Before the Bell

Morning Market Brief

April 25, 2019

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MORNING MARKET COMMENTARY: *Anthony M. Saglimbene, Global Market Strategist*

- ***Quick Take***: U.S. futures are pointing to a mixed open; European markets are trading flat-to-lower; Asia ended lower overnight; West Texas Intermediate (WTI) oil trading at $66.04; 10-year U.S. Treasury yield at 2.53%.

- ***The Bull Returns:*** On Tuesday (4/23/19), both the S&P 500 Index and NASDAQ Composite made new all-time 'closing' highs and provided further evidence the bull market remains intact. Stronger than expected first quarter earnings reports out of a handful of Dow 30 components over recent days and stabilization in March economic data has lifted investor spirits.
- Admittedly, we recognize the current bull market never 'officially' went away but new all-time closing highs in broad-based indexes suggest that investors have genuinely put the fourth quarter declines in the past and the equity market is once again in unchartered waters. **As the *embedded FactSet chart* below shows, the S&P 500 has now completed the right side of the "V" in its remarkable recovery**.

Notations:

- For further information on any of the topics mentioned, please contact your Financial Advisor.
- Unless specifically stated otherwise, comments contained in this document should not be construed as an investment opinion or recommendation of any securities mentioned. Charts depicted are from FactSet unless otherwise noted.

- Between 9/20/18 and 12/24/18, the S&P 500 Index dropped 19.8% from its closing high. Thus, the second longest bull market on record, according to *Bespoke Investment Group* calculations, was not officially breached in the fourth quarter of 2018 since the S&P 500 never closed down 20% or more from its high.
- Interestingly, the market has a long track record of taking stock prices right to the precipice of a bear market only to reverse course. In the post-WWII era, there have been six occasions where the S&P 500 fell roughly 19% on a closing basis but never officially broke (and closed) through the 20% barrier.
- Since the 20% threshold is the usual standard for bull/bear market definitions, the current bull market is now 3,698 days old and only trails the bull market that started on 12/4/1987 and ran through 3/24/2000 — lasting 4,494 days.
- While market pundits may quote different standards to define bull and bear markets, our point is that the current bull is long in the tooth. However, we believe the stock market gained a significant breath of life, based on its ability to chalk-up a V-shaped recovery from last year's stock swoon.
- It took the S&P 500 Index just 95 days to decline by 19.8% and only 120 days (through Tuesday) to rise +24.7% on a price only basis. According to *Bespoke*, the median number of days it has taken the S&P 500 Index to recover from a 10% or more decline from an all-time high since WWII (21 such measured periods) and claim a new closing high is 197 days. Though the S&P 500 has seen swifter recoveries in the past, the current 'peak-to-trough-to-peak' recovery is the second fastest following a 15% or more decline.

- **So, What Now?** With the S&P 500 near or above its all-time high (the Index still needs to surpass its 2940 intra-day high), investors may find themselves asking how much more upside is left for stock prices this year?
- We would note, our year-end price target for the S&P 500 Index stands at 2950, which was established in the middle of December and when stock prices were near the depths of their correction. While the S&P 500 could pass through our 2950 target if the fundamental picture continues to clear, it is just as feasible that we are close to the highs for the year as well, particularly if earnings growth weakens more than expected and economic conditions do not improve.
- With that said, we believe more visibility on trade, earnings, and economic data over the second quarter should provide us with a more transparent window into helping answer this critical question. In our view, if the data continues to lean positive, there is room for us to adjust our year-end S&P 500 price target higher in the middle of the year. Note: our favorable scenario outlined in last year's *Committee Perspectives: 2019 Investment Themes* report highlighted a 3200 year-end price target for the S&P 500.
- Although a 3200 price target still seems aggressive, based on a current 18.8x trailing price-to-earnings (P/E) multiple and a projected $168.22 per share in full-year earnings (via *FactSet*), the S&P 500 could approach 3196— or 3200. Clearly, there are many 'if/then scenarios' that would need to be satisfied for the Index to approach such a lofty level, but it's not out of the question, in our view.
- Conversely, in December, we outlined a 2500 year-end price target for the S&P 500 within our adverse scenario, which if conditions on trade, earnings, and the economy worsen, is also still a possibility.
- **<u>Bottom line:</u> The Index is near the upper middle range of these extremes, and we believe that's the right spot based on what we know today. We continue to believe U.S./China trade developments, Brexit, and the trajectory for corporate profits could determine which direction the Index heads through the rest of the year**.

Continued on page 3

Distance From 52-Week High By Sector: 4/23/19			
Sector	**Avg. Distance From 52-Week High (%)**	**Stocks Within 5% of 52-Week High (%)**	**Weighting in the S&P 500**
Utilities	-4.2	78.6	3.2%
Real Estate	-7.8	43.8	2.9%
Technology	-8.8	51.5	21.8%
Industrials	-9.4	51.4	9.6%
Consumer Staples	-11.3	42.4	7.2%
Financials	-12.1	26.5	13.1%
S&P 500	-12.3	**35.9**	N/A
Consumer Discretionary	-13.8	31.3	10.3%
Materials	-14.4	32.0	2.7%
Communication Services	-15.9	23.1	10.4%
Health Care	-17.9	8.1	13.3%
Energy	-21.8	10.3	5.5%
Sources: FactSet and Bespoke Investment Group			

- It's also essential to remember broad-based indexes are comprised of a collection of sectors and stocks. For the S&P 500 individually, the Index consists of 11 industry sectors with hundreds of individual companies motivated by their unique business conditions and outlooks. With the S&P 500 recently logging an all-time closing high, it can be helpful sometimes to dive deeper and investigate sectors and individual companies to see how the broader foundation is laid.
- Importantly, the average stock in the S&P 500 is still 12.3% away from its 52-week high as of Tuesday, suggesting to us, there is room for stock prices to rise further if the environment continues to improve. *Please see the chart above for more detail*.
- We believe the climate is starting to shift toward a 'stock pickers' market and now calls for careful attention to allocation and security selection, as we believe both could play important ingredients in how portfolios perform through the rest of the economic cycle.
- While the average Utility stock is only 4.2% away from its high, with 78% of the Index within 5% of its 52- week high, it commands only a 3.2% weighting in the overall S&P 500. Thus, the fact that more Utility stocks trade near their market tops should be less concerning for investors looking at the broader Index.
- On the other hand, the average Technology stock is 8.8% off its 52-week high, with a little under half the group still short of being 5% or less from their 52-week peak. Considering Technology makes up more than 21% of the S&P 500, these significant growth-based stocks could see more upside in a market that is trending positively. This group has the mass to move the S&P 500. Particularly, if investors begin chasing returns or believe they are underexposed to cyclically exposed companies.
- Helping to temper our market enthusiasm, however, is the fact that both Financials and Health Care still have a significant portion of company constituents trading further away from their 52-week highs and a large portion of their stocks outside the 5% threshold. Financials and Health Care combined represent more than 26% of the S&P 500. Without each of these sectors seeing more of their stocks grind towards 52-week highs, it may be harder for the broader S&P 500 to move materially higher, in our view.
- Despite the recovery in stock prices this year and all-time closing highs in the S&P 500 and NASDAQ, fund flows suggest many investors may have missed the rally. Stock funds have seen net redemptions all year, while bond funds continue to rake in new money. From a contrarian perspective, this may provide a near-term catalyst for stocks, should investors fear missing out on further gains.
- We do expect stocks to face some resistance at some point. Traders may want to test and retest the validity of thresholds before moving stocks past current levels—much like they did when the S&P 500 approached 2800.
- **While trends in earnings over the coming quarters and critical technical thresholds may be the story for the near-term, long-term investors should keep the focus on diversification and mitigating risk where they can but avoid an overly defensive stance for now. The fourth quarter is in the rearview mirror, and while the road ahead could see more bumps this year, we continue to see the market environment through a 'glass-half-full' lens. Nevertheless, the macro environment is still vital and developments on this front over the quarter**

could provide the inflection point investors have been looking for before they fully commit to deciding which way stocks are headed next.

- The commentary above can also be found in the recently published *Committee Perspectives: The Bull Returns* report published on (4/24/19).

- ***Asia-Pacific:*** Asian equities finished mostly lower on Thursday. Overnight, China's local A-share market fell more than 3.0% on worries that recent statements from China officials highlighting a renewed interest in structural reforms would eventually stem the country's growth trajectory.
- Stock market declines on Thursday were the worst in six weeks and followed a series of comments over recent days that has put Beijing's long-running issue with debt and market excesses back on the table. Nevertheless, the People's Bank of China (PBoC) said the central bank remains biased toward easing monetary policy even though it sees less room for further reserve requirement ratio (RRR) cuts, according to *Reuters*.
- As expected, the Bank of Japan (BOJ) left interest rate policy unchanged. However, the central bank did tweak its forward guidance and said interest rates would remain at extremely low levels "through the spring of 2020." The BOJ also said it wanted to convey a more definitive stance on its powerful easing measures.

- ***Europe:*** Markets across the region are trading flat-to-lower at mid-day. UK Prime Minister Theresa May survived yet another challenge to her position of leadership from top conservative leaders yesterday. Top backbenchers decided to leave current governmental rules in place, which states Mrs. May's leadership cannot be challenged within the party until December. The Prime Minister had survived a no-confidence vote in December, and under current rules, she cannot be challenged again until this December. However, some Conservative leaders were seeking to change the rules and move up a possible no-confidence vote by six months. Although some in the Conservative party are eager to replace Mrs. May due to her inability to push forward Brexit, others believe it is unwise to replace the prime minister this late in the process.

- ***U.S.:*** Equity futures are pointing to a mixed open this morning after Dow 30 component 3M missed analysts Q1'19 earnings expectations. Note: The Dow Jones Industrial Average is a price-weighted index, and 3M is the third largest holding in the Average. Thus, the industrial company's weaker pre-market activity is having an outsized negative influence on Dow futures this morning.
- However, earnings growth among S&P 500 companies that have reported Q1 results thus far is coming in better than expected. Based on the 187 S&P 500 companies that have reported Q1 earnings per share (EPS), profit growth is up +2.5% y/y. The blended Q1 EPS growth rate (which includes actual results and estimates) is lower by 2.8% y/y but is ahead of the 3.7% decline analysts expected at the end of March. More than 60 S&P 500 companies are scheduled to report their earnings results and today will mark the heaviest day of the season for company updates.
- Fed fund futures are currently pricing in a 61% probability that the fed funds rate will be at least 25 basis points lower by December versus where it sits today — despite signs that the U.S. economy is improving. Equity markets in the U.S. and China have snapped back from their December lows, global inflation is tame and economic data around the world is stabilizing. In our view, the markets' stance that the Fed is more likely to lower interest rates than stand pat or hike, seems incongruent with the current data. Investors would be wise to expect an increase in volatility across risk assets if/when the market finally comes around to reducing its odds for a rate cut this year.

WORLD CAPITAL MARKETS

4/25/2019 As of: 8:30 AM ET

Americas	% chg.	% YTD	Value
S&P 500	-0.22%	17.49%	2,927.3
Dow Jones	-0.22%	14.81%	26,597.1
NASDAQ Composite	-0.23%	22.48%	8,102.0
Russell 2000	0.19%	18.22%	1,588.1
Brazil Bovespa	-0.92%	8.14%	95,045.4
S&P/TSX Comp. (Canada)	-0.50%	16.89%	16,586.5
Mexico IPC	-0.23%	8.60%	45,045.3

Europe (Intra-day)	% chg.	%YTD	Value
DJSTOXX 50 (Europe)	-0.32%	17.31%	3,491.5
FTSE 100 (U.K.)	-0.53%	12.27%	7,432.2
DAX Index (Germany)	-0.14%	16.45%	12,296.3
CAC 40 (France)	-0.23%	18.23%	5,563.3
FTSE MIB (Italy)	0.03%	18.60%	21,732.0
IBEX 35 (Spain)	0.14%	12.18%	9,469.3
MOEX Index (Russia)	0.05%	9.23%	2,580.5

Asia/Pacific (Last Night)	% chg.	%YTD	Value
Nikkei 225 (Japan)	0.48%	12.41%	22,307.6
Hang Seng (Hong Kong)	-0.86%	14.80%	29,549.8
Korea Kospi 100	-0.48%	7.33%	2,190.5
Singapore STI	-0.36%	9.77%	3,350.3
Shanghai Comp. (China)	-2.43%	25.26%	3,123.8
Bombay Sensex (India)	-0.83%	7.59%	38,730.9
S&P/ASX 200 (Australia)	Closed	15.02%	6,382.1

Global	% chg.	% YTD	Value
MSCI All-Country World Idx	-0.28%	15.73%	523.0

Developed International	% chg.	%YTD	Value
MSCI EAFE	-0.24%	12.99%	1,917.4

Emerging International	% chg.	%YTD	Value
MSCI Emerging Mkts	-0.48%	12.77%	1,084.5

Note: International market returns shown on a local currency basis. Equity index data is total return, inclusive of dividends.

S&P 500 Sectors	% chg.	% YTD	Value
Communication Services	-0.75%	21.31%	167.3
Consumer Discretionary	-0.03%	22.46%	953.1
Consumer Staples	0.09%	13.14%	585.0
Energy	-1.85%	18.45%	497.9
Financials	-0.14%	15.64%	454.5
Health Care	-0.14%	1.32%	1,008.8
Industrials	-0.31%	22.65%	661.4
Materials	-0.57%	14.06%	359.1
Real Estate	0.77%	16.25%	221.7
Technology	-0.01%	27.76%	1,383.8
Utilities	0.55%	10.03%	293.0

Equity Income Indices	% chg.	% YTD	Value
JPM Alerian MLP Index	-0.59%	13.88%	25.4
FTSE NAREIT Comp. TR	0.84%	16.21%	19,285.3
DJ US Select Dividend	-0.29%	13.63%	2,114.0
DJ Global Select Dividend	-0.69%	7.89%	223.1
S&P Div. Aristocrats	-0.07%	14.03%	2,733.4

Bond Indices	% chg.	% YTD	Value
Barclays US Agg. Bond	0.26%	2.82%	2,104.3
Barclays HY Bond	0.07%	8.64%	2,074.3

Commodities Futures & Spot (Intra-day)	% chg.	% YTD	Value
CRB Raw Industrials	-0.22%	1.49%	487.6
NYMEX WTI Crude (p/bbl.)	0.53%	45.87%	66.2
ICE Brent Crude (p/bbl.)	1.07%	40.09%	75.4
NYMEX Nat Gas (mmBtu)	0.32%	-15.99%	2.5
Spot Gold (troy oz.)	0.04%	-0.48%	1,276.3
Spot Silver (troy oz.)	-0.53%	-4.05%	14.9
LME Copper (per ton)	0.79%	8.33%	6,444.8
LME Aluminum (per ton)	0.35%	-0.31%	1,857.0
CBOT Corn (cents p/bushel)	-0.42%	-9.28%	354.5
CBOT Wheat (cents p/bushe	-0.23%	-15.62%	437.5

Foreign Exchange (Intra-da	% chg.	% YTD	Value
Euro (€/$)	-0.28%	-2.99%	1.11
British Pound (£/$)	-0.22%	0.93%	1.29
Japanese Yen ($/¥)	0.27%	-1.97%	111.89
Australian Dollar (A$/$)	-0.26%	-0.74%	0.70
Canadian Dollar ($/C$)	-0.13%	0.94%	1.35
Swiss Franc ($/CHF)	-0.22%	-3.97%	1.02

Data/Price Source: Bloomberg. Equity Index data is total return, inclusive of dividends, where applicable.

Ameriprise Global Asset Allocation Committee

Global Equity Region - Tactical View

	Region	MSCI All-Country World Index Weight	GAAC Tactical View	GAAC Tactical Overlay	GAAC Recommended Weight
1)	United States	54.1%	Overweight	+3.1%	57.2%
2)	Canada	3.0%	Equalweight	-	3.0%
3)	United Kingdom	5.4%	Underweight	- 1.0%	4.4%
4)	Europe ex U.K.	14.9%	Underweight	- 1.0%	13.9%
5)	Latin America	1.4%	Equalweight	-	1.4%
6)	Asia-Pacific ex Japan	12.5%	Equalweight	-	12.5%
7)	Japan	7.6%	Equalweight	-	7.6%
8)	Middle East / Africa	1.1%	Underweight	- 1.1%	-

Index weighting represents relative weightings based on the regional market capitalization balance of the MSCI All-Country World Index; may not add due to rounding. The GAAC Tactical Overlay, as well as Recommended Tactical Weights, is derived from the Ameriprise Global Asset Allocation Committee (GAAC).Views are expressed relative to the Index and are provided to represent investment conviction in each region. Tactical Allocations are designed to augment Index returns over a 6-12 month time horizon. Index weights as of 12/20/18. Numbers may not add due to rounding.

Ameriprise Global Asset Allocation Committee

U.S. Equity Sector - Tactical View

	Sector	S&P 500 Index Weight	GAAC Tactical View	GAAC Tactical Overlay	GAAC Recommended Weight
1)	Communication Services	10.2%	Underweight	- 2.0%	8.2%
2)	Consumer Discretionary	9.8%	Equalweight	-	9.8%
3)	Consumer Staples	7.5%	Underweight	- 2.0%	5.5%
4)	Energy	5.3%	Overweight	+2.0%	7.3%
5)	Financials	13.3%	Equalweight	-	13.3%
6)	Health Care	15.5%	Overweight	+2.0%	17.5%
7)	Industrials	9.2%	Equalweight	-	9.2%
8)	Information Technology	20.2%	Equalweight	-	20.2%
9)	Materials	2.6%	Equalweight	-	2.6%
10)	Real Estate	3.0%	Overweight	+1.0%	4.0%
11)	Utilities	3.4%	Underweight	- 1.0%	2.4%

Index weighting represents relative weightings based on the regional market capitalization balance of the MSCI All-Country World Index; may not add due to rounding. The GAAC Tactical Overlay, as well as Recommended Tactical Weights, is derived from the Ameriprise Global Asset Allocation Committee (GAAC).Views are expressed relative to the Index and are provided to represent investment conviction in each region. Tactical Allocations are designed to augment Index returns over a 6-12 month time horizon. Index weights as of 12/20/18. Numbers may not add due to rounding.

ECONOMIC NEWS OUT TODAY:

Economic Releases for Thursday, April 25, 2019. All times Eastern. Consensus estimates via Bloomberg.

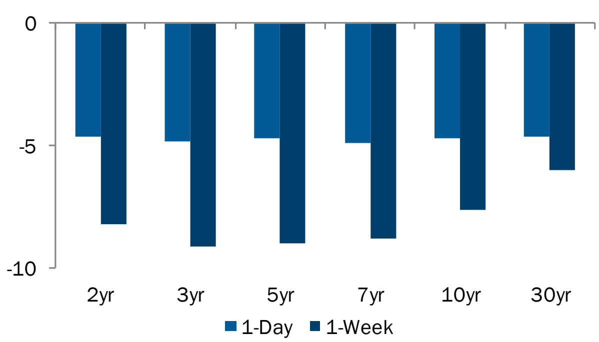
Time	Period	Release	Consensus Est.	Actual	Prior	Revised to
8:30 AM	Apr 13	Initial Jobless Claims	200k	**230k**	192k	193k
8:30 AM	Apr 6	Continuing Claims	1682k	**1655k**	1653k	1654k
8:30 AM	MAR	New Orders for Durable Goods (MoM)	+0.8%	**+2.7%**	-1.6%	-1.1%
8:30 AM	MAR	New Orders ex-transports (MoM)	+0.2%	**+0.4%**	-0.1%	-0.2%

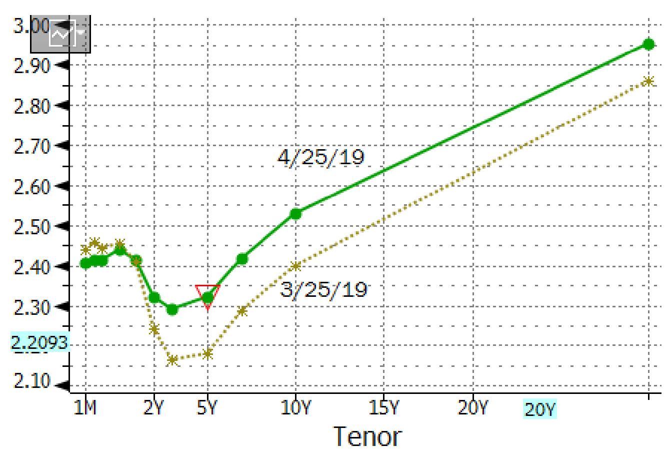
FIXED INCOME NEWS & VIEWS: *Brian M. Erickson, CFA, Fixed Income Research & Strategy*

Central Banks in Canada and Japan Join the Fed in a More Tentative Approach

- Wednesday, the Bank of Canada (BOC) left rates unchanged at 1.75%. The BOC noted the broad economic soft patch since the start of the year, both lowering their forecast for growth in 2019 and reducing the estimated neutral policy rate range by a quarter point to 2.25% - 2.75%. As a smaller nation, Canadian central bank policy has little global impact, but we see it is yet another nation echoing an easier tone to policy.
- This morning the Bank of Japan (BOJ) extended policy guidance through mid-2020, indicating policy tightening would not happen until spring of next year and expanded terms on its lending programs. Ten-year Japan Government Bond yields hovered at -0.03%, in line with the year to date average. Once again, the BOJ's tone simply falls in line with the concerted effort among developed market central banks to remain on hold this year.
- With less than a week until the next Federal Open Market Policy Committee meeting, Treasury markets reflect the Fed's patient approach. Data has yet to suggest the economy is on a sustainable path to growth at a new, lower level that 2018. Until data turns that corner, we expect the Fed to hold policy rates steady. Treasury markets too, reflect the need for data to improve after the first quarter soft patch. Not only are 10-year yields below the year to date average, but the belly of the curve continues to see a healthy bid causing the curve to remain inverted from 1-year through 5-years (see chart below right).
- Even though the curve dips in the belly, the shape of the curve is more constructive today than a month ago. Long-term yields pushed higher indicating market expectations may see more support from moderated inflation levels over time.

U.S. Treasury Yield Change
(As of Yesterday's Close, in basis points)





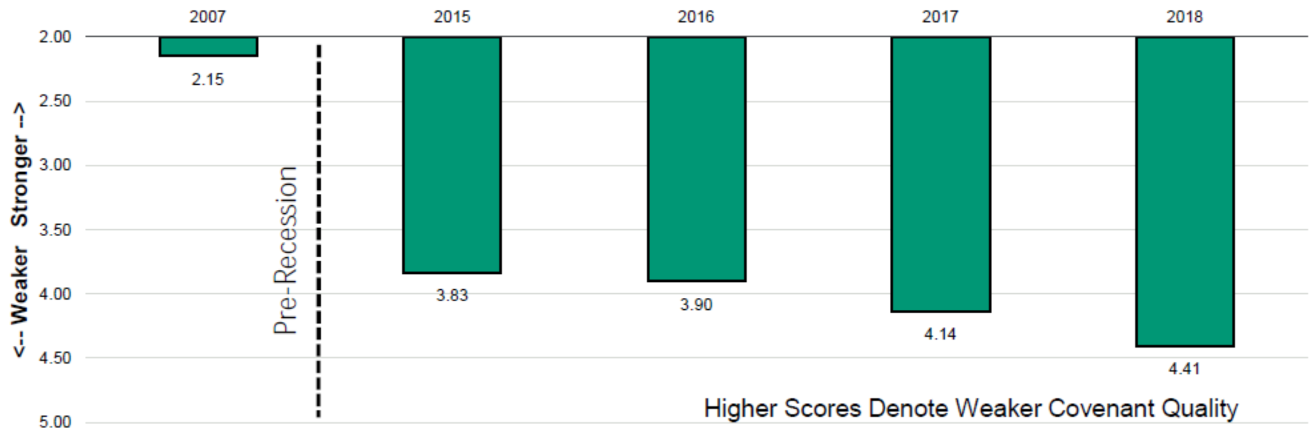
Source: Bloomberg

- Significant buying in 10-year German Bunds pushed yield lower Wednesday, back into negative territory Wednesday. Ten-year Treasury yields dipped in concert. A strong 5-year Treasury auction in the afternoon sustained the bid for Treasuries into the afternoon, with 10-year yields ending the session five basis points lower at 2.51%, below the year to date average of 2.62%.

Bondholder Protections - Quality Remains Weak

- Moody's Investor Service released its latest report on investment covenants and bondholder protections Wednesday, contrasting current weak protection levels with those found at the end of 2007 (see chart below). Not surprisingly a decade of monetary stimulus that prompted investors to buy riskier assets led to the deterioration of protections for fixed income investors. While we believe weaker investor protections likely lead to lower default levels than might otherwise occur, they also suggest that when investors see defaults in their portfolios, losses could be more significant. This makes asset selection more critical, in our view.

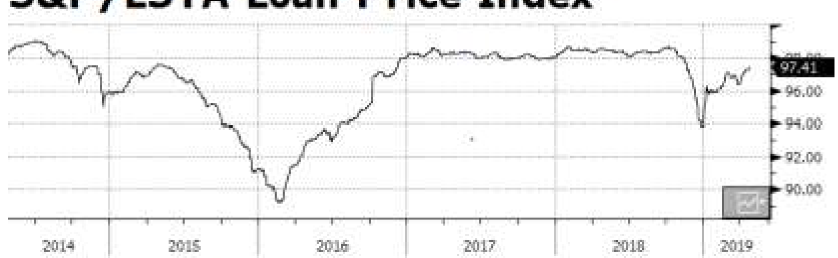
Another protection worst
Investment covenant scores, 2007 and 2015-2018



Source: Moody's Investors Service

- Covenants are lender protections (with the bank loan fund defined as a lender in this context) that provide for intervention with management before a default even occurs. For example, an interest coverage test of 1.1x EBITDA/Interest for example would trip before the company missed a payment, and require concessions from the company (borrower) to pay a fee or offer more collateral protection in order to waive the covenant violation. Some bank loan fund managers suggest that it matters more who management is, which in many cases are supported by a private equity partner. Certainly, management and other constituents are important, but we believe at the end of the day a rational investor would prefer strong covenants over weak covenants, especially when weak covenants become the norm.
- Specifically, in the bank loan space, the latest report highlighted that while quality modestly improved in the fourth quarter of last year, they remain weak. We believe a driver of the one quarter improvement was the wider credit spreads and the shuttering of the high yield corporate bond market in December prompted issuers to offer more favorable terms. In most cases that included greater spread compensation, and in some cases also slightly better covenant protections. Moody's Loan Covenant Quality Score (LCQ Sore) improved to 4.07 in 4Q18 down from 4.13 in 3Q18 (lower is better; greater protections). As a point of contrast, bank loan LCQ Scores were 2.15 in 2007 before the onset of the financial crisis. Moody's noted that the convergence of bond and loan security positions portends lower recoveries for bank loans in the next downturn in a report released in August 2018.
- A key driver of weaker covenant quality is demand from Collateralized Loan Obligations (CLOs) that require bank loans as collateral. This buyer base absorbs approximately half of all syndicated bank loans originated. As we have seen in other sectors where marginal demand is less discerning, it tends to draw the entire sector to the lowest common denominator. In this case, its to weaker covenants. CLO managers focus on assembling a diversified pool across issuers and sectors, as well as a spread of ratings. Covenant protections are not incorporated in the metrics investors look at when buying a CLO. As a result, CLO managers are willing to purchase covenant lite loans en mass when markets are stable. Once volatility arrives, CLO demand tends to fall-off sharply and remaining investors are more selective about good loans from bad loans. As a result, we anticipate significant price volatility in the segment when dislocations occur.
- We recommend investors exit passive bank loan exposures and consider avoiding the sector altogether. See our report titled, *Corporate Debt Cycle Evolves* dated April 5, 2019 for more on corporate debt markets.

S&P/LSTA Loan Price Index



Source: Bloomberg L.P.

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Market Risk: Equity markets in general could sustain significant volatility due to several factors. As we have seen recently, both economic and geopolitical issues could have a material impact on this model portfolio and the equity market as a whole.

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Non-Investment grade securities, commonly known as "high-yield" or "junk" bonds, are historically subject to greater risk of default, including the loss of principal and interest, than higher-rated bonds, which may result in greater price volatility than experienced with a higher-rated issue.

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DEFINITIONS OF TERMS

Agency – Agency bonds are issued by Government Sponsored Enterprises (GSE), but are NOT direct obligations of the U.S. government. Common GSE's are the Federal Home Loan Mortgage Corp. (Freddie Mac) Federal National Mortgage Association (Fannie Mae) and Federal Home Loan Bank (FHLB).

Beta: A measure of the risk arising from exposure to general market movements as opposed to company-specific factors. Betas in this report, unless otherwise noted, use the S&P 500 as the market benchmark and result from calculations over historic periods. A beta below 1.0, for example, can suggest the equity has tended to move with lower volatility than the broader market or, due to company-specific factors, has had higher volatility but generally low correlations with the overall market.

Corporate Bonds – Are debt instruments issued by a private corporation. Non-Investment grade securities, commonly known as "high-yield" or "junk" bonds, are historically subject to greater risk of default, including the loss of principal and interest, than higher-rated bonds, which may result in greater price volatility than experienced with a higher-rated issue.

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Price/Book: A financial ratio used to compare a company's market share price, as of a certain date, to its book value per share. Book value relates to the accounting value of assets and liabilities in a company's balance sheet. It is generally not a direct reflection of future earnings prospects or hard to value intangibles, such as brand, that could help generate those earnings.

Price/Earnings: An equity valuation multiple calculated by dividing the market share price, as of a certain date, by earnings per share. Trailing P/E uses the share price divided by the past four-quarters' earnings per share. Forward P/E uses the share price as of a certain date divided by the consensus estimate of the future four-quarters' EPS.

Price/Sales: An equity valuation multiple calculated by dividing the market share price, as of a certain date, by the company's sales per share over the most recent year.

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