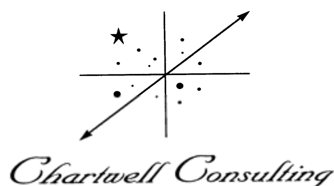

CHARTWELL REVIEW

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End of an Era

On December 16th, the Federal Reserve finally raised its target for the Fed Funds rate to 0.25-0.50%. Open market activities to drain overnight monetary reserves were subsequently conducted at 25 bps for the rest of the month as the Fed abandoned its *Zero Interest Rate Policy* (ZIRP).

The ZIRP had been in effect for exactly seven years, since December 2008, which was the height of the last credit crisis. The last time the Federal Reserve raised Fed Funds was July 5, 2006, when it took the rate up to 5.25%. This rate held for just over one year. In August 2007, the Fed began the era of monetary easing when it dropped Fed Funds to 5.0%. The rate plunged throughout 2008, to the point of the ZIRP. That era ended in December.

We go into such detail to make this point - the changing direction of Fed policy very often has marginal initial impact on primary investment markets. For instance -

- The last period of monetary *tightening* ended in August 2007, and the prior four years had been a period of consistently rising equity markets. One month after *easing* began, equity markets began to decline;
- Fed Funds rates were pushed to the floor throughout 2008, during which time economic growth collapsed and equity markets lost $ trillions of nominal value;
  - ⇨ When ZIRP began in December 2008, the 10-year Treasury bond yielded 2.25%;
  - ⇨ When 2015 began, the 10-year yielded 2.17%;
  - ⇨ When 4Q15 began, the 10-year yielded 2.06%;
  - ⇨ When 4Q15 ended, the 10-year yielded 2.28%.

It's hard to find much directionality in all of this. Yet, it has become increasingly clear during the past month that the Fed may have picked the weakest quarter in the past few years to begin raising rates. We'll want to see if this pattern continues when the Fed raises rates again in 2016.

Figure 1: Index Benchmarks

Market Index	Trailing Returns *				
	4Q15	1 Yr	3 Yr	5 Yr	10 Yr
S&P 500	7.0	1.4	15.1	12.6	7.3
U.S. Top-cap Stocks	7.7	2.4	15.4	12.9	7.2
U.S. Mid-cap Stocks	3.6	(2.4)	14.2	11.4	8.0
U.S. Small-cap Stocks	3.6	(4.4)	11.7	9.2	6.8
Non-US Stocks (**EAFE**)	4.7	(0.4)	5.5	4.1	3.5
Non-US Stocks (**Emerg**)	0.7	(14.6)	(6.4)	(4.5)	3.9
3 mo. T-Bills	0.0	0.1	0.1	0.1	1.2
U.S. Aggregate Bonds	(0.6)	0.5	1.4	3.3	4.5
High Yield Bonds	(2.2)	(4.6)	1.6	4.8	6.8
Global Aggregate Bonds	(0.9)	(3.2)	(1.7)	0.9	3.7
Consumer Prices	***(0.4)***	*0.7*	*1.0*	*1.5*	*1.8*
Bloomberg Commodity	(10.5)	(24.7)	(17.3)	(13.5)	(6.4)
FTSE Nareit All REIT's	7.1	2.3	10.3	11.6	6.9
Global 65/35	*2.9*	*(1.5)*	*5.6*	*5.8*	*6.1*

Figure 2: Average Mutual Fund Returns

Fund Category	Trailing Returns *				
	4Q 15	1 Yr	3 Yr	5 Yr	10 Yr
U.S. Large-cap	6.0	0.3	13.9	11.2	6.9
U.S. Mid-cap	3.0	(2.9)	12.5	9.8	7.3
U.S. Small-cap	2.7	(4.7)	11.2	8.9	6.8
International Lg. Cap	3.6	(1.5)	4.3	3.3	3.3
International Sm. Cap	4.9	5.3	8.2	5.8	6.1
Emerg. Mkt. Equity	0.8	(13.6)	(5.4)	(3.9)	3.5
Balanced/Hybrid	2.4	(1.6)	6.2	6.2	5.2
General Bond	(0.6)	(0.1)	1.3	3.4	4.6
High Yield Bond	(2.0)	(3.8)	1.3	4.3	5.9
Equity Hedge Index	2.3	(0.4)	5.0	2.7	3.6

*Annualized trailing returns for periods ending 12/31/15

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Economies, Economics, Prices, and Policy

	12/2015	**12/2014**
CPI - All, trailing 1-year	1.4%	0.8%
Real GDP Growth, 1-year *	2.1%	2.5%
Employment / Population %	59.5%	59.2%

** 4Q 2015 is estimated*

The final estimate of 3rd quarter **real domestic GDP growth** was downwardly revised in December to an annual rate of 2.0% (Figure 3). Nominal GDP growth in the quarter was a low 3.3%. The biggest swing factors in that quarter were a downturn in inventory investment, reduced net exports, lower business fixed investment and weaker consumer spending growth.

Figure 3: Breaking Down Real U.S. GDP

% Change from Preceding Period
(seasonally adjusted at annualized rates)

Factor	3Q '15	2Q '15	1Q '15	4Q '14
Real GDP Growth	2.0	3.9	0.6	2.1
Nominal GDP Growth	3.3	6.1	0.8	2.2
Final Sales	2.7	3.9	(0.2)	2.1
Personal Spending	3.0	3.6	1.8	4.3
Private Investment	(0.7)	5.0	8.6	2.1
- Fixed, Businesses	*2.6*	*4.1*	*1.6*	*0.7*
- Fixed, Residential	*8.2*	*9.3*	*10.1*	*10.0*
*- Chg. In Inventories (**$bn**)*	*$86*	*$114*	*$113*	*$78*
Export growth	0.7	5.1	(6.0)	5.4
Import growth	2.3	3.0	7.1	10.3
Government Spending	1.8	2.6	(0.1)	(1.4)

Domestic employment growth jobs stunned to the upside in the 4th quarter, with the private sector adding 275,000 jobs in December, on top of 312,000 and 240,000 in October and November, respectively. The 827,000 new jobs compared very favorably to the third quarter's 501,000 gains.

The jobs measure the Fed is reported to focus on, payrolls excluding construction and retailing, added 226,000 jobs in December, following gains of 252,000 and 160,000 in October and November, respectively. These gains should be compared to an average gain of 174,000 per month over the preceding four years.

Nominal retail sales were up only 1.8% versus the 4th quarter in 2014, and just 2.1% for the full year.

Wage growth continues to be mediocre, but the pace has been modestly rising as of late. In nominal terms, median weekly earnings in December rose by 0.5% over September, and are up 2.2% for the last twelve months. With inflation very low, real wages gained approximately 1.6% in 2015.

An important set of numbers to keep aware of are the stats on **labor productivity,** which have been reported only through the 3rd quarter. This measure increased at a lower than expected 2.2% annual rate, down from 3.5% in Q2. Output increased 1.8%, and hours worked declined (0.3)%. Year-over-year, labor productivity has increased by only 0.6% in the nonfarm business sector. Unit labor costs increased 1.8% (annualized) in Q3, and are up 3.0% over the past four quarters. One bright note was the manufacturing sector, where productivity gains were 5.1% for the quarter - the best in 4 years.

Stable prices, i.e., low inflation rates, are the Fed's second directly mandated responsibility -

- ⇨ **"Headline" CPI** declined during both November and December, and dropped (0.4)% for the quarter. The index was up only 0.7% during the past twelve months, continuing to reflect the downward pull of food and energy prices. Over the past three years headline CPI has risen at just a 1.0% annual rate;
- ⇨ **The Core CPI** (ex-food & energy) fell slightly in December, and rose just 0.2% for the quarter. It has risen 2.1% over the past year;
- ⇨ The **Producer Price Index** for final demand goods declined by (0.6)% during the fourth quarter. The index has declined (1.0)% during the past year.

Industrial production growth was very disappointing in Q4, despite the productivity gains in manufacturing. As a whole, industrial production fell at an annual rate of 3.4%. The level of activity in December was 1.8% below its year-earlier level. Capacity utilization for the industrial sector decreased (0.4)% to 76.5%, a rate that is 3.6% below its long-run (1972–2014) average.

Disappointing data on trade, construction spending, consumer spending, and manufacturing activity have caused most economists to lower expectations for 4th quarter GDP growth. Initial forecasts in October of 2.5% have now dropped below 1%. If this occurs, 2015 annual growth will be approximately 1.7%, compared to a 2.4% pace in 2014, 1.5% in 2013, and 2.2% in 2012. These are the poorest set of growth figures of any post WW-II recovery, despite borrowing rates below 4% the entire time. It's this fact which has so many institutional investors concerned about the Fed's new tightening phase, however dovish it may be.

The world economy grew by 2.7%, year-over-year, in the 3rd quarter, compared to 2.8% during Q2. Although China's GDP grew below the target 7% annual rate, it was still the biggest contributor to world growth (~40%). India, where GDP grew at a 7.4% year-over-year pace, was the next-biggest contributor (~17%). The U.S. was third-biggest contributor to growth.

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Fixed Income Markets Weaken

The Fed's move in particular, and central bank actions in general, dominated global bond markets during the 4th quarter. Developed markets government bond yields were mixed, rising or falling by less than 20bps (*Figure 6*). Notable exceptions were: China, where the 5-year bond yield dropped 42bps in Q4, to a yield of 2.67%, as investors rotated out of equities; Russia, where the 10-year rallied by 146bps in the quarter, to a yield of 9.52%. This bond yielded over 13% one year ago; and Brazil, which saw 10-year interest rates rise by 94 bps in the quarter, to 16.41%. Yield of the Brazilian bond spiraled up by 3.7% in 2015, to the highest among major economies.

After rates, the next important variable in global bond markets is currencies. The US Dollar's ascent continued in Q4, albeit at a slower pace than earlier in the year. Thus, the $-hedged Global Aggregate bond index returned a modest 0.1% for the quarter, while the unhedged index lost (1.2)%. For the full year, $-hedged Global Aggregate bonds returned 1.0%, which exceeded the 0.55% return of the US Aggregate. But, the straight unhedged Global Bond index lost (3.2)%. On a trade-weighted basis, the US$ appreciated 10.5% last year, as the Euro fell 10.3%, the Pound dipped 5.4%, and the Cdn$ dropped a large 16%. The Yen fell just 0.4%. The Dollar's rise versus EM country currencies was nothing short of unprecedented last year, especially Latin America, Turkey, and Russia.

We see in Figure 4 that domestic investment grade (IG) credit markets posted weak returns in the 4th quarter. Looking closely, we see credit spreads tightened ever so slightly as investors sold Treasuries into the Fed's move. While total returns were still slightly negative and ongoing commodity weakness weighed much on investor sentiment, higher real yields supported a modest uptick in demand for IG credit. Yet, the best domestic bond sectors in the quarter and for the full year, weren't corporate credit-related at all. Muni bonds and mortgage-backed securities were the outperformers domestically, followed by **US$** denominated Emerging Markets bonds. Again, the latter are issued by sovereigns, not corporates.

High risk credit bond prices continued to be crushed during the quarter. 2015 shaped up as the first year on record that High Yield bonds posted a negative return when we weren't already in a recession. Yield of the HY index jumped to 8.75% at the end of December, up 70bps in the 4th quarter, and more than 2% for the year. Spreads over equivalent maturity Treasuries rose to 675 bps, up from 486 bps when the year began. Yet, default rates on US$ HY bonds rose to only 3% in 2015, up from 1.7% in 2014, with all of the increase in default rates due to energy, mining, and finance credits. By market value, energy sector credits now account for less than 12% of HY bonds.

Figure 4: Primary Bond Sector Returns (%)

Index	4Q '15	1 Year	3 Years
US Aggregate Bond index	(0.6)	0.6	1.4
US Gov't/Credit: 1-3 Yrs.	(0.4)	0.7	0.7
US Treasury: Long	(1.4)	(1.2)	2.6
US Inflation-Linked	(0.6)	(1.4)	(2.3)
Mortgage-Backed (MBS)	(0.1)	1.5	2.0
CMBS	(1.3)	0.9	1.8
Asset-Backed (ABS)	(0.6)	1.3	1.0
Inv. Grade Credit, 1-10yr	(0.3)	0.9	1.7
Inv. Grade Credit, 10+yr	(0.7)	(4.6)	0.9
US High Yield Credit	(2.2)	(4.6)	1.6
Municipal Bonds	1.5	3.3	3.3
Global Aggregate, ($ hdgd)	0.1	1.0	2.8
Global Credit	(0.0)	(0.2)	2.3
Emerg. Mkts Bonds (US$)	1.3	1.2	1.0

Figure 5: Primary US$ Bond Yields

	Dec-15	Sep-15	Jun-15	Dec-14	*1-Year Change*
US Treasuries	(%)	(%)	(%)	(%)	*(%)*
3-month	0.16	0.01	0.01	0.04	***0.12***
2-year	1.06	0.63	0.64	0.68	***0.38***
5-year	1.77	1.38	1.63	1.66	***0.11***
10-year	2.25	2.06	2.33	2.17	***0.08***
30-year	3.01	2.88	3.10	2.75	***0.26***
BarCap Aggregate	2.59	2.31	2.39	2.25	***0.34***
BBB Credit	4.34	4.14	3.96	3.68	***0.66***
AA Credit	2.63	2.37	2.34	2.23	***0.40***
Agency MBS	2.34	2.61	2.78	2.60	***(0.26)***
Emerging Mkts ($)	6.43	6.46	5.81	5.64	***0.79***
US High Yield	8.75	8.04	6.94	6.71	***2.04***
UST30y-UST2yr	1.95	2.25	2.46	2.07	***(0.12)***

Figure 6: Sovereign Bond Yields, selected countries

10-year yields (%)	Dec-15	Sep-15	Jun-15	Dec-14	*1-Year Change*
United States	2.25	2.06	2.33	2.17	***0.08***
Germany	0.64	0.59	0.83	0.55	***0.09***
Switzerland	**(0.07)**	**(0.10)**	0.11	0.38	***(0.45)***
Britain	1.99	1.81	2.55	1.92	***0.07***
Poland	2.92	2.85	3.31	2.53	***0.39***
Italy	1.63	1.73	2.25	1.99	***(0.36)***
Spain	1.85	1.90	2.35	1.70	***0.15***
Greece (new bonds	8.34	8.46	15.12	9.64	***(1.30)***
China (5 year)	2.67	3.09	3.24	3.55	***(0.88)***
Japan	0.28	0.34	0.45	0.33	***(0.05)***
Australia	2.75	2.61	3.01	2.92	***(0.17)***
Russia	9.52	10.98	10.85	13.44	***(3.92)***
Brazil	16.41	15.47	12.68	12.67	***3.74***
India	7.76	7.54	7.82	7.98	***(0.22)***

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US Stocks Rebound

Stock prices recovered strongly from the summer correction, with the large-cap S&P 500 index returning 7.0% for the quarter. Smaller stocks did not fare as well, and the Russell Midcap and Small-cap indices each gained just 3.6%. These were all good numbers, but our "animal spirits" have been diminished by a weak December, especially in the small-cap space, and January's weakest *ever* start to a new year.

For all of 2015, the S&P was up only because of dividends, returning just 1.4%. Small-cap stocks declined 2.9%, including dividends, and midcaps dropped 2.4%. The S&P 500 index hit a new high of 2131 on May 21st, then slipped 4% during the rest of the year, and dropped another 8% the first two weeks of 2016. You may recall the first half of 2015 had been the calmest on record. Well, that point is moot. Observed volatility since then has been the highest since 2008. Most market strategists, even those optimistic about US stock returns in 2016, caution to expect continued elevated volatility this year.

Figure 7: U.S. Equity Market - Size/Style Returns

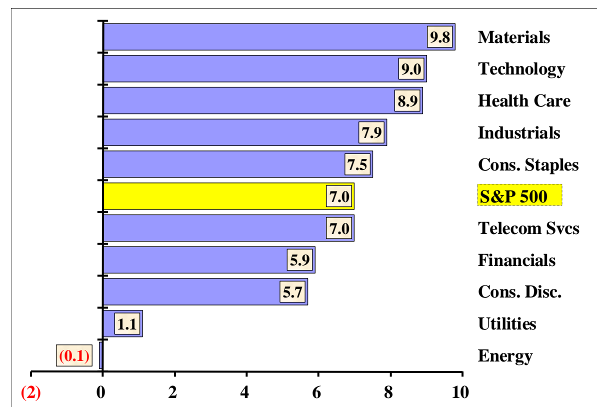
		Trailing		
	4Q '15	1-yr	3-yrs	5-yrs
Growth				
Large Cap	8.6	8.2	17.7	14.4
Mid Cap	4.1	(0.2)	14.9	11.5
Small Cap	4.3	(1.4)	14.3	10.7
Value				
Large Cap	6.8	(3.4)	13.0	11.3
Mid Cap	3.1	(4.8)	13.4	11.3
Small Cap	2.9	(7.5)	9.1	7.7

Per Figure 7, returns have disproportionately favored growth stocks, across the entire size spectrum. And, the size factor favored large-caps versus small. Both of these outcomes are inconsistent with long-term experience, but are now observable (albeit not consistently) on a cumulative 1-year, 3-year, and 5-year basis. The 5-year return differential between between large-growth and small-value has not been greater, and is reminiscent of early 2000.

2015 proved to be a rather narrow market. The median S&P 500 stock declined 4%, and there were four stocks down for every three up. Only the large-growth sector provided investors with a positive return. And that market sector was heavily influenced by the four "FANG" stocks (Facebook, Amazon, Netflix, Google) plus Microsoft. With the economic outlook murky, investors increasingly gravitated to proven winners in Tech, Health Care, and Consumer.

On the backside of the coin, the list of underperformers is dominated by companies suffering from one of the steepest declines in commodities prices since WWII. In the strong 4th quarter, large-cap energy stocks declined almost 1%, and small-cap energy shares were off 8%. For the full year, large energy stocks dropped 22% and small energy shares fell 40%. Materials stocks did well in Q4 only because of select diversified chemical shares. For the full year, the sector was driven down 10% by very weak metals & mining companies.

Figure 8: US Sector Returns – 4th Quarter 2015



Third quarter S&P operating earnings fell over 10% year/year. This was the fourth consecutive y-o-y decline in quarterly earnings. As we've moved through January 2016, 4th quarter earnings are now forecast to have declined by as much as 7%. The phrase being used to describe the full period is a profits recession.

Despite modest market returns last year, the S&P year-end PE is up to 19x (based on trailing earnings), or 7% higher than a year ago. We've seen the PE ratio of large-growth stocks, which include only a very small percentage of Energy and Materials names, pop up to 23.8x, nearly 20% above year-end 2014.

Figure 9: One-year Trailing P/E Ratios – Dec. 2015

	Value	Blend	Growth
US Large	16.3	19.0	23.8
US Mid	18.8	20.7	23.1
US Small	19.1	21.2	24.1
EAFE		16.3	
Emerg. Mkts		12.4	

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International Stocks – A Bear Market ?

Aggressive central bank stimulus continued to support European and Japanese economies, even as the US brought an end to its program. Local currency returns for the quarter were strong, but the re-valuing US dollar reduced those gains on conversion. Developed markets (MSCI World ex-US index) gained 3.9% for the *quarter*, but were up 5.7% in local market terms. The exception was the very strong Japanese market.

For the full year, the same pattern prevailed. Generally favorable local market returns were reduced in translation, except for Japan. The broad index fell (3.0)% in US$ terms, after returning 4.0% locally.

Figure 10: International Equity Markets – Returns

	U.S. Dollar Returns (%)		Local Currency Returns (%)	
thru 12/31/15	4Q '15	1-Yr	4Q '15	1-Yr
World ex-USA	**3.9**	**(3.0)**	**5.7**	**4.0**
- MSCI Growth	*5.6*	*1.7*	*7.5*	*8.7*
- MSCI Value	*2.2*	*(7.7)*	*3.9*	*(0.7)*
- Europe ex-UK	3.3	(0.7)	5.9	8.3
- Pacific, ex-Japan	8.3	(8.5)	5.9	(1.0)
- Japan	9.3	9.6	9.8	9.9
- United Kingdom	0.7	(7.6)	3.5	(2.2)
Int'l Small Cap	**5.8**	**5.5**	**7.4**	**12.7**
Emerging Mkts	**0.7**	**(14.9)**	**1.5**	**(5.8)**
- EM Asia	*3.5*	*(9.8)*	*2.9*	*(5.8)*
- EM Europe	*(5.2)*	*(14.7)*	*(0.7)*	*(0.9)*
- EM Lat Amer	*(2.7)*	*(31.0)*	*(2.1)*	*(8.8)*
- EM BRIC	*1.3*	*(13.5)*	*2.0*	*(5.5)*

European equities (ex-UK) advanced 3.3% in the quarter, as company profit growth was supported by a declining euro and continued stimulus measures from the ECB. Peripheral countries and the Nordic region posted the strongest quarterly returns. Belgium rose 13.6% and Ireland gained 7%. Of the larger economies, Germany rose 7.7%. For the year, European stocks ex-UK fell -0.7% in US$ terms, rising 8.3% in local terms.

The Pacific region's 9% quarterly gain was a function of Japan, the top performing major developed market for year (+9.6%). Despite strong performance in the fourth quarter, Australia (+10%) and New Zealand (+18.2%) could not escape the impact of the commodity rout, finishing the year down (10)% and (6.3)%, respectively. The overall Pacific region rose 3% in 2015, while the Pacific ex-Japan index was down (8.5)% in US$ terms.

Emerging markets returned a very modest 0.7% in the fourth quarter. For the full year EM equities lost 14.9% (-5.8% in local market terms).

Emerging markets trailed developed-market stocks for the third consecutive year, pulled down by weak commodity prices, a slowing Chinese (and global) economy, uncertainties surrounding US interest rates, and the related strength of the US$.

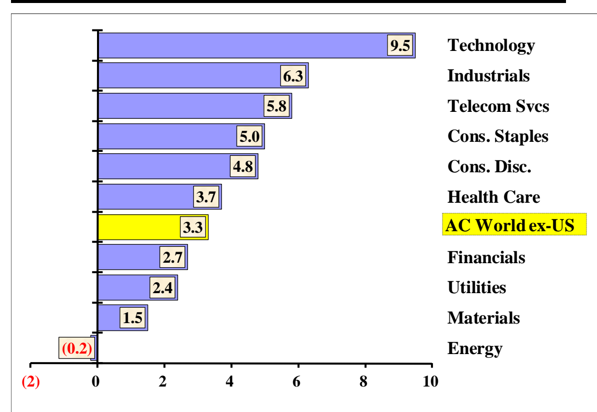
Latin America was by far the worst EM performing region for the *year,* falling 31%. It was led down by an extremely weak Brazilian market (-41%, of which 28% was currency depreciation). Brazil is plagued by a deep recession, falling export (primarily commodity goods) prices and a government scandal which has stalled reforms. Mexico was the best performing country in this weak region (down 14.4%, virtually all of which was due to depreciation of the peso).

Emerging Asia fell -9.8% for the year. Its largest markets, China (-7.8%), India (-6.1%) and South Korea (-6.7%) fell less than smaller constituents. China employed many tactics to try to stimulate its economy – cutting interest rates five time during the year, lowering bank reserve requirements, and organizing a surprise devaluation of the renminbi in the fourth quarter.

Emerging Europe markets declined (15)% in 2015. Greece continued to be the weakest link, plummeting 61%. The Polish market sold off hard in the fourth quarter (down -13%), pulling its annual return down to -25%. In contrast, Hungary jumped 11.4% in the fourth quarter, and its +36.3% annual return was the top emerging market result. Russian stocks rebounded after posting steep loses in 2014, despite weak oil prices, international trade sanctions and escalating tensions with Turkey. Russia dropped just -4.1% for the quarter, and gained 4.2% for the year.

As with domestic stocks, the non-US energy sector was again the weakest during the quarter, dropping (0.2)%. Unlike in the U.S., the next *worse* sector was materials, as falling oil prices and slower growth in major end markets extended the rout. The best performing sectors were tech stocks, industrials, and telecom services, but the quarter's rally extended quite broadly.

Figure 11: Ex-USA Sector Returns (in US$ terms)



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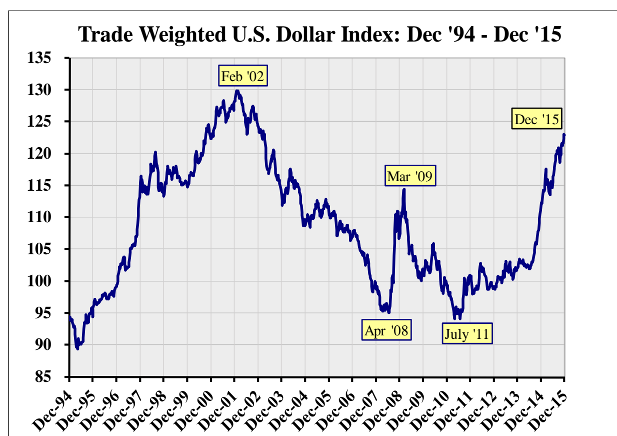
Back Page Perspectives: Where's the Value?

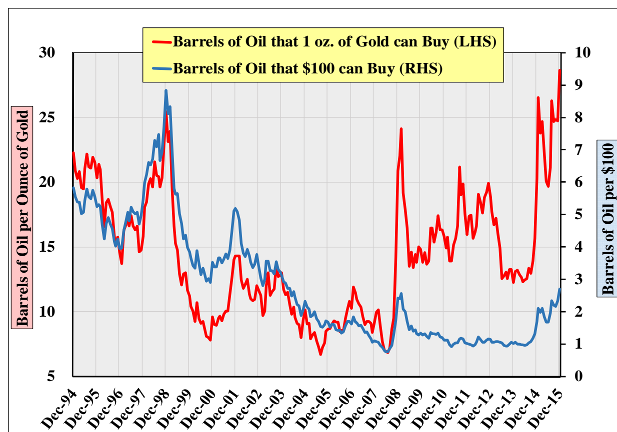
In 2011, the market correction took stock valuation levels down to well below long-term averages, in terms of PE ratios based on trailing earnings. And, earnings were poised to grow the following year. The strategy to add to US equities seemed attractive on its face, and proved well-timed.

Today, valuation levels are above long-term averages, and revenue and earnings growth experience has been "challenged", to say the least. The US stock market appears to need quite an earnings turnaround to maintain current price levels. Adding to US stock exposure at this point seems not well-timed.

Yet, most of the weakness in fourth quarter and full-year earnings seems due to the Dollar's strength and commodities' price weakness. Some think the earnings picture will improve in V-shaped fashion if the Dollar loses steam and if oil finally hits bottom.

The Dollar's strength affects the short-term global competitiveness of US companies like nothing else. Below, we've graphed the last twenty year's path of the Dollar index, and in parallel terms the 20-year price of oil in both Dollar and Gold terms.





The Dollar may very well have some way to rise. Equally, the February 2002 valuation looks like a top. If so, we're not far away from the Dollar losing steam.

Looking at oil, the second chart is interesting. Oil has been much, much cheaper in Dollar terms than it is right now ($12/barrel). But, oil hasn't been cheaper in gold terms in more than a generation. We wonder how long the world's major non-US producers will abide with giving up so much oil for so little gold?

The S&P energy and materials sector contributed 15% to operating earnings in September 2014, and **-4**% in September 2015. The GSCI Commodities index price level has recently fallen to a 17-year low. While it seems like no bottom is possible, we know that's not true. As this descent finally troughs, the negative E&M contribution to S&P earnings will gradually turn around. Unlikely to happen in 2016 though, and this realization may take stock prices down further.

- Historically, price earnings ratios have declined 83% of the time during the first year of Fed tightening. Average decline is 15% over the last 70 years. Share prices haven't declined nearly as much because generally strong economies during these times facilitated a rise in earnings per share;
- The relative valuation of EAFE stocks today is flat with where it was a year ago. Next twelve months' EPS growth is forecast in the 6% range;
- The relative valuation of EM stocks is 6% *lower* than a year ago. It is only 65% of the S&P. Yet, the next twelve months' EPS growth is forecast at 16%;
- The U.S. has the highest investment grade bond yields of any developed country except Australia. Yet, unless you load up 100% on BBB issuers, your 5-year expected return from fixed income investments is less than 3%. The highest probability ways to exceed 4%, p.a. are with US$ high yield bonds (non-energy credits yield above 6%) and US$ emerging markets bonds (half have investment grade ratings; yields are above 6%).

Last quarter we said that company earnings may need some time to "grow into" current equity prices. It currently looks like prices are not waiting at all. That said, we think patient equity investors with lots of liquidity and a strategic perspective can be well-positioned after the correction.

Sell high, buy low. See you next quarter!

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