&P 500

PMIS

One narrative (for almost a year now) has been that "PMIs have bottomed" – and, clearly, post yesterday's Chicago PMI of 49.3, last night's China PMI of 50.2, and this morning's 3 month low Eurozone PMI of 51.5, they have not – neither has copper and/or "Chinese demand."



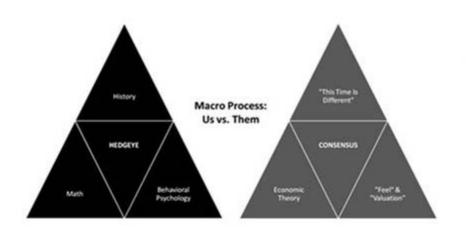
Around the world (Swiss 10YR Yield hitting new lows this morning at -0.40%), long-term yields have had #TheCycle right from a GDP #GrowthSlowing perspective – the question now is, with the Fed "probably" raising rates in June/July, what do we do with our league leading positions in Long-Term Bonds, Munis, Utes, etc? We believe it's time to book some gains and enjoy the summer – we can always buy them back.

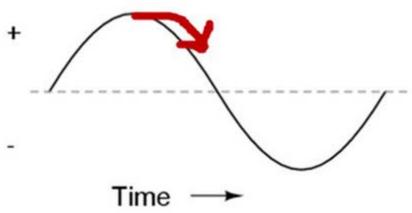
YORK STOCK EXCHANGE

S&P 500

It's a good thing they ramped SPX +1.4% on May 24th on a down -16% volume day (vs. the 1 month average) – that all but ensured that many aren't "beating the market" YTD unless they were super long #GrowthSlowing (Utes, XLU +13.6% YTD) and/or Reflation (Energy +10.9% YTD) for the period (MAR/APR) when Janet was diving dovish... now back to hawkish, because all is well, eh?

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 1, 2016



TOKYO NIKKEI 225 AVERAGE INDEX

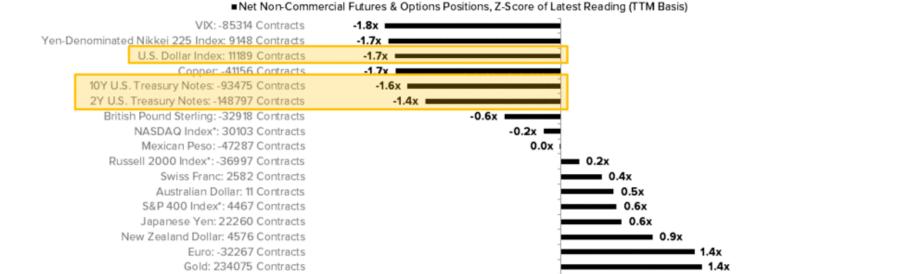


June 1, 2016



ONE OF THESE THINGS IS NOT LIKE THE OTHER

HOW CAN INVESTOR CONSENSUS BE RELATIVELY BEARISH ON THE DOLLAR AND TREASURIES AT THE SAME TIME?



June 1, 2016

Crude Oil: 393660 Contracts Canadian Dollar: 20262 Contracts

-2.5x

-2.0x

-1.5x

S&P 500 Index: 95251 Contracts

HEDGEYE THE MACRO SHOW

-1.0x

-0.5x

0.5x

x0.0

1.0x

1.5 x

2.0x

2.0x

2.5x

2.7x

3.0x

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	\$79.24	-0.10%	0.05%	1.38%
Financial Select Sector	XLF	\$23.75	-0.25%	1.89%	-0.34%
Health Care Select Sector	XLV	\$71.35	0.24%	2.23%	-0.94%
Technology Select Sector	XLK	\$44.19	0.20%	4.89%	3.18%
Consumer Staples Select Sector	XLP	\$52.66	-0.64%	0.69%	4.30%
Industrial Select Sector	XLI	\$55.92	-0.02%	-0.43%	5.49%
Materials Select Sector	XLB	\$46.94	-0.51%	-0.34%	8.11%
The Energy Select Sector	XLE	\$66.87	-0.39%	-0.93%	10.86%
Utilities Select Sector	XLU	\$49.15	0.66%	1.51%	13.56%
S&P 500	SPX	2,096.95	-0.10%	1.53%	2.59%

June 1, 2016

THE MACRO SHOW

HEDGEYE

TV

HEDGEYE SECTOR RELATIVE PERFORMANCE

			1-Day %	MTD %	YTD %
	<u>Ticker</u>	<u>Price</u>	<u>Chg</u>	Chg	<u>Chg</u>
Consumer Discretionary	XLY	\$79.24	0.00%	-1.48%	-1.21%
Financial Select Sector	XLF	\$23.75	-0.15%	0.36%	-2.93%
Health Care Select Sector	XLV	\$71.35	0.34%	0.70%	-3.54%
Technology Select Sector	XLK	\$44.19	0.30%	3.36%	0.58%
Consumer Staples Select Sector	XLP	\$52.66	-0.54%	-0.84%	1.70%
Industrial Select Sector	XLI	\$55.92	0.08%	-1.96%	2.90%
Materials Select Sector	XLB	\$46.94	-0.41%	-1.87%	5.51%
The Energy Select Sector	XLE	\$66.87	-0.29%	-2.47%	8.27%
Utilities Select Sector	XLU	\$49.15	0.76%	-0.02%	10.97%

June 1, 2016



HEDGEYE STYLE FACTOR PERFORMANCE

	FACTOR	1D % Chg	1W % Chg	1M % Chg	3M % Chg	6M % Chg	YTD % Chg
五	High Debt/EV	0.5%	3.4%	-0.5%	14.6%	2.5%	7.9%
å	Low Debt/EV	0.0%	2.5%	1.8%	6.8%	0.9%	2.4%
SI	High Short Interest	0.4%	3.4%	-0.2%	10.7%	0.0%	5.1%
S	Low Short Interest	-0.1%	2.3%	2.0%	10.5%	3.1%	4.4%
BETA	High Beta	0.3%	4.1%	1.8%	17.7%	-3.8%	4.1%
86	Low Beta	-0.2%	1.6%	1.5%	6.0%	9.8%	8.0%
YIELD	High Yield	0.1%	2.6%	-0.5%	8.6%	2.4%	5.5%
YIE	Low Yield	0.2%	3.2%	2.4%	12.3%	0.1%	3.5%
MKT	MCAP Bottom 25%	0.2%	3.0%	-0.2%	10.7%	-2.6%	2.7%
≥ 2	MCAP Top 25%	-0.2%	2.1%	1.4%	8.7%	0.9%	2.6%
es	Top 25% Sales Growth	-0.2%	2.5%	1.9%	15.8%	0.2%	5.1%
Sales	Bottom 25% Sales Growth	0.3%	3.0%	0.0%	7.9%	1.7%	4.5%
EPS	Top 25% EPS Growth	0.0%	2.6%	2.6%	13.1%	1.0%	3.9%
<u> </u>	Bottom 25% EPS Growth	0.2%	2.9%	-0.2%	12.8%	2.9%	7.5%

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

TV TV

HEDGEYE RATES & SPREADS

		1D	5D	1M	3M	vs. 52-1	Vk, Bps	vs.	vs.
	Price	Bps Chg	Bps Chg	Bps Chg	Bps Chg	High	Low	3Y Ave	5Y Ave
3M T-Bill	0.28%	-3.1	-6.6	7	-4	-8	33	22	22
3M LIBOR	0.67%	0.0	0.8	4	4	0	39	35	33
2Y T-Note	0.88%	-3.0	-3.0	10	11	-22	34	33	44
5Y T-Note	1.38%	-1.0	-3.0	8	16	-45	40	-14	12
10Y T-Note	1.85%	-0.5	-1.7	1	11	-65	32	-48	-34
30Y T-Note	2.64%	-0.3	-0.1	-3	3	-61	27	-51	-50
2Y-10Y Spread, Bps	97	2.4	1.3	-8.5	1	-43	-3	-81	-78
IG SPREAD (AAABBB)	1.76%	-1.0	-3.0	-3	-52	-54	9	6	-9
HIGH YIELD	7.29%	0.0	-9.7	-10	-116	-204	124	72	50
5Y BREAKEVEN	1.49%	-3.3	-2.2	-10.7	22.8	-25.2	63.6	-12.3	-25.4
						Į)	

THE MACRO SHOW

HEDGEYE

TV

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)	95,251	85,621	(66,562)	(108,058)	(123,989)	2.73X	1.10X
Russell 2000 (mini)	(36,997)	8,765	(56,234)	(53,813)	(40,537)	0.19X	-0.52X
10Y Treasury	(93,475)	38,090	(52,793)	(21,346)	(15,368)	-1.55X	-0.48X
CRUDE OIL	393,660	(14,909)	368,187	299,462	298,384	1.65X	0.90X
GOLD	169,491	(58,160)	183,185	103,390	65,646	1.35X	1.83X
COPPER	(41,156)	(10,531)	(14,489)	(23,657)	(21,428)	-1.67X	-1.76X
\$USD	11,189	742	14,765	26,768	39,153	-1.68X	-0.84X
JPY	22,260	(36,120)	55,220	34,245	(13,098)	0.62X	1.57X
EUR	(32,267)	(12,845)	(44,005)	(79,297)	(92,165)	1.36X	0.53X
GBP	(32,918)	4,487	(39,757)	(35,464)	(23,928)	-0.57X	-0.81X

June 1, 2016

THE MACOO CHOW

MARKET SHARE VOLUME & TOTAL VALUE TRADED

INDEX/SECURITY	VOLUME: (5/31) vs.							
	Prior Day	1M Ave	3M ave	1Y Ave				
Total Market Volume*	30%	2%	1%	0%				
Total Exchange Volume**	47%	17%	14%	11%				

TV

^{*}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)