MOULTON WEALTH MANAGEMENT INC.

"MOLTEN HOT" MINUTES

SPECIALIZING IN RETIREMENT AND TAX PLANNING

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Week of January 10, 2022

We focus on market risk, and for good reason. Studies show that minimizing portfolio drawdowns is more important to long term success than squeezing every penny out of upside movements. This is especially important in an environment of a very expensive market, a high rate of inflation, a hawkish Fed and a government that looks less and less inclined to keep massive spending programs running *(which is probably a good thing).*

Having said that there are certainly reasons to be optimistic about 2022.

- The Omicron variant of Covid continues to prove itself more contagious but less dangerous than previous Covid variants. The hope is that herd immunity can be attained without the level of human suffering from previous variants. The explosion of new cases may make this happen sooner than expected.
- Neither the U.S. nor the world economies have recovered from the depths of Covid shutdowns. If Covid cases and/or the health risks surrounding it recede in 2022, it could be a big boost to the world economy. This is especially important to the U.S.

which has become a services dominated economy. And it's services that have suffered most under the pandemic.

- Inflation will likely begin to recede, at least in rate of change, during 2022. There is no need to look further than the volume of money printing the last two years compared to what is happening currently for the catalyst.
    - The national debt ended 2019 (just before Covid) at $22.7 trillion. It ended 2021 at $28.4 trillion. So the government spent $5.7 trillion more than it received in tax revenue over these two years. For comparison, the previous two years, 2017-2019 the government spent $2.5 trillion more than it received in tax revenue. That's an excess of $3.2 trillion spent due to Covid.
    - At the same time the Federal Reserve's balance sheet (i.e. money they threw into the markets by printing and buying financial instruments) increased from $4.2 trillion at the end of 2019 to $8.7 trillion by the end of 2021. Adding to the government's largess, the Fed threw in another $4.5 trillion. Again for comparison, the previous two years, 2017-2019 saw the Fed's balance sheet *decline* from $4.5 trillion to $4.2 trillion.
    - Add this all together and some $8 trillion of extra money was pumped into the just the U.S. economy in two years. But remember, this was not only a U.S. tact, but mimicked by virtually every country in the world. Maybe we should be surprised inflation isn't higher yet. It is almost certain this flood of excess money will decline dramatically worldwide in the coming year(s).
- Although we've said we think growth will slow in rate of change – largely due to the money spigot being turned way down – it doesn't mean we think growth will be bad. Certainly if Covid becomes less of a concern, it could be an outsized boost to the world's economy as everyone decides to splurge on all the things we've missed over the last two years.

These are some of the reasons we wouldn't suggest anyone simply sit in cash. Yes, there are unknowns, but they are both good and bad.

Having said all of that, our highest probability case today, *based on the numbers*, is growth and inflation falling in rate of change for the bulk of 2022. If it's shallow (i.e. – growth doesn't fall dramatically), and the Fed doesn't err by being overly aggressive with rate hikes / tightening (which would cause growth to fall more precipitously), then equities and bonds could both do well. If growth falls more quickly than we think in rate of change, either on its own accord or due to Fed over-tightening, or if inflation stays persistently higher (which would likely cause the Fed to over-tighten), we could see much lower stock prices later this year and into 2023.

These competing outcomes are why we feel including a defensive sell discipline in your investment strategy, as opposed to *buy and hope,* is critical to long term success. If the positive unknowns come to fruition, and we are all pleasantly surprised, we will participate. If instead the negative unknowns rule the day, we will use our defensive strategy to protect clients' retirements.

"Expect the best, plan for the worst, and prepare to be surprised." – Denis Waitley, Author

What is your defensive plan?

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.

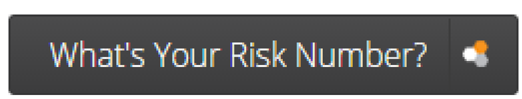
If you didn't like what happened to your portfolio in the dot.com bubble or the financial crisis bubble, but you've made no moves to change the way you invest, now may be the time to seriously consider your process – NOT after the market, and your portfolio, have crashed.

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: U.S. stocks continued pulling away from their record highs as significantly higher interest rates took a toll on growth and technology stocks. The technology-heavy NASDAQ Composite shed over 700 points finishing the week at 14,936 — a decline of -4.5%. The Dow Jones Industrial Average held up the best giving up just 0.3% and closing at 36,232. By market cap, the large cap S&P 500 closed down -1.9%, while the mid cap S&P 400 shed -1.7%. The small cap Russell 2000 ended the week down -2.9%.

International Markets: International markets finished the week mixed. Canada's TSX declined -0.7% and the United Kingdom's FTSE 100 rose 1.4%. On Europe's mainland, France's CAC 40 and Germany's DAX rose 0.9% and 0.4%, respectively. In Asia, China's Shanghai Composite declined -1.7% and Japan's Nikkei fell -1.1%. As grouped by Morgan Stanley Capital International, developed markets and emerging markets each ticked up 0.1%.

Commodities: Precious metals finished the week in the red. Gold retreated -1.7% to $1797.40 an ounce, while Silver shed -4.0% and closed at $22.41. Energy rose for a third consecutive week. West Texas Intermediate crude oil gained 4.9% to close at $78.90 per barrel. Copper, viewed by some analysts as a barometer of world economic health due to its wide variety of industrial uses, finished the week down -1.2%.

U.S. Economic News: Applications for first-time unemployment benefits rose slightly last week to 207,000, the Labor Department reported. The reading remained near its more than 50-year low, suggesting that the soaring number of Omicron cases isn't having much effect on layoffs. Economists had expected initial jobless claims to total 195,000. Some analysts note that the government's method of adjusting jobless claims for seasonal swings can sometimes skew the readings too much, especially around the holiday season at the end of the year. The raw or actual number of jobless claims jumped by 315,469 last week, likely the result of people losing their temporary holiday jobs and possibly Omicron-related layoffs. Meanwhile, continuing claims, which counts the number of people already receiving benefits, increased by 36,000 to 1.75 million. That number is back to pre-pandemic levels.

The U.S. created just 199,000 new jobs in December, signaling that persistent labor shortages and the coronavirus variant continue to hold back the U.S. economy. The reading was well below Wall Street's expectations for 422,000 new jobs. Also in the release, the Bureau of Labor Statistics reported the jobless rate slipped 0.3% to 3.9%--a new pandemic low. The rate stood at 3.5% right before the pandemic began. In another good sign, more people entered the labor force for the third month in a row. That kept the so-called labor-force participation rate at a pandemic high of 61.9%. Companies in the hospitality business such as restaurants and hotels led the way in hiring last month. They added 53,000 jobs. Professional businesses hired 43,000 people, manufacturers added 26,000 jobs, construction employment rose by 22,000 and transportation and warehouse firms beefed up payrolls by 19,000.

The number of Americans quitting their jobs surged by 370,000 to a record 4.5 million in November, the Labor Department reported. The reading pushed the so-called 'quits rate' to 3%--also matching a prior record high. While a higher 'quits rate' is generally regarded as positive for the economy, as it is assumed one would only quit a job in favor of a more lucrative one, analysts aren't so sure this reading is a positive. Some analysts worry that the high quits rate may lead to higher wage inflation and cause the Federal Reserve to take more drastic action to cool the economy. Also in the report, job openings fell by 529,000 to 10.6 million at the end of November. Economists had forecast an increase of 500,000 to 11.1 million vacancies.

Manufacturing activity remained strong at the end of year, but was slightly weaker than initially reported. Analytics firm IHS Markit reported the final reading of its manufacturing Purchasing Managers Index (PMI) was adjusted downward to a reading of 57.7. Its reading for November was 58.3. Sian Jones, senior economist at IHS Markit, said material shortages and supplier delays dragged down the index. New orders rose at their slowest pace for the year. Of note, there was some relief on cost pressures. That sub-index rose at its slowest pace over the last six months.

The Institute for Supply Management (ISM) released a similar report regarding manufacturing. The ISM index of U.S.-based manufacturers dropped 2.4 points to 58.7 in December. That reading was its lowest reading since January of last year. Economists had expected the index to slip only slightly to 60.0. As in Markit's report, ISM reported its measure of inflation fell to its lowest level in 13 months. The prices index sank to 68.2 from 82.4. However, Tim Fiore, chairman of the survey remained cautious stating he expects prices to continue to rise until the middle of the year before reaching a top. "I don't think prices have peaked yet," he said.

At its last meeting in December, Federal Reserve officials seemed eager to convince the country that they have a plan for moving away from their current easy policy stance minutes showed. The summary stated, "Participants generally noted that, given their individual outlooks for the economy, the labor market, and inflation, it may become warranted to increase the federal funds rate sooner or at a faster pace than participants had earlier anticipated." At the meeting, Fed officials had a wide-ranging discussion of how to move policy away from its current easy stance by hiking rates and also shrinking its $8.67 trillion balance sheet. After reading the minutes, Katherine Judge, economist at CIBC Securities, said she thinks the Fed will begin to shrink the balance sheet "relatively soon" after the first rate hike in the April-June quarter. The minutes show that "almost all" Fed officials revised up their forecast for inflation this year and "many" raised their forecast for 2023.

International Economic News: Economists expect the Canadian economy could hit a 'two-month air pocket' to start the year. This week, economists at the Economic Club of Canada's Outlook 2022 event stated they expected a decline in the first quarter for Canada's economy and for key interest rates to rise 75 basis points this year. Douglas Porter, managing director and chief economist for BMO Financial Group stated the new Omicron-variant "has thrown a huge curveball" at the economic outlook for the first quarter of 2022. Furthermore, Porter said, "We suspect that the economy will hit about a two-month air pocket due to new restrictions."

Across the Atlantic, the British Chamber of Commerce said the results of a recent survey showed Britain's economic recovery stalled before the arrival of the new Omicron-variant and that the British government's "plan B" restrictions on consumer spending during the Christmas holiday weighed on sales. Businesses blamed spiraling inflation and shortages of imported goods for the decline in sales in the fourth quarter of last year. Suren Thiru, the BCC's head of economics, said sales growth stalled as firms struggled with the "mounting headwinds" of inflation, a scarcity of skilled workers, and problems sourcing products from overseas.

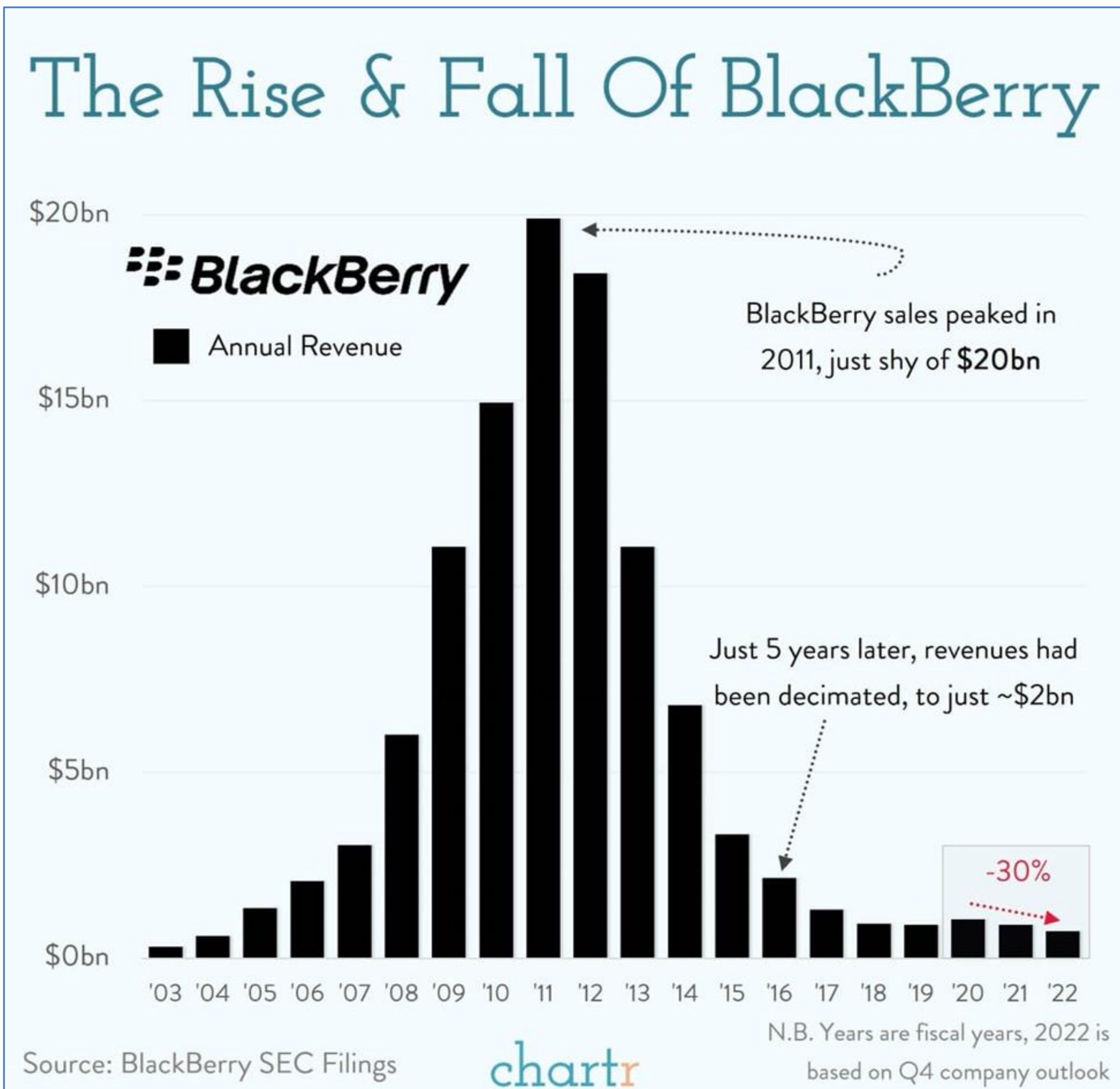
On Europe's mainland, French Finance Minister Bruno Le Maire said the country's growth would be significantly higher this year than the government's current forecast of 6.25%. Le Maire also said that even though the surge of the Omicron coronavirus variant was disrupting some sectors there was no risk of it paralyzing the economy. Le Maire's forecast is at the low end of a range of official projections, with the Banque de France seeing the 2021 GDP at 6.7%, the IMF at 6.75% and the OECD at 6.8%.

Inflation in Germany rose to its highest level since 1993 according to the country's national statistics agency. Germany's Federal Statistics Office reported consumer prices soared by an average 3.1% in 2021 compared with 2020. The inflation rate shot up to 5.2% in November--a figure not seen since the early 1990s. The skyrocketing prices are blamed on the global increase in energy prices during 2021. Annual household energy prices in Germany surged by over 22% in the past year. ECB board member, Isabel Schnabel, said in a recent interview that inflation will stay at an elevated point for a chunk of the year, before declining as 2022 passes.

In Asia, the Center for Economics and Business Research (CEBR) reported China's GDP is expected to grow 5.7% each year through 2025, and then 4.7% annually until 2030. Its forecast means China, now the world's second-largest economy, would overtake the number one ranked United States by 2030. Chinese leaders have pushed over the past decade to rely more on value-added services over traditional factory exports, state media reports. China's economy totaled $15.92 trillion in 2020, and market research firm IHS Markit estimates that it reached $18 trillion last year on export manufacturing growth and capital for new projects. The U.S. economy reached about $23 trillion last year, the market research firm said.

About 84% of major companies in Japan expect the country's economy to grow in 2022, a Kyodo News survey showed. The overall percentage of firms forecasting growth in the world's third-largest economy is up from the 74% in a similar poll conducted last year. Prime Minister Fumio Kishida has vowed to minimize the spread of the Omicron variant of the coronavirus while moving swiftly to get the economy back on track. Japan has not yet seen a sizable boost in economic activity compared with the United States and Europe, where so-called "revenge spending" is rather obvious.

Finally: On January 4th, classic mobile phone manufacturer BlackBerry announced it will no longer support any of its phones, the last of which were manufactured in 2016. At one time, a BlackBerry was the very peak of mobile phone technology. With its internal messaging system, generous sized screens, and keyboards BlackBerry had over $20 billion in revenue in 2011. However, just five years later those revenues had collapsed by 90%. Now, the company has been essentially re-born creating "intelligent security software and services to enterprises and governments around the world." (Chart from chartr.co)



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

"Expect the best, plan for the worst, and prepare to be surprised."

Denis Waitley – American Writer

Yours truly,

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

Donald J. Moulton, CFP®, RFC
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.*

https://www.thebalance.com/national-debt-by-year-compared-to-gdp-and-major-events-3306287
https://www.statista.com/statistics/1121448/fed-balance-sheet-timeline/
https://www.brainyquote.com/quotes/denis_waitley_165018

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.)