MOULTON WEALTH MANAGEMENT INC.

"MOLTEN HOT" MINUTES

SPECIALIZING IN RETIREMENT AND TAX PLANNING

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Week of April 19, 2021

Per a disaster declaration by Governor Inslee, all gatherings are limited. If you were planning to attend a seminar and don't wish to wait until there is a change in the restrictions please call the office for a free Financial Physical.

Everything is "Booming"!

FINANCIAL PHYSICAL

Due to the Lock Down, Seminars are on hold. If you'd like a phone based Financial Physical, please call…

509-922-3110

OUR FINANCIAL PHYSICALS REVIEW:

1. **PROTECTION**
2. **ESTATE PLANNING**
3. **TAXES**
4. **RETIREMENT**
5. **INVESTMENTS**

The headlines seem unanimous as a Google search of "Booming Economics" along with Investech Research yielded …

"U.S. Data says Boom"…

"Get ready for the Coming Boom"

"China's First-Quarter Growth is Expected to Boom"

"Wall Street banks see economic boom"

"Wall Street Anticipates Economic Boom with Soaring Profits"

"Optimistic Fed policymakers see U.S. economy about to boom"

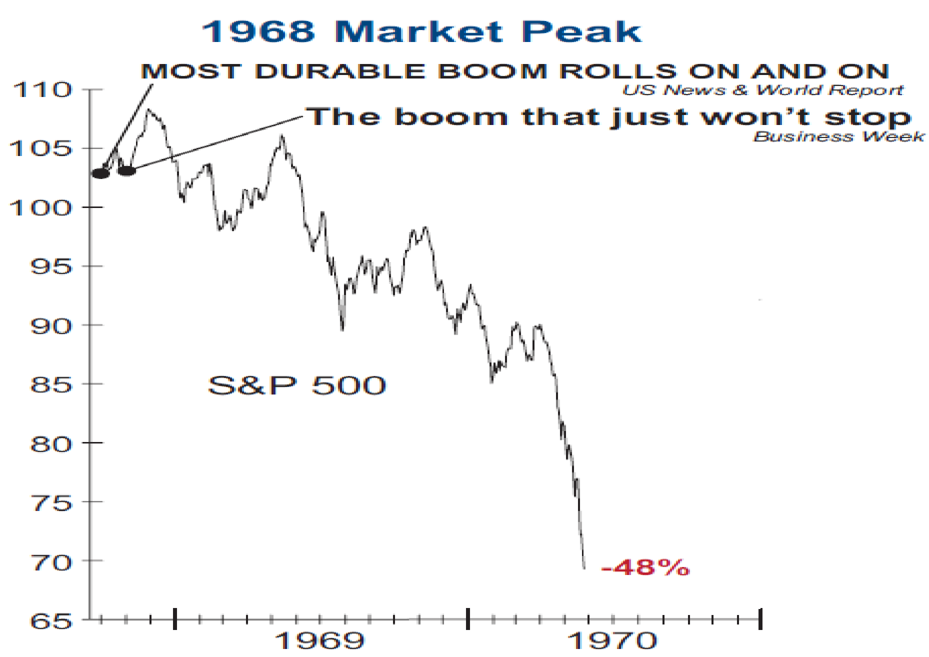
"Funds Bet on a Consumer Boom to Rival 'Roaring Twenties'"

"Job growth in February may signal start of a hiring boom as the economy reopens"

"Goldman Sachs predicts economic boom on U.S. Covid recovery"

"The economy is expected to boom in the second quarter, and that's good news for stocks"

"America's boom has begun. Can it last?"

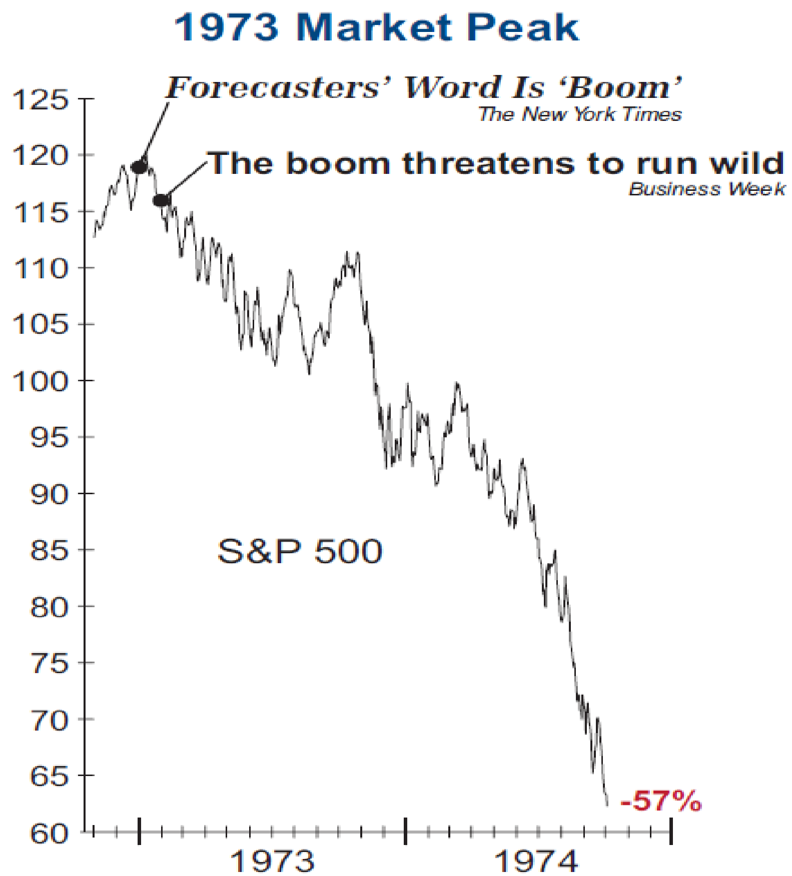


If ever there was a time to throw caution to the wind, it would be now, right? After all, everything is "booming".

Investech Research warns that this abundance of "boom" headlines should be important for investors, but maybe not for the reasons one might expect.

In late 1968 the U.S. was enjoying one of the longest expansions on record. Both stock prices and economic data was "booming", seemingly pointing to endlessly higher prices. Yet what happened was the opposite, with the biggest bear market (at the time) since the Great Depression (see previous page).

Just five years later, in late 1972, a young Alan Greenspan proclaimed "It's very rare that you can be as unqualifiedly bullish as you can now." Again the infamous "boom" began to appear in headlines, coinciding almost exactly with the start of the devastating 1973-1974 bear market.



Most of us remember the Dot.com stock market, the biggest bubble in NASDAQ history. The word "BOOM" was featured in five inch high letters on the front of Business Week just a week before the infamous market top.

As in previous "boom" times, the end of market gains seemed nowhere in sight, yet the coming decline ended up being devastating.

Finally, the housing bubble wasn't spared. The first "Boom" headlines appeared at a preliminary peak in 2006, more than a year before the final bull market high. They resurfaced again in 2007, just prior to the final market top. This time Fortune magazine proclaimed it “The Greatest Economic Boom Ever”.

What did all of these have in common?

Extremes in investor psychology and consumer optimism.

As of today, we see no cracks in this bull market’s armor. In fact we’ve said for some time we expected Quad 2 (growth and inflation rising) as defined by our research team, Hedgeye, through at least the first half of the year. But we expect Quad 4 (growth and inflation falling) through the latter half of the year.

Quad 2 is very supportive for higher equity prices. Quad 4 is least supportive for equities.

Enjoy it while it lasts but NOW is the time to make sure you have a plan in place to protect yourself. A “plan” should be something mechanical in our opinion, if it is to be most effective in overriding human emotions.

Having a defensive system in place, when it’s not needed, costs little. Not having a defensive system in place, when it’s needed, may cost you a lot. Blaise Pascal, a brilliant 17-century mathematician famously argued it this way when considering belief in God…

If God exists, belief will lead to infinite joy in heaven, while disbelief would lead to infinite damnation in hell. But if God doesn’t exist, belief would have a finite cost, and disbelief would only have at best a finite benefit.

His conclusion?

Given that we can never prove God's existence, it's probably wiser to assume he exists because infinite damnation is much worse than a finite cost.

It's also probably wiser to assume we're closer to a bear market than farther and to institute a defensive system if you don't yet have one.

Otherwise, you may as well be staring down Clint Eastwood's famous movie character Dirty Harry and answering…

"You've got to ask yourself one question: Do I feel lucky?

Participate but protect.

Does the investment plan include a sell strategy to protect your downside?

Where are you getting your advice?

Are they fiduciaries?

Are they a Certified Financial Planner™?

Do they have a background in accounting, tax, finance?

Do they review all areas of your financial life (like income taxes, risk management, estate planning) or just talk about stocks?

Who benefits most from their "advice"?

If you're not a client, what is your advisor telling you about our current situation? If your advisor is not discussing these issues with you, shouldn't (s)he be? How much work do you think it takes to keep up on all of this as we try to do, and how much easier do you think it would be to simply repeat over and over…

- Never sell
- You can't time the market
- You're a long term investor
- The market always comes back
- Etc., etc., etc.

Are you being told to stay invested after thoughtful analysis of world events, stock valuations, economic considerations, etc.? Or are you being told to stay invested due to a lack of thoughtful analysis of world events, stock valuations, economic considerations, etc.?

It's your money and it's your retirement.

Being told after the fact that ‘everyone lost money’ may make you feel better but it won’t help pay your utilities.

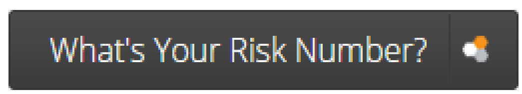
If you didn’t like what happened to your portfolio in the dot.com bubble or the financial crisis bubble, but you’ve made no moves to change the way you invest, now may be the time to seriously consider your process – NOT after the market, and your portfolio, have crashed.

Break the cycle and make your portfolio decision based on where we are likely headed, not on where we’ve recently been.

If we can help, call our office now and set up a no obligation review.

We think investing today must include a defensive strategy and system. It’s this system that helps us decide when “enough is enough” and that it is time to protect your portfolio. If you don’t have a system you should consider it now. Regardless of what happens over the next week, month or several months, stocks are overvalued in our opinion and eventually they will reset with a significant market decline.

Remember, we have a feature on our website: www.Moultonwealth.com to help you measure your risk tolerance. The problem with trying to decide how much risk to take is we all want to be aggressive when the market is going up, but conservative when it’s going down. That’s why a sell discipline is important. However, the first line of defense is always our allocation. This approach to measuring risk gives a number by making investors trade off gains and losses. Just click the button to see where you stand.



On to this week’s data…

U.S. Markets: Most of the major U.S. benchmarks recorded their fourth consecutive week of gains and some moved to new record highs. The Dow Jones Industrial Average added 400 points and finished the week at 34,200, a gain of 1.2%. The technology-heavy NASDAQ Composite gained 1.1%. By market cap, the large cap S&P 500 rose 1.4%, while the mid cap S&P 400 and small cap Russell 2000 gained 1.9% and 0.9%, respectively.

International Markets: European markets were mostly up while major Asian markets declined. Canada’s TSX rose 0.6%, while the United Kingdom’s FTSE 100 added 1.5%. France’s CAC 40 and Germany’s DAX gained 1.9% and 1.5%, respectively. In Asia, Japan’s Nikkei gave up -0.3%, while China’s Shanghai Composite declined -0.7%. As grouped by Morgan Stanley Capital International, emerging markets finished the week up 1.5%, while developed markets gained 1.7%.

Commodities: Precious metals had a second week of gains. Gold rose 2% to finish the week at $1780.20 per ounce, while Silver rose 3.1% to $26.10 an ounce. Energy reversed last week's entire decline and then some. West Texas Intermediate crude oil rose 6.5% to $63.19 per barrel. The industrial metal copper, viewed by some analysts as a barometer of world economic health due to its wide variety of uses, finished up for a second week rising 3.2%.

U.S. Economic News: The number of Americans filing first-time unemployment benefits fell by 193,000 to a pandemic low of 576,000 last week—its largest decline since August. Economists had forecast new claims would total 710,000. However, the number of layoffs still has a lot further to decline to return to pre-crisis levels. New claims had been running in the low 200,000s before the pandemic. Continuing claims, which counts the number of Americans already receiving benefits, fell by 87,991 to 3.94 million. That number is also a pandemic low.

Small business owners are growing more optimistic as more states continue to lift restrictions, although hiring remains a big problem. The National Federation of Independent Businesses (NFIB) reported its sentiment survey for March climbed 2.4 points to 98.2 - a pandemic high - but owners remain cautious about the future. The index remains well below its pre-pandemic levels. The NFIB index had hit an all-time high of 104.5 in February 2020, just a month before the pandemic took hold. The biggest reported problem is finding suitable workers. A record 42% of small businesses surveyed said they could not fill open positions. More than a quarter of companies said they increased pay to lure workers--the highest number in the past year.

Prices at the consumer level surged last month, according to the latest data from the government. The Bureau of Labor Statistics reported the 'consumer price index' (CPI) jumped 0.6% last month, spearheaded by the rising cost of oil. Economists had forecast a 0.5% increase. The rate of inflation over the trailing year shot up to 2.6% from 1.7% in the prior month, marking the highest level since the fall of 2018. Prices increased for the fourth month in a row. A sharp drop in coronavirus cases coupled with an economic recovery fueled by massive fiscal stimulus boosted demand for a wide variety of goods and services. Meanwhile, many key materials remain in short supply. This squeezes supply and demand from both sides. Federal Reserve policymakers insist any increase in inflation is likely to be mild and temporary.

Two regional gauges of manufacturing sentiment showed strength in April, according to data released this week. The Philadelphia Federal Reserve manufacturing index jumped to a reading of 50.2 in April from a revised 44.5 in the prior month. This is highest level in almost 50 years. Economists had expected a reading of 42 after the initial reading for March of 51.8, according to a survey of economists. Meanwhile, the New York Federal Reserve's Empire State Index rose to a reading of 26.3 in April from 17.4 in March. That's the highest reading since October 2017. Economists had expected a reading of 20. Manufacturing remains a bright spot in the pandemic. The two regional Fed surveys are used by economists to gauge the strength of the upcoming national ISM factory index, which will be released in early May. Last month, the ISM index jumped to 64.7%--its highest level since December 1983.

Sales at U.S. retailers jumped by almost 10% in March thanks to $1,400 government stimulus checks to the majority of Americans. The Census Bureau reported sales climbed by 9.8% last month, easily beating the consensus forecast of a 6.1% increase. The sales gain was the second largest on record, exceeded only by an 18% spike last May when a U.S. lockdown was lifted. The snapback in sales was widely expected after Washington approved a massive $1.9 trillion stimulus in early March. Sales revved up 15% at car dealers even as automakers struggled to procure enough computer chips to maintain production (auto sales account for about 20% of all retail sales). Sales at gas stations also surged nearly 11%, reflecting rising oil prices and more Americans taking to the road as government coronavirus restrictions are lifted. “All in all, a very strong first half of the year for growth looks to be in the bag,” said chief economist Joshua Shapiro of MFR Inc. following the release.

The Federal Reserve’s ‘Beige Book’, a collection of anecdotal reports from each of the Fed’s regional member banks, reported the U.S. economy grew faster in the early spring and more companies sought to hire new workers. However, the report also showed inflation has picked up. Companies paid more for lots of key supplies such as metals, fuel, food and lumber. In some cases, supply shortages were also holding back production. “Businesses also expressed concern about rising inflation over the rest of the year,” the Boston Fed said. Senior economist Sal Guatieri of BMO Capital Markets stated, “The U.S. economy is accelerating, but also starting to fan prices.”

International Economic News: The Bank of Nova Scotia’s chief executive says Canada must strive to avoid the pre-pandemic “trap” of middling economic growth once the COVID-19 pandemic is over. He suggests more financial assistance for child care, investment-boosting grants for businesses, and fewer obstacles to trade between provinces to help expand the economy. CEO Brian Porter said Canada had been seeing slower growth even before the pandemic, as Canada’s gross domestic product grew at an average annual rate over the past 20 years of less than 2%. “As a country, we should not accept the ‘two-per-cent growth trap,’” the Scotiabank CEO said during a speech at the lender’s virtual annual shareholders meeting. “We have an opportunity today to pursue policies that ensure that Canada does not just go back to pre-pandemic growth but achieves an even higher and better growth for a sustained period.”

Across the Atlantic, the U.K. economy rebounded in February as a mass vaccination program and the prospect of loosened coronavirus restrictions lifted consumer confidence. Gross domestic product rose 0.4% following a revised 2.2% decline in January, the Office for National Statistics said. All the main sectors of the economy saw output rise. Still, however, the economy remains 7.8% smaller than it was before the pandemic took hold in February of 2020. Britain is emerging from its third national lockdown with consumers and businesses increasingly optimistic about a rapid recovery from the UK's worst recession in three centuries. A recent Reuters poll of around 70% economists forecast the UK's economy would expand 5.0% this year and 5.5% in 2022.

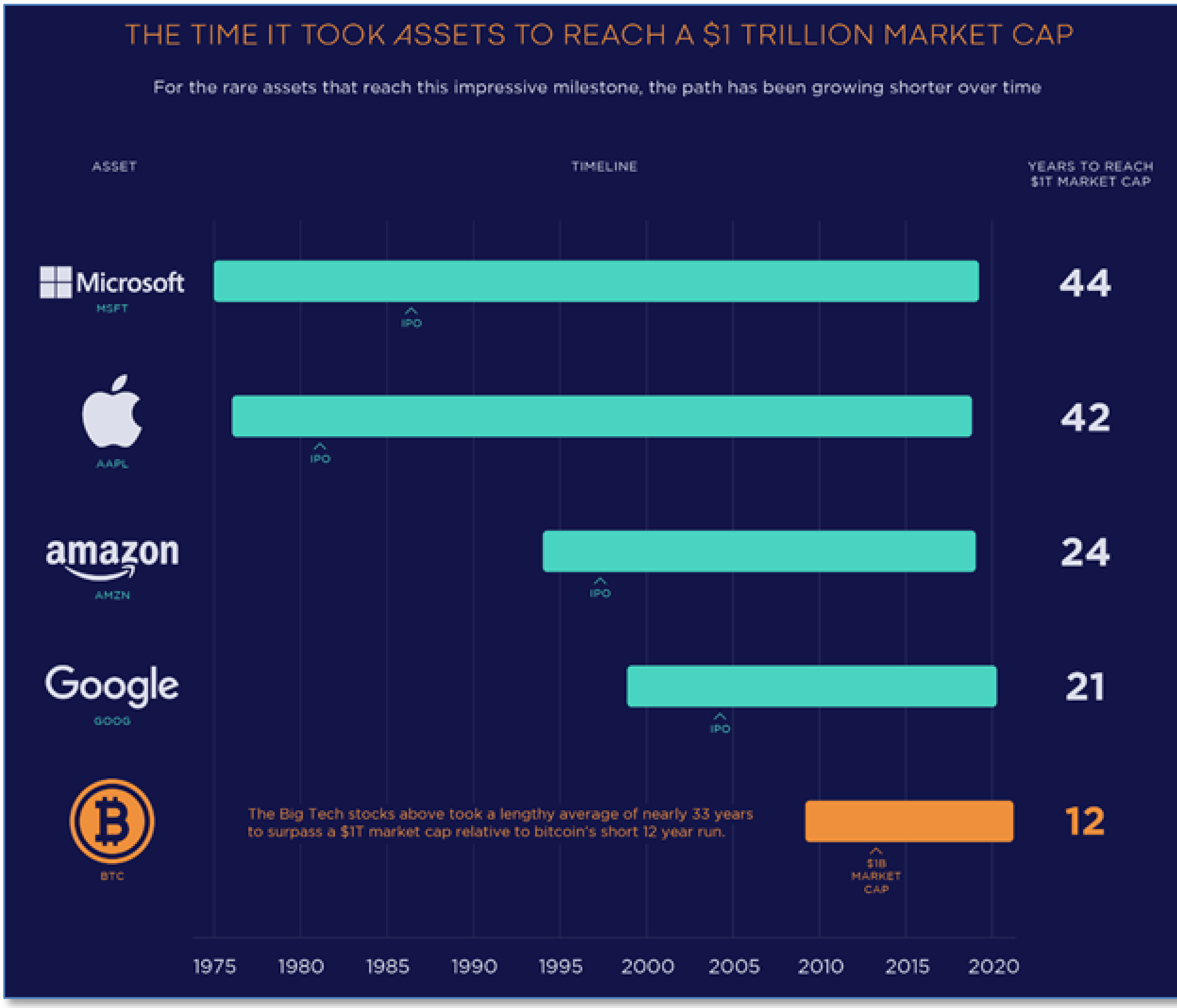
On Europe's mainland, Bank of France governor Francois Villeroy de Galhau said France could return to pre-COVID normal economic growth levels by the middle of 2022. The French central bank said it did not anticipate a significant revision of its 2021 growth forecast of 5.5% if the new COVID-19 restrictions do not extend beyond April. "We will gradually climb back to the altitude we had prior to COVID," Villeroy told France Culture radio.

Germany's top five economic institutes cut their growth forecast for the county this year, warning that the third wave of COVID-19 has killed off any chance of a recovery until the summer. Germany's economic institutes will cut their joint 2021 growth forecast to 3.7% from 4.7%; however, they will also lift their GDP growth estimate for 2022 to 3.9% from 2.7% previously. The figures are the latest sign that the economy will need longer than initially thought to reach its pre-crisis level. The institutes' estimates form the basis for the government's own growth forecast which the economy ministry will present later this month.

Unlike the rest of the world, China is booming. China's economy likely grew at a record pace of 19% in the first quarter, according to a Reuter's poll. While the reading will be heavily skewed by the plunge in activity a year earlier, the expected jump would be the strongest since at least 1992. It would also signal the world's second-largest economy has continued to gain momentum, after a 6.5% expansion in the last quarter of 2020. China seemingly managed to bring the COVID-19 pandemic under control much earlier than most other countries as authorities imposed stringent anti-virus curbs and lockdowns in the early phase of the outbreak.

Cancelling or postponing the Tokyo Olympics Games probably will not hurt Japan's economy much but may require the government to offer tailored support for hard-hit small firms, a senior International Monetary Fund (IMF) official has said. While the government plans to proceed as scheduled, a renewed spike in coronavirus infections and slow vaccine distribution schemes have added to worries about the fate of the Olympics, set to start in July after being postponed last year. "A change to the plans for the Olympics would have a limited impact on overall near-term growth prospects, given that Japan is a large and diversified economy," said Odd Per Brekk, the deputy director of the IMF's Asia and Pacific department. Most of the infrastructure needed for the Games is already in place and the hit to growth from an evaporation of inbound tourism would be small, he added.

Finally: What took Microsoft 44 years, Apple 42 years, Amazon 24 years and Google 21? The answer: achieving a trillion dollar market capitalization. However, it took the Bitcoin cryptocurrency just 12 – the fastest ever. At the beginning of 2021, Bitcoin had a market capitalization of $500 billion, but in just four months it has gained another $500 billion as tech CEO's like Elon Musk and Jack Dorsey have made sizable investments, multiple exchange-traded funds are preparing to launch, the CoinBase cryptocurrency exchange has gone public, and many legacy financial institutions like PayPal, MasterCard, Visa, JP Morgan and the Bank of New York Mellon have come on board. The only question now seems to be, “How long till the next trillion?” As they say on the WallStreetBets Reddit message board, “To the Moon!” (Chart from visualcapitalist.com)



GET A PHYSICAL! We invite you to attend a seminar and come in for a “financial physical”, even if you think your current approach is fine. Much like going to the doctor for a physical despite feeling great, you want to make sure any negative issues you may not be aware of are caught early and addressed. For example…

- Do you need a process to help manage losses during the next bear market?
- Have you addressed your investment process and adjusted it for what is going on in the world?
- If not, what are you waiting for?

At the bottom of the 2007 - 2009 bear market the S&P-500 index returned to levels last seen in 1996.

The drop didn't retrace only a few months or even a couple years.

We discuss many of these issues on the weekly radio show and invite you to listen.

WEEKLY FOCUS – THINK ABOUT IT

"You've got to ask yourself one question: Do I feel lucky?"

Dirty Harry– Movie Character

Yours truly,

Rial R. Moulton, CFP®, CPA / PFS, RFC
Certified Financial Planner™

Donald J. Moulton, CFP®, RFC
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P.S. Please feel free to forward this commentary to family, friends, or colleagues. If you would like us to add them to the list, please reply to this e-mail with their e-mail address and we will ask for their permission to be added.

https://www.investech.com/current_issues.php
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The Barclays Capital Credit Index *is an unmanaged index composed of U.S. investment-grade corporate bonds.*

The Barclays Global Aggregate Bond Index *(formerly Lehman Brothers Global Aggregate Index), an unmanaged market-capitalization-weighted benchmark, tracks the performance of investment-grade fixed income securities denominated in 13 currencies. The index reflects reinvestment of all distributions and changes in market prices.*

The Barclays U.S. 1-10 Year TIPS Index *is an unmanaged index composed of inflation-protected public obligations of the U.S. Treasury that have a remaining maturity of one to ten years.*

The Barclays U.S. Aggregate Bond Index *is an unmanaged benchmark index composed of U.S. securities in Treasury, Government-Related, Corporate, and Securitized sectors. It includes securities that are of investment-grade quality or better, have at least one year to maturity, and have an outstanding par value of at least $250 million.*

The Barclays U.S. TIPS Index *is an unmanaged index composed of all U.S. Treasury Inflation- Protected Securities rated investment grade, have at least one year to final maturity, and at least $250 million par amount outstanding.*

The Barclays U.S. Treasury Index *is an unmanaged index composed of U.S. Treasuries.*

The CDX IG 12 *is a benchmark high-grade derivatives index, which measures the cost of insuring a basket of U.S. investment-grade corporate debt against defaults.*

The Chicago Board Options Exchange Volatility Index (VIX) *tracks the expected volatility in the S&P 500 over the next 30 days. A higher number indicates greater expected volatility. Common usage: The Chicago Board Options Exchange Volatility Index (VIX), a barometer of market volatility.*

The Dow Jones Industrial Average *is a widely followed market indicator based on a price-weighted average of 30 blue-chip stocks that trade on the New York Stock Exchange which are selected by editors of The Wall Street Journal.*

The Dow Jones Wilshire Real Estate Securities Index (RESI) *is used to measure the U.S. real estate market and includes both real estate investment trusts (REITs) and real estate operating companies (REOCs). It is weighted by float-adjusted market capitalization.*

The JP Morgan Emerging Market Bond Index *is a total-return, unmanaged trade-weighted index for U.S. dollar-denominated emerging-market bonds, including sovereign debt, quasi-sovereign debt, Brady bonds, loans, and Eurobonds.*

The JP Morgan EMBI Global Diversified Index *tracks the performance of external debt instruments (including U.S.-dollar-denominated and other external-currency-denominated Brady bonds, loans, Eurobonds and local market instruments) in the emerging markets.*

The JP Morgan GBI-EM Global Diversified Index *tracks the performance of local-currency bonds issued by emerging market governments.*

The MSCI World Index *is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed markets. The MSCI World Index represents 23 developed market countries.*

The MSCI All Country World Index *is a market-capitalization-weighted index composed of over 2,400 companies, and is representative of the market structure of 46 developed and emerging market countries. The index is calculated with net dividends reinvested in U.S. dollars.*

The MSCI EAFE Index *is an unmanaged, market-capitalization-weighted equity index that represents the developed world outside North America.*

The MSCI Emerging Markets Index *is a free float-adjusted market-capitalization-weighted index designed to measure the performance of global emerging market equities.*

The NASDAQ Composite Index *is a market-value-weighted index of all common stocks listed on the National Association of Securities Dealers Automated Quotations (NASDAQ) system.*

The Russell 1000 Index *includes 1000 of the largest U.S. equity securities based on market cap and current index membership; it is used to measure the activity of the U.S. large-cap equity market.*

The Russell 2000 Index *includes 2000 small-cap U.S. equity names and is used to measure the activity of the U.S. small-cap equity market.*

The S&P 500 Index *is a capitalization-weighted index made up of 500 widely held large-cap U.S. stocks in the Industrials, Transportation, Utilities and Financials sectors.*

Investing Terminology

Alpha *is a measure of a portfolio's return above a certain benchmarked return.*

Alternative Investments *are investments that are not one of the three traditional asset types (stocks, bonds and cash). Alternative investments include hedge funds, managed futures, real estate, commodities, and derivatives contracts.*

Asset-Backed Securities (ABS) *are bonds backed by a pool of loans or accounts receivable and commonly include payments from credit cards, auto loans and mortgage loans.*

Austerity *refers to measures taken by a country's government in an effort to reduce expenditures and a budget deficit.*

Beta *is a measure of the volatility or systematic risk of a security or a portfolio in comparison to the market as a whole.*

Book-to-Price Ratio *is the inverse of the price-to-book ratio, which is calculated as the market value of a security divided by its book value. A lower the price-to-book ratio for a security may mean the security is undervalued, and vice versa (the higher the book-to-price ratio, the better the value).*

Commercial Mortgage-Backed Securities (CMBS) *are pools of commercial mortgage loans that are packaged together and sold to the public. They are usually structured in tranches, or classes of risk, so that investors can determine how much risk they want to take on. In general, CMBS carry less prepayment risk than loans backed by residential mortgages.*

Corporate Bonds *are debt securities issued by corporations to raise money; these bonds usually pay higher coupon rates than government or municipal bonds.*

Correlation Risk *refers to the change in the marked to market value of an asset when the correlation between the underlying assets changes over time.*

Credit Ratings *are an assessment of the risk of default of a company or country. The higher the credit quality (or rating), the lower the perceived risk of default.*

Cyclical Sectors or Stocks *are those whose performance is closely tied to the economic environment and business cycle. Managers with a pro-cyclical market view tend to favor stocks that are more sensitive to movements in the broad market and therefore tend to have more volatile performance.*

Debt-to-Equity Ratio *is calculated as long-term debt divided by common shareholders' equity, and measures the amount of a firm's leverage, or debt.*

Donor Advised Funds *are private funds administered by a third party and created for the purpose of managing charitable donations on behalf of an organization, family, or individual.*

Duration *is a measure of a security's price sensitivity to changes in interest rates. Specifically, duration measures the potential change in value of a bond that would result from a 1% change in interest rates. The shorter the duration of a bond, the less its price will potentially change as interest rates go up or down; conversely, the longer the duration of a bond, the more its price will potentially change.*

Excess Returns *are investment returns from a security or portfolio that exceed a benchmark or index with a similar level of risk.*

Grantor Retained Annuity Trust *is an estate planning technique that minimizes the tax liability existing when intergenerational transfers of estate assets occur. An irrevocable trust is created for a certain term or period of time. The individual establishing the trust pays a tax when the trust is established. Assets are placed under the trust and then an annuity is paid out every year. When the trust expires, the beneficiary receives the assets estate and gift tax free.*

High Yield Debt *is rated below investment grade and is considered to be riskier.*

Managed Futures *strategies use futures contracts as part of their overall investment strategy. They provide portfolio diversification among various types of investment styles and asset classes to help mitigate portfolio risk in a way that is not possible in direct equity investments.*

Market Capitalization *is calculated as the number of company shares outstanding multiplied by the share price, and is used to determine the total market value of a company.*

Momentum *is the rate of acceleration for an economic, price or volume movement; it is used to locate trends within the market.*

Mortgage-Backed Securities (MBS) *are pools of mortgage loans that are packaged together and sold to the public. They are usually structured in tranches, or classes of risk, so that investors can determine how much risk they want to take on.*

Option-adjusted spreads *estimate the difference in yield between a security or collection of securities and comparable Treasuries after removing the effects of any special features, such as provisions that allow an issuer to call a security before maturity.*

Peripheral Eurozone Countries *are those countries in the Eurozone with the smallest economies.*

Price-to-Book Ratio *is calculated as the market value of a security divided by its book value. A lower the price-to-book ratio for a security may mean the security is undervalued.*

Private Foundations *are charitable organizations that do not qualify as public charities by government standards. A private foundation is a nonprofit organization which is usually created via a single primary donation from an individual or a business and whose funds and programs are managed by its own trustees or directors.*

Quantitative Easing *refers to expansionary efforts by central banks to help increase the supply of money in the economy.*

Recapitalized/recapitalization *refers to injecting fresh equity into a company or a bank, which can be used to absorb future losses. This generally takes place through the company issuing new shares. In the case of a government or organization recapitalizing a bank, it usually results in the government or organization owning a stake in the bank.*

Spreads*: Yield spreads represents the difference in yields offered between corporate and government bonds. If they tighten, this means that the difference has decreased. If they widen, this means the difference has increased.*

Standard Deviation*: Statistical measure of historical volatility. A statistical measure of the distance a quantity is likely to lie from its average value. It is applied to the annual rate of return of an investment, to measure the investment's volatility (risk). Standard deviation is synonymous with volatility, in that the greater the standard deviation the more volatile an investment's return will be. A standard deviation of zero would mean an investment has a return rate that never varies.*

Treasuries *are U.S. government debt obligations that are backed by the full faith and credit of the government. Often, they are used as a proxy for a risk-free asset when comparing other risky assets.*

Yield Curves *illustrate the relationship between the interest rate, or cost of borrowing, and the time to maturity. Yields move inversely to prices. The Barclays Capital 1-10 Year US TIPS Index: Barclays Capital 1-10 Year US TIPS Index measures the performance of inflation-protected public obligations of the U.S. Treasury that have a remaining maturity of one to ten years.*

(Other Sources: All index- and returns-data from Yahoo Finance; news from Reuters, Barron's, Wall St. Journal, Bloomberg.com, ft.com, guggenheimpartners.com, zerohedge.com, ritholtz.com, markit.com, financialpost.com, Eurostat, Statistics Canada, Yahoo! Finance, stocksandnews.com, marketwatch.com, wantchinatimes.com, BBC, 361capital.com, pensionpartners.com, cnbc.com, FactSet.)