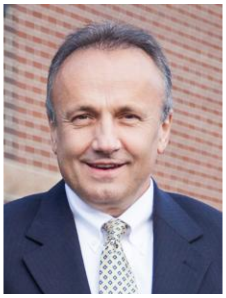

MOULTON WEALTH MANAGEMENT INC.

MOULTON HOT MINUTES

SPECIALIZING IN RETIREMENT AND TAX PLANNING

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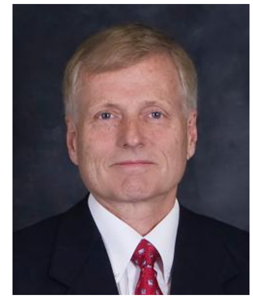

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ESTATE PLANNING ATTORNEY

Week of March 30, 2026

Last week's newsletter discussed the fact that our first sell signal triggered, and as is our discipline, we took down market risk in clients' portfolios. Are we certain it was the right move? Absolutely. Why? Because it's always the right move to protect principal if you are retired or close to retirement. Today's newsletter will tell you why. You can read last week's newsletter here: Newsletter - Moulton Wealth.

Last Saturday's radio show discussed how we can extricate ourselves from the Iran conflict, which, or course, would be a net positive for the stock market. But we also discuss "cockroaches". Something being overlooked (because of focus on the war) is the continued deterioration in both real-estate and private credit. These should not be ignored. Either, or both, can lead to a liquidity crunch, and those can cause the largest market drops. We also review InvesTech's newest research and technical analysis. Don't miss it! You can listen to past radio shows here: Radio Show - Moulton Wealth.

Please see our 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. You can also read all the past newsletters and take the test to find your Risk Number.

THIS IS NOT THE KIND OF MARKET RETIREES CAN AFFORD TO GET WRONG

If you are retired - or getting close - you may already feel it. Has something changed?

The headlines are louder. The risks are bigger. The world feels less stable. Markets still move higher at times, but underneath the surface, the ground feels less secure than it did just a few years ago.

You can see it in the wars overseas. You can see it in the strain on government finances. You can see it in the pressure building in commercial real estate, in private credit, and in the growing number of areas that only seem stable as long as nothing goes wrong.

And that is the problem.

For years, investors were taught to believe that if they just stayed invested long enough, everything would work out.

For retirees, that can be a dangerous assumption!

Because when you are living on your savings - or about to - you do not have the same luxury you had 20 or 30 years ago.

LISTEN TO RIAL'S AND DON'S RADIO SHOW,

"YOUR MONEY MATTERS"

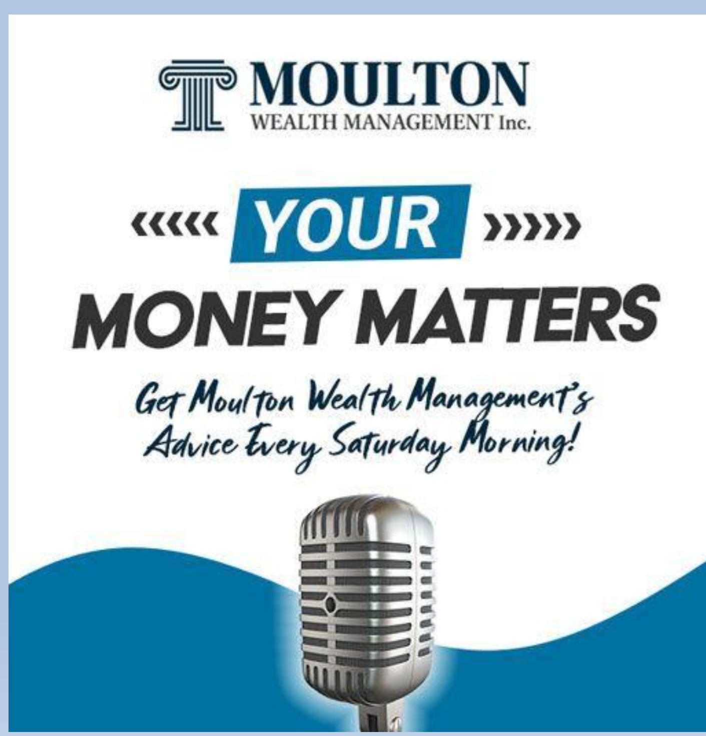
EVERY SATURDAY MORNING AT

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

OR VISIT OUR WEBSITE MOULTONWEALTH.COM FOR PODCASTS



509-922-3110

You are not just investing anymore.

- ***You are defending your paycheck.***
- ***You are defending your freedom.***
- ***You are defending the future you worked your whole life to build.***

And in a market like this, one bad decline at the wrong time can change everything.

RETIREMENT IS NOT ABOUT CHASING THE HIGHEST RETURN

Wall Street loves to talk about returns. They love to talk about averages. They love to talk about what the market "usually" does over long periods of time.

But retirees do not live on averages.

Retirees live on dollars.

And there is a huge difference between a portfolio that looks good on paper, and one that actually holds up when markets get ugly.

This is where so many investors get trapped. They hear that one strategy earned 10% a year and another earned only 6%, and they assume the 10% strategy must be better.

It sounds obvious.

But when major losses hit first, the exact opposite can be true.

THE SIMPLE MATH MOST INVESTORS NEVER HEAR

Imagine two hypothetical retirees each starting with **$1,000,000**.

(This is not a recommendation nor a prediction. It is not investment advice. It is simply a math exercise. Consider your situation before making any investment decision.)

They are each offered a choice between two investment solutions. One historically "averages" 10% per year while the other only 6% per year. Wall Street discloses that the former, "of course" has a bit more volatility.

Investor A decides he is comfortable with volatility and likes 10% much more than 6%, so he chooses that portfolio. After all, "*the market always comes back, and he's a long-term investor".*

Investor B decides she isn't comfortable with too much volatility so she chooses the 6% option.

The "obvious assumption" is that investor A will make more money than investor B, over time.

But how much time?

Unfortunately, early in retirement both investors endure a bear market. Investor A, with "higher volatility", suffers a painful 50% decline. That million dollars is suddenly cut in half to $500,000. After that, the portfolio does in fact grow at the very strong 10% per year historical return, for the next 10 years.

Investor B also experiences a loss, but a much smaller decline of 20%. That million dollars falls to $800,000. From there, the portfolio does in fact grow at the more modest 6% per year historical return for the next 10 years.

At first glance, most people think investor A wins. After all, **10% is not twice as much as 6% but it's within spitting distance. And 10 years, especially in retirement, is a long time.**

But here is what actually happens.

After 10 years, investor A's portfolio, that had dropped 50% and then earned 10% a year every year after, grows to about **$1,296,871**. He brags to his wife that he was right, the market and portfolio in fact came back, and he was astute for picking the approach with higher volatility, but also higher returns. *[Interestingly, assuming 3% inflation for 10 years of recovery – excluding the actual bear market itself – he's not regained his initial $1,000,000 purchasing power.]*

After the same 10 years, investor B's portfolio that had dropped 20% and then earned only 6% a year grows to about **$1,432,679**.

Read that again.

The lower-return portfolio ends up with MORE money.

In fact, it ends up ahead by more than **$135,000**.

AFTER 10 YEARS OF STRONG MARKETS!

Why?

Because investor A lost too much upfront. The higher return came later - but it was compounding on a much smaller pile of money.

That is the part too many people miss.

Big losses do more damage than high returns can easily repair.

Now put it into retirement years. Investor A and his wife are 10 years into retirement (not counting the bear market) and are still behind.

How old will you be 10 years from now, and what do you plan during those years, that a large loss, could derail?

A BAD LOSS DOES NOT JUST HURT - IT CHANGES THE FUTURE

This is what makes retirement investing so different.

If you are 35 years old, a major bear market is painful, but time may still be on your side. You're still working, you're still contributing, you still have decades before you may need the money. If you are 65, 70, or older, time is no longer your greatest asset.

Your capital is.

And once a large portion of that capital disappears, the recovery can be far more difficult than people realize.

A 20% loss is not pleasant, but it can be recovered.

A 50% loss is a completely different animal.

A 50% loss requires a 100% gain just to get back to even.

That is not a small setback. That is years of your life waiting for your money to catch back up - assuming it ever does.

And the real world is even harsher than the example above.

Because most retirees are not just sitting there waiting for recovery. They are taking income. They are paying bills. They are writing checks for groceries, healthcare, utilities, travel, taxes, and unexpected expenses.

So, if a portfolio falls sharply and withdrawals continue, investors are often forced to sell assets while they are down.

That can create damage that is not temporary.

It can become permanent.

That is why the wrong bear market at the wrong time can do more than hurt performance.

It can hurt a retirement plan.

THIS IS WHY A SELL DISCIPLINE IS NOT OPTIONAL

Many people hear the phrase "sell discipline" and assume it means panic.

It does not.

A sell discipline is not fear. It is not guessing. It is not reacting emotionally to every headline.

In fact, it's the opposite of all of those.

A sell discipline is simply a plan, and in our case, a plan based on math, not emotion.

It means deciding in advance how much damage is too much. It also means devising systems to measure that damage, aside from simple percentages.

It means understanding that there are times when preserving what you have is more important than trying to squeeze out a couple more percent of upside.

It means refusing to let "hope" become your strategy.

And that matters right now, because today's risks are not theoretical.

We are living in a time of ***geopolitical conflict, stubborn inflation pressures, high interest rates, record debt burdens, stress in private lending markets, and real estate problems*** that still have not fully worked themselves out.

Any one of those risks might be manageable by itself.

But when they begin to stack on top of each other, markets can change quickly. That is why retirees cannot afford to simply assume, "It will come back." Sometimes it does. And sometimes it takes far longer than people expected.

And sometimes the recovery arrives too late to undo the damage that was done while the money was falling.

After the Dot.com bubble, the S&P-500 took 13 years to permanently make new highs. What do you plan to do for the next 13 years that you may need to skip?

Hope is not a retirement strategy.

Discipline is.

WHAT MATTERS MOST IS NOT THE RETURN YOU CHASE - IT IS THE MONEY YOU KEEP

This is one of the hardest truths in investing, but one of the most important.

In retirement, winning is not about bragging rights. It is not about beating an index in a great year. It is not about saying, "My portfolio made 10%."

It is about waking up years from now and still having the income, flexibility, and confidence to live life on your terms.

That is why the most successful retirement portfolios are not always the ones that swing for the fences.

Very often, they are the ones built to endure. They are the ones designed to absorb shocks. They are the ones prepared for the reality that the next serious decline may not look like the last one.

And they are the ones guided by a process that knows when risk has become too dangerous to ignore.

Because in retirement, protecting what you built is not being conservative.

It is being smart.

THE QUESTION THAT MATTERS NOW

If the market continues to fall, will your current plan protect you? Or will it simply ask you to wait, hope, and hold on?

That is not a small question. In fact, it may be the most important financial question of your retirement.

Because the difference between a manageable decline, and a devastating one, is not just numbers on a statement.

It can be the difference between confidence and anxiety.

Between freedom and stress.

Between enjoying retirement, and spending years trying to recover from a mistake that should have been avoided.

DON'T WAIT UNTIL THE DAMAGE IS DONE

It's not unusual for our seminars and appointment book to fill up after large market declines.

Investors realize their financial picture is weaker, and they want to see if there's a way to shore it up.

But don't wait until that happens.

The worst time to figure out your risk is after the market has already taken the money.

The worst time to discover your portfolio is too aggressive is after the decline has already happened.

And the worst time to realize there was no real exit plan… is when you need one most.

Now is the time to ask the hard questions.

Now is the time to test your plan.

Now is the time to make sure your retirement is built to survive, not just perform.

If you are retired - or within a few years of retirement - this is exactly the kind of environment where a second opinion can make all the difference.

We invite you to join us for a **complimentary retirement risk review** and see whether your portfolio is truly prepared for what may come next.

Not just for growth.

Not just for income.

But for the kind of market that can change a retirement if you are not ready.

Because after a lifetime of work, you do not need more guesswork.

You need a plan built to protect what matters most.

Want Help?

Let's review your portfolio, your taxes and your estate plan and design a plan to optimize your retirement. And let's include a math-driven defensive investment sell discipline, tailored to the next phase of the market - not the last one.

Prepare - don't panic.

If you're feeling unsure about how to navigate all of this, or if you're sitting on the sidelines, trying to figure out how (or whether) to get back in, we invite you to call us or join one of our seminars.

We'll walk you through the data, the process, and the options. Our mission is to help you plan with discipline, flexibility, and confidence - whatever the market brings next.

Participate while the trend is strong, but have a clear plan for when to reduce risk.

That's what disciplined investing is all about - balancing the need to capture gains with the need to protect against big losses.

Our 8 Core Investment Principles:

1. We are committed to making your money last as long as you do.
2. Growth is important, but the protection of principal is even more important.
3. The goal of our Invest and Protect strategy is unlimited upside, with tolerable downside.
4. It's better to have the Invest and Protect strategy and not need it, than to need it and not have it.
5. The Invest and Protect strategy sometimes comes with opportunity cost in certain market environments.
6. Take only as much risk as appropriate to achieve your specific financial goals.
7. Paying taxes on gains is preferable to losing those gains, along with your principal.
8. Working with a financial professional who is a fiduciary, and who has a mathematically based protection strategy, may help you achieve a successful retirement.

Investments are but one topic we cover at our seminars, and discuss in our consultations. Retirement can be a time of great joy and freedom. But leaving aspects of your finances unaddressed, adds uncertainty and stress. It's why it is so important to look beyond just your investments. In our free, initial consultations we review these five critical areas:

1. **Protection** - how do you protect against disasters such as a fire, lawsuits and health issues?

2. **Estate Planning** - what is the best estate plan for you and for your heirs? Is the one you have set up properly? And did you know that no matter how good, your estate plan likely does not cover your biggest assets? They certainly don't govern IRAs, 401ks, 403bs, 457s, Roth IRAs, life insurance or annuities.
3. **Income Taxes** - we'd all like to pay less income taxes, but how? Tax planning is becoming harder and harder to find. Your tax preparer is likely overworked, and doesn't have the time, or expertise, to tax plan in consideration of your entire financial picture. We strive to suggest strategies to save taxes over time for you, for your spouse, and for your heirs.
4. **Retirement** - the biggest question we get is *"do I have enough money?"* If you've not yet retired, you can always decide to delay, assuming it's your choice. But if you're already retired, you need to resolve this as early as possible, so smaller changes can make a bigger impact. Our Family Index will tell you a lot about what you need to know.
5. **Investments** - when asked how they pick investments, we receive a variety of answers. Most say they look at 5- or 10-year returns, and assume those will continue into the future. Some get tips from friends or off the internet. Still others are frozen with indecision, and don't really know what they have, or even when or how they got them. This is especially problematic for surviving widows and widowers, who were not the partner "in charge" of the investments. While any of these can work for a time, many, if not most, will ultimately fail, especially in bear markets. We think it's critical to understand how much risk you are taking, what the downside could be, and to decide, BEFORE IT HAPPENS, if you can financially survive. If not, you need to implement a strategy to minimize this risk, again, before it happens.

For many, worrying about investments, along with all the other retirement concerns, is not something they feel comfortable doing. Many would rather spend retirement enjoying themselves.

Working with an advisor may help.

It doesn't matter if you lose money because you pay more than you need to in taxes, get sued or have a disaster, lose it because your estate plan is not implemented properly, or take a big loss during a stock market decline…

It's all lost money!

We offer free, no obligation "Financial Physicals" where we address all of these potential land minds, in addition to your longer term, retirement cash flow needs.

Come to a seminar and decide if a Financial Physical could be helpful.

Hope for the best but plan for the worst.

If you're not a client, what should you do with this information?

Prepare!

Procrastination and Planning both start with a P, but they are not the same.

Failing to prepare, is preparing to fail.

Come to a seminar and find out how you might protect yourself. In our seminars, and at initial, free, consultations called "Financial Physicals" we discuss the five areas most important to financial health for retirees or those close to retirement.

1. Protection
2. Estate Planning
3. Income Tax
4. Retirement
5. Investments

Risk management is key for success in all of those areas.

Consider exploring how you might add a defensive strategy to your investment approach.

Maybe this time is different, and if you're a buy and hold investor with no defensive strategy, you're betting your portfolio, and possibly your retirement, on it.

Attend a seminar or call the office to find how adding a defensive strategy to your portfolio could help because…

Sure, the market comes back, eventually…

How long can you afford your portfolio to be down significantly?

Currently risk-free rates approximate 4.2% compared to what the market "might" make (or more importantly lose) over the coming months, and considering the growing mountain of evidence of an oncoming recession, it seems negligent not to at least explore your options.

This is even more important if your spouse is not as savvy about investments as you are.

The Great Financial Crisis was triggered by the popping of a bubble in real-estate. ***The bubble in real-estate today is bigger by most measures.***

The Dot.com bear market was triggered by the popping of a bubble in equity valuations. ***The equity bubble is bigger today by most measures.***

Neither the Dot.com nor the Great Financial Crisis bear markets had inflation, or nearly as much debt across consumers and businesses as we have today.

If the Dot.com bubble resulted in the S&P-500 falling ~ -50% and the NASDAQ falling over ~ -80%...

If the Great Financial Crisis saw the S&P-500 fall ~ -57% and the NASDAQ falling over ~ -50%...

How much might a market fall with levels exceeding both of those along with inflation and higher leverage?

You don't have to remain locked into the same approach as you had when these risks didn't exist. You are allowed to protect yourself. You can step away and then come back when the risks decline. Call us to find out how.

It's time to focus on return of your money rather than return on your money.

To be clear, we'll have a great buying opportunity at some point in the future. Usually that happens with the market crashing and most investors disgusted with the thought of investing. If you lose much of your net worth, participating will be difficult.

"You can't buy low if you don't sell high."

Patience and asset protection will be key.

Don't wait until you have suffered unrecoverable losses before taking action.

In the Great Financial Crisis, the S&P-500 fell 24% from the start on October 9, 2007 until the Lehman bankruptcy on September 15, 2008. That was close to a year, and not that far off from what we've lived through so far.

Then in just over a month from September 15, 2008 to October 27, 2008 the S&P-500 fell ***ANOTHER*** 28.8%. And from September 15, 2008 to the ultimate bottom, about 5 months later, it fell ***ANOTHER*** 43%.

Not only do bear markets normally unfold in three stages with the last being the most virulent, it also demonstrates that risk happens slowly and then all at once.

What is your defensive plan?

Call or attend a seminar to hear about ours.

Remember, we have a feature on our website 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.

What's Your Risk Number?

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 and more on the weekly radio show and invite you to listen.

WEEKLY FOCUS – THINK ABOUT IT

Not the kind of market investors can afford to get wrong.

Yours truly,

Rial R. Moulton, CFP®, CPA / PFS, RFC
Certified Financial Planner™
Estate Planning Attorney
Fiduciary

Donald J. Moulton, CFP®, RFC
Certified Financial Planner™
Fiduciary

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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To unsubscribe from the "Molten Hot" Minutes please reply to this e-mail with "Unsubscribe" in the subject line, or write us at 420 N. Evergreen Road, Suite 100; Spokane, WA 99216.

***The Barclays Global Aggregate Bond Index** (formerly Lehman Brothers Global Aggregate Index), is an unmanaged market-capitalization-weighted benchmark, and 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 companies 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.*