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1220 N. MULLAN ROAD
SPOKANE, WA 99206
509-922-3110

DONALD J. MOULTON
CFP®, RFC

www.moultonwealth.com

RIAL R. MOULTON
CFP®, CPA/PFS, RFC

Week of July 11, 2022

On the radio show this past weekend (you can find it by clicking here) we discussed economic leading indicators, coincident indicators and trailing indicators.

What are they? Essentially what their names imply.

A leading indicator is used to discern our future or where we are headed. Coincident indicators confirm where we currently are and trailing indicators tell us what happened in the past.

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RISK MANAGEMENT

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(BREAKFAST)

- **JULY 27TH @ 11:00 AM – RICHLAND**

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From a risk management perspective, leading indicators are much more important than coincident or trailing indicators. They are used as a tool to manage risks that may be arising in our future.

Why did we discuss this?

Because many of the talking head arguments about where we are in the economic and stock market cycle (i.e. – little chance of a recession and a great time to buy stocks at a discount) try to "validate" their opinions using coincident and lagging indicators.

One such was announced this week; the jobs report. In June 372,000 jobs were created according to the Bureau of Labor and Statistics, much more than expected, and the unemployment rate remained at 3.6%, a historically low number.

The experts from the big brokerages flooded the airwaves and internet advising us that you can't have a recession with these kinds of strong jobs numbers. And intuitively it makes sense. However, employment has always been a lagging indicator. It has little predictive power of where the economy will be over the next 6 months or a year, or even where it is right now.

Why is this?

Employment is always the last thing to be slashed when businesses begin slowing. Both from a human and economic perspective, laying off people is tough. It should be obvious why it is difficult to tell someone they no longer have a job at the same time the economy is slowing, reducing the odds of them finding a new one. But from a purely economic perspective, firing and then eventually rehiring and retraining employees is very expensive.

We discussed this along with the data in our June 27th weekly newsletter (you can find it by clicking here). In it we showed that unemployment didn't rise appreciably *before* past recessions, but instead rose *during* those recessions. As such waiting for unemployment to rise would mean you are waiting to already be in the recession. As a risk management tool this approach is problematic.

One leading indicator is properly named the Conference Board Leading Economic Index. Wikipedia explains…

The Conference Board Leading Economic Index is an American economic leading indicator intended to forecast future economic activity. It is calculated by The Conference Board, a non-governmental organization, which determines the value of the index from the values of ten key variables. These

variables have historically turned downward before a recession and upward before an expansion.

It is but one of the many things we consider in our process to ascertain where the economy is headed.

Please see our new website www.MoultonWealth.com. Of the many improvements, the most important is we now host podcasts of past radio shows, allowing you to listen at your convenience. If you've not heard any yet, we'd suggest starting with 05-28-22 (Connecting the Economic Dots) as well as 05-21-22 (Housing Bubble) and of course the most recent show.

David Rosenberg is an economist we subscribe to who provides independent research about the economy and the stock market. In a recent note titled "Can You Handle the Truth?" he explains what the Conference Board Leading Economic Index is telling us. I'll use his words as they are hard to beat (emphasis is ours).

As for the Fed, as it focuses on lagging or coincident indicators, it is missing a lot of action from the forward-looking barometers of economic activity. ***The Conference Board's leading economic indicator fell 0.4% in May on top of a like-sized -0.4% reading in April. It also fell 0.1% in March, and the index is now down in four of the past five months*** *— and to the lowest level in seven months.*

Here's the reality: ***the Conference Board's official index of leading economic variables goes back to February 1959, and whenever this composite fell three months in a row and in four of five, the economy was still in economic expansion less than 1% of the time six months out.***

So let me repeat — ***99% of the time in the past 70+ years, the economy was either in recession or within six months of entering one, with the LEI contracting three straight months and for four of five months, as is currently the case.***

Listen to Rial's 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

listen live at www.newstalk870.am again at 9:30 each Saturday morning

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What's that do to the stock market?

Morgan Stanley's Chief U.S. Equity Strategist warns that in recessions both earnings and valuations decline. Earnings decline on average 15% and he thinks valuations could fall from a price to earnings (P/E) multiple of 23.6 heading into the year to 14 by the end of the bear market.

Let's do a little math.

With a 15% earnings decline and P/E of 14 we get the S&P-500 to 2468.62 or another 36.7% decline from Friday's close, and a total top to bottom decline of 48.5%.

Is that likely?

We would say it's not unlikely. The last three recessionary bear markets saw the S&P-500 decline 50%, 57% and 32% (-46.33% average) with the last one rescued by massive money printing. Regardless, if you're positioned correctly the depth of the decline is less important than if your strategy is to hope it doesn't fall much.

Regardless, employment tells us little about where the economy is likely headed and even less about the stock market.

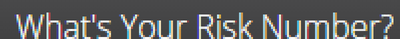
If we are in, or headed into a recession, the current stock market decline could be less than half way over. Are you comfortable either financially or psychologically watching your portfolio losses double from here?

It's certainly possible.

What is your defensive plan?

Call or attend a seminar to hear about ours.

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. equities erased much the previous week's losses on optimism that the Federal Reserve will be able to slow inflation without tipping the economy into recession. The gains pulled the benchmark S&P 500 index out of bear market territory, leaving it down 19.1% from its January peak. The Dow Jones Industrial Average retraced most of last week's decline, rising 0.8% to 31,338. The technology-heavy NASDAQ Composite rallied 4.6% and finished at 11,635. By market cap, the large cap S&P 500 added 1.9% while the mid cap S&P 400 and small cap Russell 2000 gained 1.1% and 2.4%, respectively.

International Markets: Almost all major international markets finished in the green as well. Canada's TSX rose 0.9%, while the United Kingdom's FTSE 100 added 0.4%. On Europe's mainland, France's CAC 40 and Germany's DAX rose 1.7% and 1.6%, respectively. China's Shanghai Composite had its first down week in six, however, pulling back -0.9%. Japan rose 2.2%. As grouped by Morgan Stanley Capital International, developed markets gave up -0.5%, while emerging markets finished up 0.6%.

Commodities: Major commodities finished the week in the red. Precious metals sold off with Gold falling -3.3% to $1742.30 per ounce, while Silver retreated -2.2% to $19.24. Energy retraced all of last week's rebound and then some. West Texas Intermediate crude oil declined -3.4% to $104.79 per barrel, while Brent crude declined -3.9% to $107.15. The industrial metal copper, viewed by some analysts as a barometer of world economic health due to its wide variety of uses, finished down -2.3% - its fifth consecutive weekly decline.

U.S. Economic News: Employers added 372,000 new jobs in June, well above the consensus forecast of around 250,000. The much better-than-expected reading signaled the economy is still powering ahead despite an avalanche of predictions of an impending recession. Hiring in professional employment led the way rising by 74,000, while bars, restaurants, hotels and other hospitality businesses created 67,000 new jobs. Corporate economist Robert Frick at Navy Federal Credit Union remarked, "June's strong job growth, especially in the teeth of high inflation, shows that the expansion remains on solid ground." However, one concern was that the size of the labor force fell for the second time in three months. The labor force tends to stagnate when hiring slows or jobs become harder to find. The unemployment remained unchanged at 3.6%.

The number of Americans filing first time unemployment claims rose to a six-month high last week, a sign the labor market may finally be slowing. The Labor Department reported 235,000 people applied for initial jobless benefits last week, an increase of 4,000 over the previous week. Economists had expected initial claims to total 230,000. Most of the increase in raw or actual jobless claims was concentrated in just a handful of states: New York, Michigan, California and Georgia. The increase in Michigan is likely tied to temporary furloughs among automakers. Meanwhile, the number of people already collecting unemployment benefits rose by 51,000 to 1.38 million. That's the biggest one-week increase since September.

The U.S. economy by many measures appears to be cooling, but the labor market remains quite robust. The Labor Department reported job openings fell slightly in May to a still-high 11.3 million. Layoffs remained near a record low. Job openings have slipped for two months in a row after peaking in March, but they've topped 11 million for six consecutive months. Job openings fell the most at white-collar profession businesses (-325,000) and manufacturing (-208,000). Technology companies in particular are scaling back. Meanwhile, the number of people who quit their jobs fell slightly to 4.27 million. The closely watched 'quits rate' slipped to 2.8% from 2.9%. Analysts view the quits rate as a more reliable view of the state of the economy as it is assumed that one would only quit a job in lieu of a more lucrative one. Nick Bunker, director of economic research at Indeed Hiring Lab noted, "This is not what a recession looks like". The May job openings data "obviously lags what's happening in the labor market presently, but all signs are that it remains strong."

Orders for U.S. factory goods jumped 1.6% in May, bucking a string of recent data showing a softening in the economy. However, some analysts were quick to point out the increase was primarily due to petroleum-related products whose prices have risen sharply. The increase in orders exceeded the 0.6% forecast by economists. However, a survey of senior manufacturing executives signaled a slowdown in June. The Institute for Supply Management (ISM) reported its national factory activity index slipped to a two-year low as orders contracted for the first time since the start of the pandemic in the spring of 2020. Manufacturing accounts for 12% of the U.S. economy and is being held up by strong demand for goods even as overall spending rotates more toward the services sector.

In a similar survey, ISM reported its barometer of business conditions at service-oriented companies such as restaurants, hotels, and retailers, dipped to a two-year low of 55.3 in June—another sign of a slowing U.S. economy. However, the reading exceeded the consensus forecast of 54. Still, while numbers over 50 signify expansion over contraction, the index has fallen three months in a row. "Inflation is definitely taking a bite from our sales," a retail executive told the Institute for Supply management. Furthermore, the situation doesn't appear likely to improve anytime soon. The new orders index dropped 2 points to 55.6—a 16 month low, while the employment index fell 2.8 points to 47.4. That's the third negative reading in employment over the past five months—and the lowest in almost two years.

Federal Reserve officials remained resolute about the need to continue their interest rate hiking trajectory according to the minutes of its June policy meeting released this week. Fed officials "recognized that policy firming could slow the pace of economic growth for a time, but they saw the return of inflation to 2% as critical to achieving maximum employment on a sustained basis," the minutes said. Officials agreed to a rare 75 basis point hike in the Fed funds rate in June – the largest rate hike since 1994 – and "judged that an increase of 50 or 75 bp *(basis points or 1/100 of a percent)* would likely be appropriate at the next meeting." The central bankers agreed that "the labor market was very tight, inflation was well above the Committee's 2% inflation objective and the near-term inflation outlook had deteriorated since

the time of the May meeting." In June, Fed officials penciled in getting the policy rate up to near 3.5% by the end of this year and close to 4% in 2023.

International Economic News: Economists at the Royal Bank of Canada (RBC) warned that Canada was going to enter a 'moderate and short-lived' recession next year as it copes with rising interest rates and rising inflation. In its latest report, the bank said Canada's unemployment rate is now almost a full percentage point below RBC's assumption of the longer-run, non-inflationary level. "(Recession) has become, in our view, the most likely outcome," Nathan Janzen, one of the report's authors, said. The report predicts the Bank of Canada will follow the lead of the U.S. Federal Reserve, which hiked rates by 75 basis points in June, during its meeting next week. RBC now expects the Bank of Canada to lift rates to 3.25% by the end of 2022, which they noted is high enough to significantly restrict growth, particularly in Canada, where household debt is very high.

Across the Atlantic, British PM Boris Johnson was forced to resign as dozens of members of his party quit the government after one ethics scandal too many. Outside of parliament, his popularity was also in shambles as surging inflation and stagnation weighs on the British economy. Every major economy has suffered from the effects of the coronavirus pandemic, but the United Kingdom has had it worse than most of its peers. Inflation hit a 40-year high of 9.1% in May—the highest among G-7 economies. Furthermore, it is forecast to climb above 11% later this year.

On Europe's mainland, the French government has unveiled a 20 billion euro ($20.3 billion USD) package of measures meant to help struggling households cope with rising food and energy prices. The government's move comes as annual inflation reached a record 8.6% for the 19 countries using the euro, propelled by a huge increase in food and energy costs. In France, annual inflation is estimated to be 6.5%, among the lowest in the Eurozone. The measures include increasing pensions, raising welfare payments, caps on rent increases, and pay raises for civil servants (all themselves inflationary).

Germany is no longer exporting more than what it imports from other countries, highlighting the strains that the nation and other European economies are facing from surging energy and food prices. For the first time in 30 years Germany posted its first monthly trade deficit. Germany posted a foreign trade deficit of 1 billion euros ($1.03 billion USD) in May as import prices surged. This marks a significant moment for the German economy, which had reported trade surpluses every month since 1991. "Germany's vaunted trade surplus is gone," Carl Weinberg, chief economist at High Frequency Economics, said in a note, adding that "higher prices for imports of energy, food and materials are goosing up the import bill."

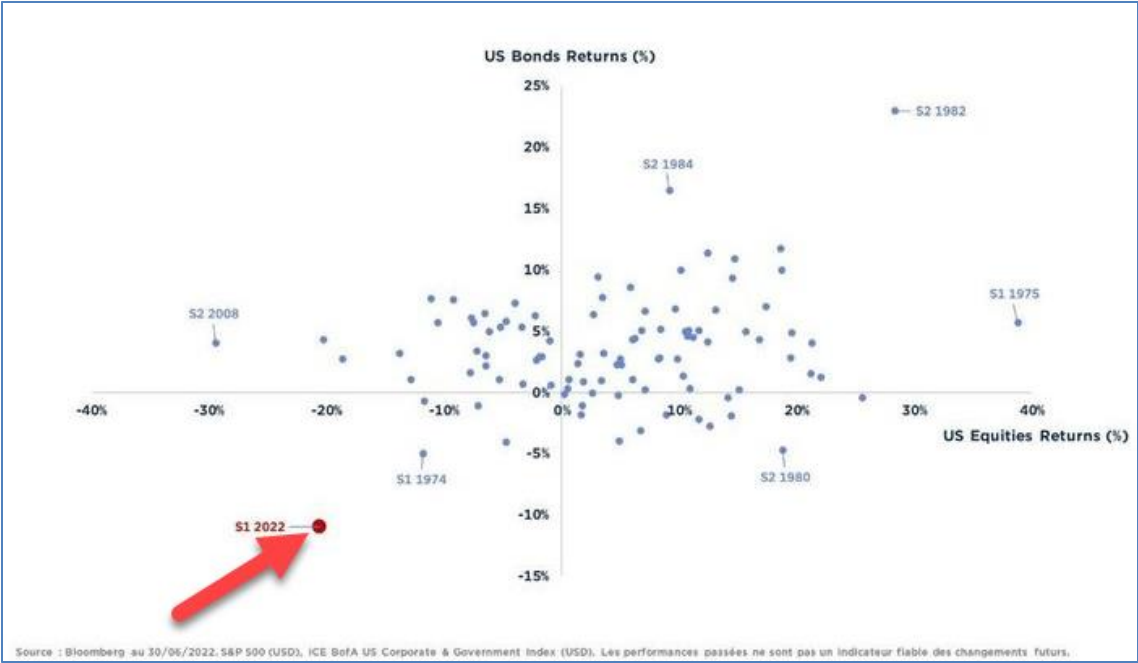
In Asia, the United States and China held talks this week to discuss the huge challenges facing the global economy and rising speculation that some Trump-era tariffs could be cut to ease inflation and boost growth. US Treasury Secretary Janet Yellen and China's Vice Premier Liu He — Beijing's top economic official — had a "substantive conversation" on a call, according to a statement by the US Treasury. The talks, which were initiated by the United States, were

described as “candid” and came amid reports the Biden administration may lift some tariffs on Chinese goods as soon as this week. The Chinese readout noted that the exchange was "constructive" and "pragmatic." It added that the two sides discussed "views on the macroeconomic situation and the stability of the global industrial chain and supply chain." Both sides agreed that the global economy is facing severe challenges and placed "great significance" on better policy coordination between China and the United States.

Japan’s household spending posted a surprise drop in May, falling for a third consecutive month. Government data showed Japan’s spending slipped 0.5% in May from a year earlier. The consensus forecast was for a 2.1% increase. Policymakers have been worried about growing pressure on households which are facing surging prices of food and other daily essentials as well as higher costs of utilities such as electricity. Japan's economy is projected to rebound on stronger consumption in the second quarter following contraction in January-March, however higher prices for energy and raw materials are clouding the economic outlook.

Finally: With the worst first half for the stock market in 60 years now in the books, many want to know - just how unusual was it? In the graphic below, private bank and investment house Edmond de Rothschild showed not only equities had a difficult first half, but the other side of the investment barbell – bonds - did poorly as well. At Deutsche Bank, using a proxy index for the 10-year U.S. Treasury, research strategist Jim Reid showed it was actually the worst first half since 1788 for the stocks and bonds combo! And Michael Every at Rabobank summed it all up stating, “if you bought stocks in H1, you lost; if bonds, you lost; if commodities, you were doing great until recently; if crypto you lost; if the US dollar, you were fine" but lost purchasing power to inflation. (Chart from Edmond de Rothschild)

We would add a thought. It seems unlikely that the bond market continues to suffer similar losses through the second half of the year, since they are virtually unprecedented. The declines in the stock market on the other hand, are very “normal” and could just be getting started.



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.

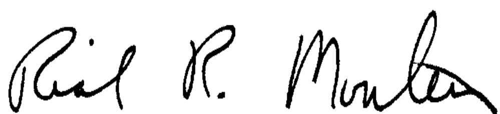
We discuss many of these issues on the weekly radio show and invite you to listen.

WEEKLY FOCUS – THINK ABOUT IT

"If you don't know where you are going, you might wind up somewhere else."

Yogi Berra – American Baseball Player

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.

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***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,0020Statistics Canada, Yahoo! Finance, stocksandnews.com, marketwatch.com, wantchinatimes.com, BBC, 361capital.com, pensionpartners.com, cnbc.com, FactSet.)