MOULTON WEALTH MANAGEMENT INC.

MOULTON HOT MINUTES

SPECIALIZING IN RETIREMENT AND TAX PLANNING

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Week of March 7, 2022

It's not about Russia!

Wall Street is falling all over itself telling investors that the market decline is all about Russia and that, of course, no one could have seen it coming.

In short that's bull pucky.

In the December 27, 2021 newsletter we stated

We're likely entering an economic construct of growth and inflation falling in rate of change for much of the coming year. That construct, referred to as "deflation" or "quad 4" is the least favorable for stocks.

We went on in every newsletter since warning that the economic construct warranted a defensive stance. This included the warning in late January that our risk signals were beginning to trigger.

In the January 31, 2022 newsletter we said…

Last weekend our second "major" defensive signal triggered… and we've reduced risk more substantially, incrementally selling into the rallies… Does this mean a bear market is imminent? Not necessarily. But it does mean the probability of a bear market has risen dramatically. And the best risk managers stay on the right side of probability.

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)

In fact in last week's newsletter we again emphasized…

On top of the economic construct, our mechanical defensive signals have begun triggering. We've received three so far, starting in late 2021. These are not based on "levels" or "charts" but instead on the internals of the market… This is not a recipe for offense. It's a recipe for defense.

Notice, nowhere did we say "Russia may invade or has invaded Ukraine". Certainly Russia is making matters worse – uncertainty and higher oil prices raise the probability of a recession and bear market as well as the severity of each - but they are not the cause.

Why is this important? Because the Russian story implies that when it's finally settled the stock market will return to all-time highs. Certainly a relief rally would be probable, but we're afraid many will be surprised when it fails and at a loss to understand why stocks then continue lower.

Ask yourself a simple question. Had you incrementally reduced risk at each of our repeated warnings – like we have with our clients' portfolios - would your investments be in better shape or worse shape?

“Investment survival has to be achieved in the short run, not on average in the long run.”

Howard Marks – Co-Founder and Co-Chairman
Oaktree Capital Management

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 ended lower after a volatile week, as events in Ukraine continue to weigh on an already slowing economic construct. The Dow Jones Industrial Average shed 444 points to close at 33,615, a decline of -1.3%. The technology-heavy

NASDAQ Composite fared the worst with a -2.8% decline. By market cap, the large cap S&P 500 retreated -1.3%, while the mid cap S&P 400 pulled back -1.7% and the small cap Russell 2000 ended the week down -2.0%.

International Markets: The vast majority of international markets finished the week in the red. Canada's TSX was the lone major market to finish up last week, adding 1.4%, driven higher by energy and commodity stocks. However, across the Atlantic the United Kingdom's FTSE 100 declined -6.7%. On Europe's mainland, France's CAC 40 and Germany's DAX plunged -10.2% and -10.1%, respectively. In Asia, China's Shanghai Composite ticked down -0.1%. Japan's Nikkei ended down -1.9%. As grouped by Morgan Stanley Capital International, developed markets finished the week down -7.5%. Emerging markets declined -5.8%.

Commodities: Major commodities soared last week as the crisis in Ukraine and inflation continued to roil markets. West Texas Intermediate crude oil surged 26.3% last week closing at $115.68 per barrel. Precious metals also gained with Gold rising 4.2% to $1966.60 per ounce, and Silver adding 7.4% to $25.79. The industrial metal copper rallied 10.1%.

February Summary: In the month of February, the Dow and NASDAQ declined -3.5% and -3.4%, respectively. By market cap, large caps ended the month down -3.1%, while mid-caps and small caps each finished the month up 1.0%. In international markets, Canada ticked up a bare 0.1%, while the United Kingdom ticked down -0.1%. France and Germany, however, retreated -6.5% and -4.9%, respectively. China gained +3%, but Japan's Nikkei finished the month down -1.8%. Emerging markets declined -4.3% in February, and developed markets fell -3.4%. February saw Gold and Silver rise 5.8% and 8.8%, respectively, while Oil gained 8.6%. Copper finished the month up 3.0%

U.S. Economic News: The U.S. gained over half a million jobs in February as every major industry was hiring in the new year. The Bureau of Labor Statistics reported the U.S. added 678,000 jobs in February. The increase in hiring lowered the unemployment rate to 3.8% from 4%. Economists had expected just 400,000 new jobs to be created. About a quarter of the new jobs created in February were in leisure and hospitality, the industries most affected when coronavirus cases were high. Restaurants added 124,000 new jobs last month and hotels hired 28,000 people. Hiring also rose strongly at white-collar professional jobs (95,000), health care (64,000), construction (60,000) and transportation and warehousing (48,000). No industry reported a decline in employment, although the "Information" sector registered zero new jobs. The percentage of people in the labor force rose a tick to 62.3%, though it's still well below the peak before the pandemic. The economy would have roughly 3 million additional workers if the so-called participation rate in the labor market was the same now as it was prior to the pandemic.

The number of Americans filing first-time unemployment claims fell to a two-month low last week as labor shortages continued. The Labor Department reported initial claims for unemployment benefits fell by 18,000 to 215,000 last week. Economists had expected new claims to total 225,000. The economy appears to have regained some momentum after waning at the end of 2021. Coronavirus cases have declined, governments lifted restrictions and businesses are trying to deliver more goods and services. The big holdups remain the lingering shortages of materials and labor. New jobless claims fell the most in Michigan, California, Florida, Illinois and Ohio. The only state to show a sizable increase was Massachusetts. Meanwhile, continuing claims, which counts the number of people already collecting benefits, edged up by 2,000 to 1.48 million. That number has returned to pre-coronavirus levels.

Business activity in the 'Windy City' slowed in February, according to the Institute for Supply Management (ISM). The Chicago Business Barometer fell last month to an 18-month low of 56.3, as companies continued to struggle with a shortage of labor and materials. The decline was worse than expected. Economists had expected the index to drop just 1.8 points to 63.4. While technically still in expansion (over 50), the index is sharply lower compared to last summer. In the report, new orders and production both declined in February and employment fell to the lowest level since October 2020. However, there was one bit of good news. The prices that companies paid for supplies slid to an 11-month low. While prices, and overall inflation, remain high, some businesses reported they were leveling off.

Across the entire country, ISM's Manufacturing Index rose one point to 58.6 in February—a sign the economy rebounded somewhat following the outbreak of the Omicron-variant of the coronavirus. The increase in the manufacturing index was the first in four months. The reading surpassed economists' expectations of a reading of 58. In the report, the index of new orders rose 3.8 points to 61.7 after falling at the start of 2022 to the lowest level in a year and a half. Production also edged up. Yet a gauge of employment dipped to 52.9 to mark a five-month low. The backlog of orders also soared to the second highest level on record, a sign that companies can't produce enough to meet high demand. A lack of labor and ongoing shortages of key supplies are holding back production and contributing to the highest U.S. inflation in 40 years. Timothy Fiore, chairman of the survey, said businesses can cope with labor and supply shortages so long as they have plenty of customers pestering them with orders. "As long as demand is strong, everything else we can deal with," he said.

Speaking to the House Financial Services Committee, Federal Reserve Chairman Jerome Powell stated the central bank intends to raise its policy interest rate by a quarter-percentage point following the end of its two-day meeting on March 16. "With inflation well above 2% and a strong labor market, we expect it will be appropriate to raise the target range for the federal funds rate at our meeting later this month," Powell said. Most economists had penciled in a quarter-point at the March meeting. Speculation of a half-percentage point hike has waned in the aftermath of Russia's invasion of Ukraine. Analysts expect the Fed to continue to raise rates throughout the year. Powell said he wanted to proceed "carefully," which is likely a signal of further quarter-point moves. But the Fed chairman said larger rate hikes were on the table if inflation doesn't subside. "To the extent inflation comes in higher or is more persistently high…then we would be prepared to move more aggressively by raising the federal funds rate by more than 25 basis points at a meeting or meetings," Powell said.

Inflation appears to be showing no signs of slowing down, according to the Federal Reserve's 'Beige Book'—a collection of anecdotal reports of current economic conditions from each of its member banks. In the survey, "Firms reported they expect additional price increases over the next several months as they continue to pass on input cost increases." Consumer spending was generally weaker as a result over the period, but prices charges to customers "increased at a robust pace across the nation." In addition, the survey found that economic activity expanded at a "modest to moderate pace" over the first two months of the year. All 12 of the Fed's districts reported that supply chain issues and low inventories continued to restrain growth, especially in the construction sector. There were "scattered signs" of improving labor supply.

International Economic News: Canada's economy started the new year on strong footing, despite the Omicron coronavirus variant and protests that shut down key border crossings. Statistics Canada reported Canada's economy grew 6.7% in the final quarter of last year, beating analyst expectations of 6.5%. StatCan also noted preliminary figures for January show GDP growth of 0.2%. With January's gain, economic activity is now 0.6% above pre-pandemic levels, the agency said. The strong fourth quarter print came in above the Bank of Canada's own January forecast of a fourth quarter gain of 5.8%. Given the strong figures, the Bank of Canada hiked its key interest rate 25 basis points to 0.5% in an effort to "take some steam" out of the economy and tamp down on surging inflation.

Across the Atlantic, the United Kingdom introduced new sanctions against Russia, including banning Russian ships from UK ports and additional economic measures. The new measures prohibit UK individuals and entities from providing financial services to the Central Bank of the Russian Federation, as well as the Ministry of Finance and National Wealth Fund. Foreign Secretary Liz Truss announced the measures stating the UK, "stands with Ukraine, its people and its democracy, and will continue to support them diplomatically, economically, politically and defensively."

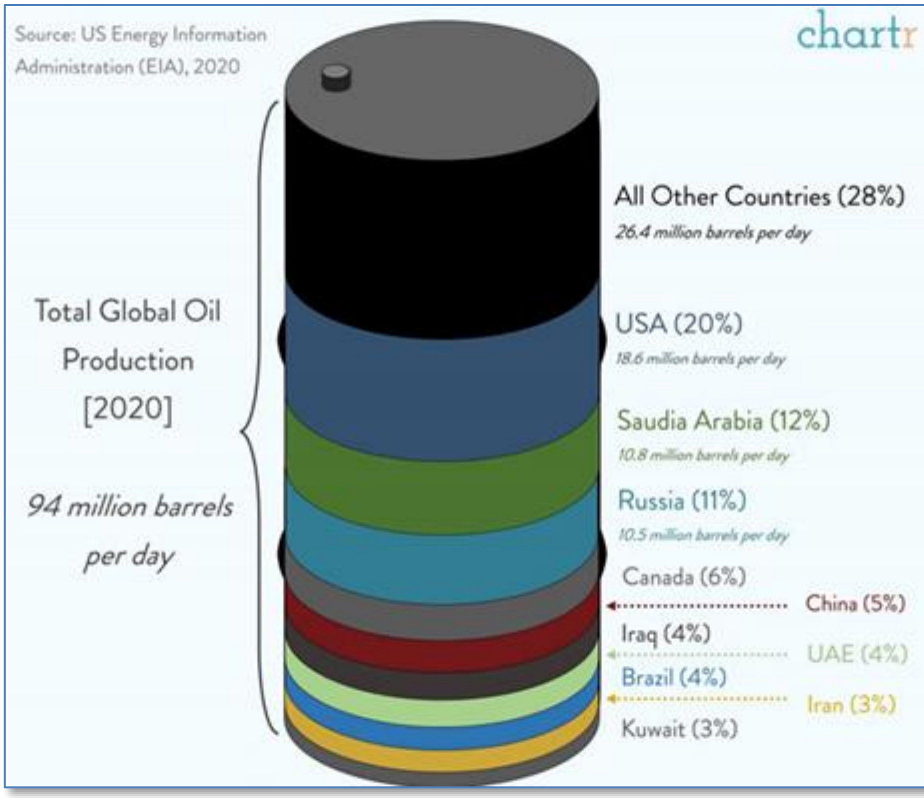
On Europe's mainland, on France Info radio French Finance Minister Bruno Le Maire declared France was waging an "all-out economic and financial war" against Russia to bring down its economy as punishment for invading Ukraine. Le Maire's initial remarks drew an angry rebuke from Russia's former president and prime minister, Dmitry Medvedev, who is now the deputy Chair of the Security Council of the Russian Federation. "Watch your tongue, gentlemen! And don't forget that in human history, economic wars quite often turned into real ones," Medvedev tweeted. Le Maire later told French news agency AFP he had "misspoken" and that the term "war" was not compatible with France's efforts to de-escalate tensions surrounding the Ukraine conflict.

In a previously unthinkable step for German Chancellor Olaf Scholz's government, Germany announced plans to slowly move away from Russian gas dependence. "We will change course to overcome our import dependence," Scholz said at the Bundestag, or lower-house of parliament. The decision represents a massive and expensive reversal for the government which had depended on Russia to secure its energy needs over the past two decades. Finance Minister Christian Lindner said policymakers still needed to "prepare for a scenario" where Russia "stops gas deliveries". Initially, Germany hopes to substitute Russian supplies with larger deliveries of liquefied natural gas (LNG), which can be imported by sea from producers such as the United States or Qatar. But Germany lacks the infrastructure to receive overseas gas, with no LNG terminals along its coast where tankers can dock. Their absence means it will have to import supplies through one of the European Union's 21 other terminals, a costly solution at a time when energy prices are soaring.

As Russia's economy continues to bear the brunt of western sanctions, China has emerged as the key player with the potential to lessen its partner's economic pain. Beijing and Moscow have forged close ties in recent years, often aligning to oppose what they view as interference by the US and its allies. Earlier this month, Putin held talks with Chinese President Xi Jinping in Beijing, where the two leaders declared that friendship between their countries had "no limits" and no "forbidden" areas of cooperation. The meeting resulted in a raft of trade deals, including the signing of a 30-year contract for Russia to supply gas to China via a new pipeline. Furthermore, this week Chinese customs authorities announced the lifting of import restrictions on Russian wheat. Gary Ng, an Asia economist at Natixis, said the current sanctions regime gives China considerable room to continue legitimate trade with Russia. "With China's support, the pressure on Russia will definitely be less, especially for financial linkages," Ng said.

A relaxation of COVID-19 restrictions prompted a boost in consumer spending and a rebound in Japan's economy at the end of last year. Japan's Gross Domestic Product (GDP) rose an annualized 5.4% in the fourth quarter, according to figures from Japan's Cabinet Office. Economists had expected a 5.8% rise. But analysts warned the economy probably lost steam after December when the Omicron-variant spread and oil prices began to rise. Consumer spending, which makes up more than half of Japan's GDP, increased 2.7% from the previous quarter. For the whole of 2021, Japan's economy rose 1.7%.

Finally: It is well known that Russia is one of the world's largest producers of energy, both natural gas and oil. So as gas prices continue to hit new highs across the country, just how much of the world's oil does Russia produce? Data from the U.S. Energy Information Administration shows that Russia is currently third in the world in daily production of Brent crude oil, with 11% of the total. The U.S.A. leads with 20% and Saudi Arabia is second at 12%. Interestingly enough, Russia's "Urals grade" oil is now trading at an $18 per barrel discount to Brent as buyers are bypassing Russian oil in favor of other exporters. (Data: EIA, Chart: 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

"Investment survival has to be achieved in the short run, not on average in the long run."

Howard Marks – Co-Founder and Co-Chairman
Oaktree Capital Management

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://novelinvestor.com/quote-category/risk-management/

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.)