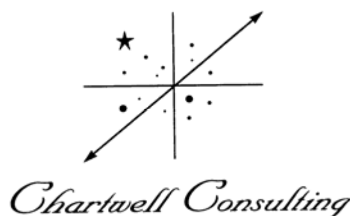

CHARTWELL REVIEW

April 2008 **FIRST QUARTER 2008** Volume XV, Issue No.1

Capital Rules

The golden rule of capitalism – "them that has the capital, makes the rules," has been true for *at least* the past 100 years (see the back page of this Review for a past example). An observed corollary to this might simply be that leverage is always a double-edged sword – whether at the retail (residential) level, or at our country's sixth largest investment bank. We expect the first quarter of 2008 will be remembered as the time when the one of the country's most important financial institutions disappeared for less than the price of its headquarters building. Not because of any illegal activities (ala Drexel, Salomon Brothers, or Kidder), but because too much leverage left it completely exposed to the kindness of others. Who was there to take advantage of the situation? An institution with capital (and friends in high places).

Other than *that*, Mrs. Lincoln, how did you like the play? Well, the weak credit environment continued to get worse. The capacity and willingness of lenders to lend, continued to deteriorate, despite a series of financial market supports by the Federal Government which were unprecedented in their scope. The economy continued to slip toward what appears to be an inevitable recession. The not-so-healthy Dollar, got even sicker. Finally, actual and projected corporate earnings continued to weaken, and so did the world's stock markets.

One very small observation – the quarter's 10% stock market decline (see at right), which was reduced to "just" 7% as soon as the second quarter began, was the 40th worst quarterly performance in the past 80+ years. Not the worst, or the 5th worst, but the 40th worst.

Table 1: Index Benchmarks

Market Index	Q1 2008	Trailing Returns * 1 Yr	3 Yr	5 Yr	10 Yr
S&P 500	(9.4)	(5.1)	5.9	11.3	3.5
U.S. Large-cap Stocks	(9.3)	(3.9)	5.7	10.3	2.6
U.S. Mid-cap Stocks	(10.0)	(8.9)	7.4	16.3	7.7
U.S. Small-cap Stocks	(9.9)	(13.0)	5.1	14.9	5.0
Foreign Stocks (**devel**)	(8.8)	(2.3)	13.8	21.9	6.6
Foreign Stocks (**emerg**)	(10.9)	21.7	29.6	36.0	12.5
LIBOR (3 month)	1.3	5.6	4.9	3.5	4.1
U.S. Aggregate Bonds	2.2	7.7	5.5	4.6	6.0
High Yield Bonds	(3.0)	(3.5)	4.9	8.6	4.9
Global Bonds, unhedged	9.7	20.3	7.3	8.1	7.2
CPI, ***annualized***	***5.6***	4.1	3.5	3.1	2.7
Dow AIG Commodity	9.6	21.8	12.1	15.7	10.4
Chartwell Global 65/35	*(4.7)*	*2.4*	*9.7*	*13.9*	*7.1*

Table 2: Average Mutual Fund Returns

Fund Category	Q1 2008	Trailing Returns * 1 Yr	3 Yr	5 Yr	10 Yr
U.S. Large-cap	(10.2)	(4.6)	6.1	11.8	4.1
U.S. Mid-cap	(11.0)	(5.6)	7.4	14.9	7.2
U.S. Small-cap	(10.6)	(11.8)	5.0	14.8	6.7
International Lg. Cap	(9.2)	(0.8)	14.3	21.5	7.1
International Sm. Cap	(8.2)	(6.5)	14.2	26.0	11.8
Emerg. Mkt. Equity	(11.7)	18.8	28.4	35.1	12.7
Balanced/Hybrid	(5.3)	(0.8)	5.9	9.3	5.1
General Bonds	(0.7)	4.7	4.6	4.7	5.5
Government Bonds	2.5	8.3	5.4	4.3	5.6
High Yield Bonds	(3.1)	(3.5)	4.4	7.9	3.7

* Annualized trailing returns for periods ending 3/31/08.

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The recession comes on little cat feet

In March, the Commerce Department re-affirmed their preliminary estimate that our country's real economic growth slowed sharply during the *4th* quarter, to a very modest 0.6% annualized rate. The breakdown can be found below. The biggest reason for the slowdown was dramatic shrinkage in private investment, because of the continuing collapse in housing spending and a sharp contraction in business inventories. Positive trends in our export/import mix were not sufficient to make up for the double-digit investment pullback.

Table 3: Components of Real GDP Growth

	% Change from Preceding Period (seasonally adjusted at annual rates)			
Factor	1Q '07	2Q '07	3Q '07	4Q '07
Personal Consumption	3.7	1.4	2.8	2.3
Private Investment	(8.2)	4.6	5.0	(14.6)
Fixed - Businesses	*2.1*	*11.0*	*9.3*	*6.0*
Fixed –Residential	*(16.3)*	*(11.8)*	*(20.5)*	*(25.2)*
Chg. In Inventories ($)	*$(1.6)B*	*$5.1B*	*$35.4B*	*$(27.4)B*
Exports	1.1	7.5	19.1	6.5
Imports	3.9	(2.7)	4.4	(1.4)
Government Spending	(0.5)	4.1	3.8	2.0
Real GDP Growth	**0.6%**	**3.8%**	**4.9%**	**0.6%**
Disposable Income	**5.4%**	**(0.8)%**	**4.0%**	**0.1%**

We began 2008 with little positive economic momentum, except for a downward trending trade deficit (a shrinking trade deficit = contribution to net GDP growth). Thus, it was disappointing to learn February's net trade deficit widened by over $4bn versus December. Even so, what all the economists are fearing at the moment is the same thing that drove the economy to decline so quickly in late 1990 – a big decline in real personal spending.

Last quarter's review walked the reader through the previous two recessions, including the many parallels between '90-91 and today. Back then, our overleveraged economy was flattened because private investment turned sharply down, but did not slip into recession until real personal spending growth turned negative. And, when consumer spending and residential investment finally turned up again, so did GDP growth, despite employment levels that had declined by 1.8mm persons.

The feeling today is that we will need relatively higher employment levels to sustain personal spending growth, because the domestic consumer has been a poor saver over the past eight years, preferring to rely on, and at times liquefy, a growing real estate equity cushion. With this cushion no longer a positive (and many feel its decline is in fact a major negative), the consensus view is that disposable personal income growth will define the *upper* limit of personal spending growth.

Therefore, we expect an ongoing focus on real earnings and employment levels during the rest of 2008 and into 2009, as investors try to glean some forward looking insight to our future economic growth rates.

You'll recall investors were spooked by December's report that household employment declined by 436,000 persons, even though payroll employment was only modestly down. The employment picture continued to worsen during the 1st quarter. After seasonal adjustments, household employment dropped another 292,000 over the three months, and unemployment rose 160,000 (the numbers differ because someone not working doesn't have to be counted as unemployed). At the business level, payroll employment declined by 232,000. *Before* seasonal adjustments, household employment was reported as having declined a rather spectacular 1.2 million persons during the quarter (and payroll employment dropped even more). That's scary.

Real avg. weekly earnings had declined in each month of the 4th quarter. This weakness continued into January, but was then reversed in February and March. Thus, real earnings growth was flat for the 1st quarter, but decreased by 1.0% for the year ended March 2008. March was the sixth consecutive month the year/year change was modestly negative. As noted previously, not a recipe for robust spending growth in 2008.

According to the Institute for Supply Management, the manufacturing sector failed to grow in the 1st quarter, and ended the quarter at its weakest level of the past year. The March New Orders and Production indices indicated reduced activity. The current Customers' Inventories index suggests that respondents believe their inventories are too high. This is probably because the overall Backlog of New Orders index remained in contraction mode throughout the quarter, even though the New Export Orders index remained solidly in growth mode (and strengthened during the quarter).

Confirming the ISM survey, the Fed's most recent report indicates industrial production output declined at an annualized rate of 0.1% in the 1st quarter, after edging up 0.4% in the 4th quarter. For the year ended March '08, production rose just 1.6%. Capacity growth was 1.9% over the past year, so utilization rates have fallen.

With a recession looming, few on Wall Street seem to be very worried about current inflation levels. This is because the recession is expected to dampen price increases. It is not because recent inflation trends have been benign. Consumer prices rose at an annual rate of 3.1% during the quarter, and were up 4.0% during the 12 months through March. On the same basis, the Producer Price Index for Finished Goods was up 10.2% and 6.9%. Interestingly, **non-petroleum** imports prices rose 1.1% in March, the greatest one-month increase since 1988, and have increased 5.4% over the past year.

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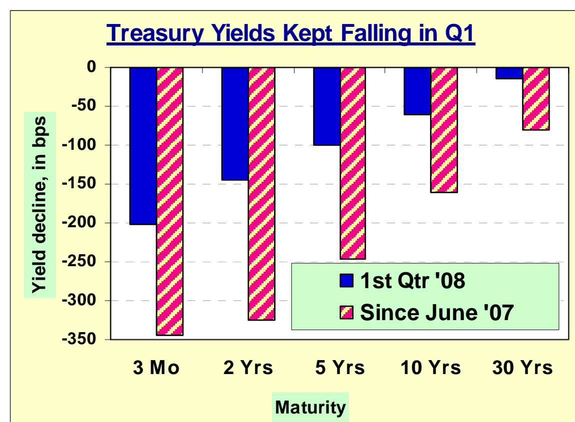
The Bond Market remains jammed up

An initial glance at broad fixed income sector returns during the first quarter, and indeed for all of 2007 (see table 4), doesn't adequately reflect the continuing turmoil in fixed income markets during the first quarter.

Table 4: Bond Market Returns

Bond Index	1Q '08	2007	Last 3 Years
Aggregate Bonds	**2.2%**	**7.0%**	**5.5%**
Intermediate Bonds	**2.4**	**7.0**	**5.5**
US Treasuries, long	4.0	9.8	7.2
U.S. TIPS, 1-10	5.7	11.5	7.1
US Agencies	3.2	7.9	6.1
Mortgage Pass-throughs	2.5	7.0	5.8
Inv. Grade Credit	0.4	5.1	4.3
3-mo. T-bills	0.7	4.7	4.2
High Yield Credit	**(3.0)**	2.2	4.9
Global Non-$, Unhedged	11.0	11.3	7.3
Global Non-$, Hedged	2.2	5.1	4.9
Emerging Markets bonds	4.7	16.0	12.3

Trading of most "spread sector" bonds (anything not a Treasury bill or bond) in cash markets was often at a near standstill during the quarter; the absence of actual trades required the imposition of alternative pricing methods. Complex bond structures increasingly had to be "marked-to-model." When that didn't seem to work, many firms and funds resorted to "mark–to-auditor" pricing. With values uncertain and falling, financing dried up for many levered financial intermediaries. Positions which would normally be easily financed had to be sold into "one-way" markets. This severe liquidity imbalance drove prices for spread product down even further, while the demand for risk-free Treasuries, especially shorter term issues, skyrocketed. The result at one point (on March 17th) was to temporarily push T-bill annualized yields to a record low of 0.57%.

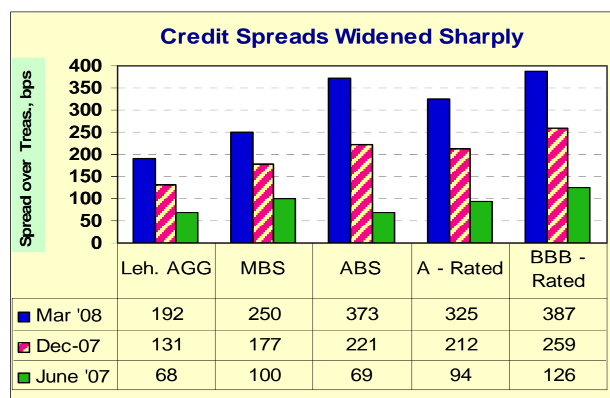


Much of the quarter's extreme yield curve shift was a function of the Federal Reserve's extraordinary market intervention during the quarter. First, they cut the target funds rate by another 200bps, to 2.25%. The 3% total reduction since last June is fastest such shift in six decades. Accompanying this was an unprecedented three part expansion of the Fed's credit availability facilities, including granting access to the discount window by broker-dealers. Even with its small balance sheet, the Fed has clearly become the active creditor of last resort.

Table 5: Spread Sector "Excess Returns"

Bond Index	Duration-adjusted Excess Return (basis points) 2007	1Q '08
Lehman Aggregate	**-207**	**-183**
US Agencies	-52	-68
MBS	-178	-77
CMBS	-435	-777
Asset-Backed	-634	-594
Inv. Grade Credit	-464	-427
High Yield	-777	-781
Emerging Markets	-457	-469

Despite the Fed's yeoman efforts, liquidity driven price weakness had a profound impact on sector performance, irrespective of fundamentals. Table 5 highlights the return impact of taking credit and structural risks, by isolating each sector's "excess return" versus a duration-neutral Treasury portfolio (thereby taking interest rate shifts out of the equation). On this basis, 2007 was by far the worst year for the Aggregate index and each of the traditional spread sectors since the 1980's. The second worst "year" was 2008's first quarter! In the process, the relative yields-to-maturity of these sectors have been sharply expanded (see below). Treasury bonds now look like the over-valued sector, unless we are poised to enter a very long and deep recession. Domestic bond prices clearly began to reflect that possibility in Q1.



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U.S. Equity Markets - the Bear re-appears

Technically, we would be in a bear market if the S&P falls 20% below its previous high close. It hit 1257 during the market turmoil on March 17th, and closed at 1277. This was down 18% from its high on October 9th. On March 10th, the small cap Russell 2000 put in its low close for the first quarter at 644, which was 25% below its record high last July 13th. Bear market territory.

Both primary segments of the domestic market have since rebounded. As this *Review* goes to print, they are up nearly 9% and 12%, respectively, from their lows. A number of market strategists have "called" March 17th as the bottom, effectively citing the Bear Stearns take-under as the seminal event. We hope this is so, of course, but must admit to considerable skepticism.

Broadly speaking, the primary market segments each declined 10% for the quarter, with microcap stocks a bit weaker at (12)%. As we can see in Table 6, the size effect was mixed during the quarter, after having been so dramatic in 2007. Larger cap *growth* stocks outperformed small-caps by 7% in the quarter, but this differential was not observable with value stocks.

Table 6: U.S. Equity Market Size/Style Returns

Periods ending March 31, 2008

		Trailing Periods		
	1Q '08	**1-Year**	**3-Years**	**5-Years**
Growth				
Large Cap	(9.8)	1.1	5.9	10.3
Mid Cap	(10.9)	(4.6)	7.8	15.2
Small Cap	(12.8)	(8.9)	5.7	14.2
Micro Cap	(17.0)	(19.7)	0.5	11.5
Value				
Large Cap	(8.7)	(8.5)	5.7	12.3
Mid Cap	(8.6)	(14.1)	6.6	16.8
Small Cap	(6.5)	(16.9)	4.3	14.4
Micro Cap	(7.4)	(20.5)	2.2	15.4

Growth stocks declined more than value benchmarks across the board during the 1st quarter, finally reversing the very strong trend we observed in 2007. However, the large-cap value style differential was a modest 1%. Style drift among active managers is normally at least this large. The differential was 5% in favor of growth during the 4th quarter. The value advantage was consistently more pronounced as we moved down the market cap spectrum. Thus, the style differential for micro-cap value stocks was 10%, after having been 15% in favor of growth during the 4th quarter.

Taking both size and style into account, large value stocks outperformed microcap growth stocks by more than 8% for the quarter.

We've previously discussed that fundamental portfolio valuation differences, like P/E and Price/Book, between value and growth market portfolios have shrunken. A Morningstar study recently confirmed the significance of this "convergence." Thus, we can observe the rising importance of other primary return drivers - sector allocation and security selection within sectors.

Table 7: U.S. Sector Returns in the 1st Quarter

	Large-cap Returns *(%)*		Small-cap Returns *(%)*	
Sector	**1st Qtr**	**2007**	**1st Qtr**	**2007**
Cons. Staples	(2.3)	14.5	(6.4)	8.2
Materials	(2.5)	29.6	(4.9)	20.1
Industrials	(4.1)	12.8	(9.2)	20.9
Cons. Disc.	(6.7)	(11.0)	(9.8)	(12.9)
Energy	(7.2)	34.9	(0.2)	30.0
Utilities	(9.8)	20.1	(9.7)	11.2
Health Care	(10.9)	6.5	(13.6)	13.2
Financials	(13.7)	(16.6)	(6.0)	(14.1)
Info Tech	(15.0)	16.7	(16.4)	7.0
Telecom Svcs	(15.4)	8.4	(17.4)	2.3

Per Table 7, every stock sector declined in price during the first quarter, whether large/mid-cap or small-cap. The most problematic sectors were those which whipsawed investors with weaker Q1 returns after a relatively strong 2007. In growth portfolios, those sectors were information technology and health care. In value portfolios, they were telecom services and utilities. Conversely, stocks in the consumer staples, materials and industrials sectors saw continued buying emphasis, and were less weak in Q1 despite very aggressive upward price movement in 2007. The former sector is more often higher weighted in growth portfolios, while the latter two are often emphasized in value accounts.

One swing sector remains energy, which did very well in the small-cap segment last quarter and okay in large-cap if one takes into account the exceptional 2007 returns. This used to be the domain of value managers, but is now increasingly high-weighted in growth portfolios. The other swing sector is, of course, financial services. It makes up 30% of the primary value indices, but only 8% of growth indices. It has crushed value portfolio returns.

One view we shared a year ago was that small cap stocks would be particularly weak, due to their collectively higher P&L reliance on a weakening domestic economy, greater reliance on favorable credit markets, and lower international market shares. Another primary view was that large/mid growth portfolios were gradually rebounding from years of underperformance vs. large/mid value portfolios, and that this would continue. We still hold to these views.

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International Equities – Currency Rules

International Equity investors faced a difficult start to 2008, as markets around the world fell sharply amid the ongoing credit crisis, worries over a US economic slowdown, and sharply rising commodity prices. Surprisingly, the US suffered less than other markets despite being the source of the financial contagion. Developed markets fared somewhat better than emerging markets overall, but both underperformed the US in local currency terms. Converting from local currency to US$ terms has certainly helped US investors in international markets.

Table 8: International Markets Returns

(index level = gross)	Local Currency Return %		U.S. Dollar Return %	
	1st Qtr 2008	One Year	1st Qtr 2008	One Year
Developed Markets	**(13.9)**	**(13.0)**	**(8.6)**	**(0.9)**
- Int'l Growth	*(13.2)*	*(8.8)*	*(7.8)*	*4.1*
- Int'l Value	*(14.6)*	*(17.1)*	*(9.5)*	*(5.8)*
- Europe	(13.9)	(11.3)	(8.6)	0.7
- Pacific, ex-Japan	(15.4)	(2.7)	(12.8)	6.8
- Japan	(17.8)	(28.0)	(7.8)	(14.6)
- United Kingdom	(10.4)	(7.1)	(10.5)	(5.9)
Int'l Small Cap	**(11.7)**	**(20.8)**	**(6.4)**	**(9.6)**
Emerging Mkts	**(10.9)**	**16.2**	**(10.9)**	**21.7**
- EM Asia	*(14.2)*	*18.6*	*(14.1)*	*21.3*
- EM Europe & ME	*(14.3)*	*4.5*	*(12.1)*	*13.6*
- EM Latin America	*(4.0)*	*24.7*	*(1.4)*	*40.1*
- EM BRIC	*(17.0)*	*25.2*	*(16.5)*	*33.4*

In US$ terms, the Developed Markets index dropped 8.6%, while in local currency terms it declined 13.9%. Lower interest rates in the US were partially responsible for 7.1% decline in the US$ versus a broad basket of foreign currencies. Per Table 8, it was all about currency during the first quarter. The yen was particularly strong, as the unwinding of carry trade positions forced many speculators into the market. The European Central Bank held firm on interest rates, despite rising inflation signals from oil, food and other commodities. This has caused the euro to continue its rally. The Chinese allowed their yuan to appreciate more rapidly to contain inflation. The Swiss franc was the best performing currency, gaining 14.5%, benefiting from its reputation as a "safe haven currency" during an unsettled period in world markets.

Within developed markets, Hong Kong was the worst performer, falling –18.9%. With a currency peg to the US$, falling US interest rates were matched locally. Real estate development companies were the largest losers as rapid price increases were being questioned by investors.

Many European stock markets, plus those of New Zealand and Australia, dropped 10-15% as their banking stocks fell on global credit crunch concerns. The only positive performing country in the Developed Markets index was Denmark. Its stock market is dominated by defensive industries like pharmaceuticals and beverages, which outperformed. Ireland, the worst performing country in the benchmark during the fourth quarter, had hit such low valuations, there was not much further to fall (-1.2%). Buoyed by its strong currency, the Swiss market also held up well, falling "only" 2%.

Emerging markets fell further than developed markets during the quarter, and the primary index was off 10.9%. Currency did not have a net positive impact on emerging market country returns. For example, a stronger yuan was partially responsible for China's 24% sell-off. Continuing to benefit from strong commodity prices, Latin America was the best performing EM region, losing only –1.4% for the quarter. Argentina, Chile and Mexico's positive country returns led to that result. Brazil posted a –5% result for the quarter, which was better than its BRIC counterparts.

India (-27%) and China (-24%) were the weakest of the major emerging markets, although Turkey (-38%) was the worst performer. Taiwan and Thailand were spurred on by positive election results, which translated into positive performance (+5% and +3%, respectively). The best performing market was one of the smallest, Morocco (+34%).

Looking at Global Markets through mid-April, there were just two positive performing sectors – materials and energy, as investors embraced the rally in hard commodities like oil. Consumer staples, utilities and industrials have been reasonably defensive as well. The worst performing sectors have been telecom services and information technology.

Table 8: Global Markets Sector Returns in 2008

As of April 22, 2008 (GICS Sector)	Local Currency Return %		U.S. Dollar Return %	
	YTD 2008	2007	YTD 2008	2007
Materials	4.4	22.9	8.7	32.2
Energy	3.9	15.2	5.1	21.9
Cons. Staples	(5.4)	16.6	(2.6)	24.5
Industrials	(7.9)	8.6	(4.2)	17.2
Utilities	(8.1)	15.0	(4.2)	24.1
Financial Services	(10.7)	(8.2)	(7.3)	(1.4)
Health Care	(11.3)	(5.4)	(8.9)	0.9
Cons. Discretionary	(11.3)	(2.7)	(7.8)	4.4
Info Technology	(11.3)	(1.0)	(9.5)	7.0
Telecom Services	(15.7)	20.1	(12.4)	28.8

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The Panic of 1907 – Back to the Future

Early in 1907, Jacob Schiff of Kuhn, Loeb & Co., in a speech to the New York Chamber of Commerce, warned that "unless we have a central bank with adequate control of credit resources, this country is going to undergo the most severe and far reaching money panic in its history."

By March 1907, over-expansion and poor speculations had led to a stock market crash. The stock market fell nearly 50% from its peak in 1906, the economy was in recession, and there were numerous runs on banks and trust companies. Its primary cause was a retraction of loans by some banks that began in New York and soon spread across the nation, leading to the closing of many banks and businesses. Money became extremely tight.

A second market crash occurred in October 1907. In its wake, the president of Knickerbocker Trust, the national bank whose investment failures in the mining sector were most responsible for the second crash, was forced to resign. On 10/21, the National Bank of Commerce ceased to honor checks of Knickerbocker, the NY Clearing House refused to help (under the reputed influence of J.P. Morgan), and Knickerbocker Trust had to close its doors. Charles Barney, its president, shot and killed himself that night. By the close on 10/22, the National Bank of North America had failed and runs were sparked on nearly every New York trust bank.

To bring relief to the situation, Secretary of the Treasury George B. Cortelyou earmarked $35 million of Federal money to quell the storm. Complete ruin of the national economy was averted when J.P. Morgan stepped in to meet the crisis. Morgan organized a team of bank and trust executives. He redirected money between banks, personally secured further international lines of credit, and bought plummeting stocks of healthy corporations. Within a few weeks the panic passed, with only “minimal” effects on the country. [We’re guessing Morgan made a few bucks in the process]

By February 1908, confidence in the economy was restored. In May 1908, Congress passed the Aldrich-Vreeland Act which established the National Monetary Commission to investigate the panic and to propose legislation to regulate banking.

Following the Panic of 1907, banking reform became a major issue in the United States. Senator Nelson Aldrich, the new chairman of the National Monetary Commission, went to Europe for almost two years to study that continent's banking systems. Upon his return in 1910, he brought a small handful of the country's leading private financiers (from National City Bank, J.P. Morgan Company, First National Bank, and Kuhn, Loeb) to the Jekyll Island Club, for a weeklong secret retreat to discuss monetary policy and compile a scientific currency system for the United States - the real birth of the present Federal Reserve System.

In 1913, the National Monetary Commission recommended the adoption of the Federal Reserve Act, which mandated the creation of a central banking system to dampen the effects of future panics.

Back Page Perspectives

A market strategist at Morgan Stanley recently observed the current recession on *Main Street* will be all about jobs, while the recession on *Wall Street* is all about earnings. We’re not going to trot out the Fed Model graph yet again. Suffice to say that stocks are still very cheap, and got even cheaper, relative to Treasury bonds during the 1st quarter. Comparisons to corporate and mortgage bonds are not quite so favorable, but still near records. However, we know it was important during the last bear market to keep focused on corporate earnings. Stock prices declined until earnings had bottomed and then clearly turned up. While share prices normally begin to rise in anticipation of the next profits cycle, the breadth of our credit market woes could easily extend this recession and delay our recovery on all levels.

The following is an update on the S&P 500’s reported profits picture as of the end of March. We can see how sharply profit estimates for 2008 have come down from last July, and even from early in January. It now seems clear that one of last quarter’s downward drivers was indeed the shift in profit expectations that was quietly occurring among “inside market” participants (sellside analysts; money managers, etc).

E = Estimated *A = Actual*	*As of 7/31/07*	*As of 1/09/08*	*As of 3/31/08*	*%*
2Q07 Op. Earnings	$23.74*E*	$24.06*A*	24.06A	+1%
3Q07 Op. Earnings	23.62*E*	20.87*A*	20.87A	-12%
4Q07 Op. Earnings	24.79*E*	20.19*E*	15.22A	-39%
2007 Op. Earnings	94.54*E*	87.51*E*	82.54A	-13%
1H08 Op. Earnings	51.15***E***	48.43***E***	45.08E	-12%
2H08 Op. Earnings	55.01***E***	52.81***E***	51.20E	-7%
2007 Net Earnings	88.50***E***	81.43***E***	73.94A	-8%
2008 Net Earnings	94.47***E***	83.70***E***	67.01*E*	-29%

With the above in mind, our watchwords are Caution, Patience, Watchfulness, and Courage. You could sell all your long stock positions today and lock in a solid 5-year *trailing* return. But if you did, where would you initially shift all that cash, and what would be the catalyst for your re-entry to the equity markets?

See you next quarter!

Natalka Bukalo ***Richard Shaffer, CFA***

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