MOULTON WEALTH MANAGEMENT INC.

"MOLTEN HOT" MINUTES

SPECIALIZING IN RETIREMENT AND TAX PLANNING

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Week of September 6, 2021

We have feared for some time that the U.S. was heading down the same path as Japan.

In what way?

Aging demographics, huge deficit spending and enormous government debt.

SEMINARS ARE ONCE AGAIN ON HOLD!

UNFORTUNATELY RENEWED RESTRICTIONS DON'T ALLOW IN PERSON SEMINARS. AS SUCH THE SEPTEMBER SEMINARS HAVE BEEN POSTPONED.

EVERYONE'S HEALTH IS OUR MOST IMPORTANT GOAL.

IF YOU'D LIKE A FREE FINANCIAL PHYSICAL TO REVIEW YOUR SPECIFIC CONCERNS, WE CAN DO SO REMOTELY.

CALL 509-922-3110

Advisory services through Moulton Wealth Management, Inc., an independent Registered Investment Advisor registered with the SEC

Many argue that in Japan those were the factors that led to the massive decline in the Nikkei 225 index starting in late 1989 and subsequent 30 years of GDP bouncing along the zero line.

That decline in the Nikkei amounted to -80% over 13 years despite gigantic support from their Central Bank, the Bank of Japan.

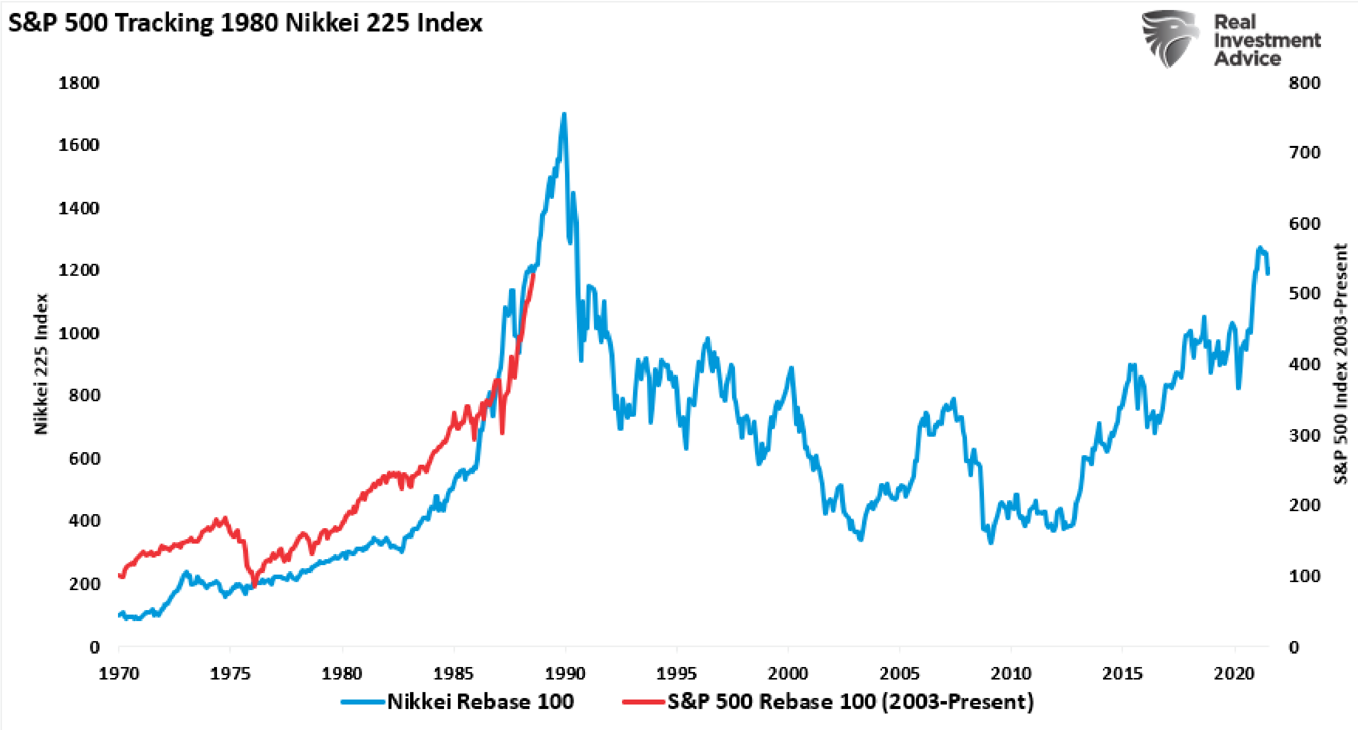
In other words, it is a path we don't want to follow.

Lance Roberts of Real Investment Advice has also noted the similarities.

- A decline in organic savings that depletes productive investment. Ultra-low interest rates are thought to spur consumption (and therefore production) because it allows us to borrow relatively inexpensively. However, there is a limit to how much future consumption can be pulled into the present (i.e. borrow – it's cheap - to buy today that which you may not have been able to afford until some future date). And at the same time, the ultra-low rates encourage speculation (as money is cheap) and discourages productive investment as returns are low. If you were a bank and could only "charge" current rates, how much risk would you be willing to accept funding the next small business startup?
- An aging demographic that is top heavy and drawing on social benefits at an advancing rate. Like Japan, the U.S. demographic is aging, meaning more citizens will be drawing on social benefits rather than paying into them. This alone increases debt. But on top of it, the dynamic is a drag on production. Also older folks simply don't spend as much as younger people.
- A heavily indebted economy with debt/GDP ratios above 100%. Debt is an economic drag as it requires more current revenues to pay off past purchases rather than being available for productive investment.
- The decline in exports due to weak global economic environment. Covid has only accelerated a trend already in place. Japan and the U.S. are not the only countries with rising debt and an aging population dragging on the world economy.
- Slowing domestic economic growth rates. If you consider GDP in the U.S., it has steadily declined since at least the 1980's. It is not surprising that this has coincided with rising federal debt.

The Fed certainly can (and likely will) keep the printing presses humming, but relative to our respective economies Japan's BOJ has already done so on a bigger scale.

What's the concern from a market perspective? The following chart shows the current S&P-500 overlaid onto Japan's Nikkei from the 1970's to today.



Do you want to bet your retirement that our Central Bank, repeating the policies of the Bank of Japan over the last 40 years, will magically generate superior outcomes?

What is the famous quote about the definition of insanity?

INSANITY: DOING THE SAME THING OVER AND OVER AGAIN AND EXPECTING DIFFERENT REULTS.

Protect your personal health and your portfolio's health.

What is your defensive plan?

LISTEN TO RIAL AND DON'S RADIO SHOW, "YOUR MONEY MATTERS", EVERY SATURDAY MORNING AT 8:00 AM ON KXLY RADIO CHANNEL 920 AM IN SPOKANE AND AT 9:30 AM ON NEWSTALK RADIO CHANNEL 870 AM IN THE TRI-CITIES AREA OR LISTEN LIVE AT WWW.NEWSTALK870.AM AGAIN AT 9:30 EACH SATURDAY MORNING…

(BOTH SHOWS ARE ALSO AVAILABLE LIVE VIA THE INTERNET)

Call to hear about ours.

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.

In the markets:

U.S. Markets: The major U.S. indexes ended the week mixed after the S&P MidCap 400 index joined the large cap S&P 500 and NASDAQ Composite indexes in reaching new intraday highs this week. The real estate sector outperformed within the S&P 500 while financials lagged. The Dow Jones Industrial Average shed 87 points finishing the week at 35,369, a decline of -0.2%. The technology-heavy NASDAQ Composite finished the week up 1.5%. By market cap, the S&P 500 added 0.6%, the S&P 400 retreated -0.2%, and the small cap Russell 2000 finished up 0.7%.

International Markets: International markets finished the week predominantly to the upside. Canada's TSX gained 0.9% while the United Kingdom's FTSE 100 ticked down -0.1%. On Europe's mainland, France's CAC 40 rose 0.1%, while Germany's DAX declined -0.4%. In Asia, China's Shanghai Composite rose 1.7%, and Japan's Nikkei surged 5.4%. As grouped by Morgan Stanley Capital International, emerging markets rose 3.0% while developed markets gained 1.7%.

Commodities: Precious metals rose last week. Gold gained 0.8% to $1833.70 per ounce, while Silver rallied 3.1% to $24.80 per ounce. Oil was also bid higher for a second week, rising 0.8% to $69.29 per barrel of West Texas Intermediate crude. The industrial metal copper, viewed by some analysts as a barometer of world economic health due to its wide variety of uses, ticked up a slight 0.05%.

August Summary: August was a good month for the U.S. stock market. The Dow added 1.2% and the NASDAQ surged 4.0%. Large caps gained 2.9%, mid-caps rose 1.8%, and small caps added 2.1%. International markets also had a strong month in August. Canada and the UK gained 1.5% and 1.2%, respectively, while France rose 1% and Germany added 1.9%. Japan finished the month up 3% and China 4.3%. Developed markets gained 1.4%. Emerging markets rose 1.6%. August was generally not kind to commodities. In August, Gold added 0.05%, while Silver declined -6.0%. Oil ended the month down -7.4% and Copper retreated -2.4%.

U.S. Economic News: Jobless claims fell to a new pandemic low of last week, despite an uptick in coronavirus cases. The Labor Department reported initial jobless claims fell by 14,000 to 340,000 in the week ended August 28th. Economists had expected new claims would total 345,000. Prior to the pandemic, initial jobless claims had been averaging in the low 200,000's. By most measures the labor market is quite strong. Job openings recently topped 10 million for the first time and many companies are offering higher pay to attract workers. Millions of people who had a job before the pandemic still haven't chosen to return to work. Meanwhile, the number of people already collecting state jobless benefits, so-called 'continuing claims' slid by 160,000 to 2.75 million. This reading is also at a pandemic era low. Altogether, some 12.2 million people were reportedly receiving benefits through eight separate state or federal programs as of Aug. 14.

The U.S. added just 235,000 new jobs in August as employers continue having difficulty finding qualified workers. The increase in new jobs was the smallest in seven months and fell well short of Wall Street's forecast. Economists had expected 720,000 new jobs would be added. The details of the August employment report were lackluster across the board. Analysts say the rapid spread of the new 'delta variant' of the coronavirus may have driven a lot of companies to freeze hiring plans, while others say it's a lack of available workers. Meanwhile, the unemployment rate dropped 0.2% to 5.2%--a new pandemic low. However, the official rate underestimates the true unemployment level as it only measures people that report actively looking for employment. The broader U-6 measure, which includes people that are eligible to work but no longer looking, stands at 8.9%.

The number of "pending" home sales, in which a contract has been signed but not yet closed, slid for a second month in a row despite economists' predictions of an increase. The National Association of Realtors (NAR) reported pending home sales fell 1.8% in July from the previous month. Economists had projected a 0.5% increase. Compared to last year, there was an even more significant decline in pending home sales, with an 8.5% drop. On a regional basis, only the West saw an improvement in contract signings, with a 1.9% monthly increase. The Northeast experienced the largest monthly decline of any region, with a 6.6% drop from June. Every region saw pending home sales decrease on an annual basis.

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Home prices continued rising at a record pace in June, according to a leading barometer. The latest reading of the S&P CoreLogic Case-Shiller Home Price index showed home prices increased 18.6% from the same time last year—its third consecutive month of setting new record growth numbers in the more than 30-year history of the index. The separate 20-city index, which measures price appreciation in major metropolitan areas across the country, saw a 19.1% year-over-year gain. The largest price gains were recorded in Phoenix, San Diego and Seattle. In 19 of the 20 cities analyzed, home prices are at record highs, with Chicago being the lone holdout.

Coincidentally, a measure of business conditions in the Chicago area slipped in August, but not because of the coronavirus. Companies are still reporting they can't get enough supplies or people willing to work to keep up with new orders. The Chicago Business Barometer, also known as the Chicago PMI, fell to 66.8 last month from 73.4 in July. Just a few months earlier, the index had touched an almost 50-year high. The decline in August was worse than expected. Economists had forecast the index to decline to 69.4.

The confidence of American consumers sank in August to a six-month low as prices on just above everything continued to rise and the delta strain of the coronavirus continued to spread. The Conference Board reported its index of consumer confidence slid 11.3 points to 113.8 in August. Furthermore, higher prices on gasoline, groceries, and just about everything else are taking a toll. Inflation is running at its highest level in 30 years according to the Federal Reserve's preferred price barometer. In the details of the report, the gauge that measures how Americans view the next six months also fell. The so-called future expectations index slid to 91.4 from 103.8 to mark the lowest reading since January.

International Economic News: Canada's economy unexpectedly contracted in the second quarter, falling short of market expectations. Canada's gross domestic product, or the broadest measure of goods and services produced in the economy, contracted at a 1.1% annualized rate in the second quarter to 2.071 trillion Canadian dollars, or the equivalent of $1.643 trillion, Statistics Canada said. Market expectations were for a 2.5% advance in the quarter, according to economists at TD Bank. Statistics Canada also provided an early estimate for July, which suggests GDP declined by 0.4% from the previous month. Analysts attribute economic restrictions due to a resurgence in COVID-19 infections in the spring for both misses.

Across the Atlantic, confidence among U.K. businesses hit a four-year high, but staffing shortages remain a concern. The vaccine rollout, removal of lockdown restrictions and changes to self-isolation rules all contributed to greater optimism among firms in August, according to the latest snapshot from Lloyds Bank. The rebound in sentiment in August was widespread across the UK, with nine of 12 regions reporting improving confidence, particularly in the north-west. Growth in confidence was sharpest in the services sector, as businesses including bars, restaurants and hotels have benefited from a return of customers. The bank's business barometer showed overall confidence rose by six points to 36% in August, marking its highest level since April 2017 and offsetting a slight dip in July. Optimism over the state of the economy also rose for the first time in three months, up six points to 38%.

On Europe's mainland, French Finance Minister Bruno Le Maire said he's not in favor of a broad boost to wages as such a move would hurt French competitiveness in the global market. Speaking at the Ambrosetti forum, an annual international economic conference in Italy, Le Maire said that a year ago European economies were concerned about rising unemployment and companies collapsing amid the initial pandemic-induced lockdowns. "Today we're facing a new concern, which is the consequence of the strong economic recovery: we are facing the lack of workers and the lack of raw materials," Le Maire said. Earlier this week, data showed French inflation hit the highest level in almost three years, led by food and energy costs. French unions and student organizations have called recently for higher salaries and a halt to the closing of some public services.

Germany, which is no stranger to what can happen when inflation gets out of control, posted a fresh 13-year high in consumer price inflation for August. Preliminary figures from the Federal Statistics Office showed consumer prices on an annualized basis rose 3.4% in August, up 0.3% from July. The August reading matched expectations and marked the highest level since July 2008. Commerzbank analyst Ralph Solveen said, "This is due to higher energy and food prices, while the core inflation probably even fell slightly form 2.9% to 2.8%." As in other developed countries, analysts don't expect inflation to ebb anytime soon. LBBW economist Elmar Voelker said the inflation rate would rise further in the coming months.

In Asia, China's economy stalled in August as the country faced a resurgence in coronavirus cases and contended with the ongoing shipping crisis. An official survey of manufacturing activity fell to 50.1 in August from 50.4 in July, just above the 50-point mark indicating expansion vs. contraction. A private survey of factory activity also showed signs of trouble. The private Caixin manufacturing Purchasing Managers' Index fell to 49.2 in August—its first contraction since April of 2020. Service industries, which now account for a larger slice of the world's second biggest economy, fared even worse, according to the official survey. The non-manufacturing Purchasing Managers' Index plunged to 47.5 from 53.3 in July.

Bank of Japan policymaker Goushi Kataoka said this week the coronavirus pandemic may weigh on the nation's economy longer than initially expected. Katoaka warned of heightened risks to the central bank's forecast of a moderate recovery. "Given recent domestic and global economic developments, the need for bolder steps is heightening," Kataoka said. An advocate of aggressive monetary easing, Kataoka has been a consistent, sole dissenter to the BOJ's decision to keep its interest rate targets unchanged. "Personally, I believe the BOJ must strengthen monetary easing" as inflation will remain distant from the bank's 2% target for years even if the economy were to recover, he said.

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

"Insanity: doing the same thing over and over again and expecting different results."

Author Unknown

Yours truly,

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Certified Financial Planner™

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Certified Financial Planner™

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.

Investment services offered through Moulton Wealth Management, Inc., an independent Registered Investment Advisor. The Standard & Poor's 500 (S&P 500) is an unmanaged group of securities considered to be representative of the stock market in general. The Dow Jones Industrial Average is a price-weighted index of 30 actively traded blue-chip stocks. The NASDAQ

Composite Index is an unmanaged, market-weighted index of all over-the-counter common stocks traded on the National Association of Securities Dealers Automated Quotation System. Yahoo! Finance is the source for any reference to the performance of an index between two specific periods. Opinions expressed are subject to change without notice and are not intended as investment advice or to predict future performance. Consult your financial professional before making any investment decision. You cannot invest directly in an index. Past performance does not guarantee future results. Investments in securities do not offer a fixed rate of return. Principal, yield and / or share price will fluctuate with changes in market conditions and, when sold or redeemed, you may receive more or less than originally invested. No system or financial planning strategy can guarantee future results.

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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.)