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- At the end of last year I felt very certain that, given the oversold levels of various equity markets around the world, a basket of China, India, and LatAm (Brazil) were extremely likely to experience very solid price appreciation. Multiples were lower than they were in the US, which is extremely rare, and emerging market economies will lead the US out of the trough of the macro cycle, plus their macroeconomic situations were comparatively healthy. In retrospect, it was a no-brainer and a huge winner. This year I have the entirely opposite mindset: I have zero idea what will happen to equities over the next two years and I think anyone who says they do is selling a theory that they can't realistically support as actually probable. Hence, this list. The list is merely a list of strategies and/or asset classes that can supplement (or replace) traditional long-only-US-stock (equity) and bond/debt portfolios. Some people refer to compiling these strategies and/or adding other asset classes "hedge fund replication" whereas I just call it considering your alternatives (zing). I believe that, while unlikely to repeat the huge outperformance of my portfolio this over past 12 months, this strategy should produce sold tax-managed returns with favorable volatility over the next one to two years. This is really just a study I prepared for myself (AKA The Dan Silver Don't-Be-Broke-Portfolio), but you might find some interesting info for yourself.
- This list is not necessarily comprehensive, relevant to your tax location or tax bracket, and every individual's portfolio should be tailored to their specific investing goals and objectives.
- My picks/selections are bolded, there may be two per strategy/asset class. In many cases I prefer closed-end mutual funds (CEFs) b/c they trade on an exchange like stocks, and frequently trade at discounts to their "net assets" per-share, which occasionally creates a built-in margin of safety.
- In many cases the closed-end mutual funds (CEFs) can be hedged/arbitraged using ETFs or other CEFs. I don't really get into the how-to of each arbitrage opportunity, but there are many, many possibilities.
- I will continue to hold a good portion of emerging market equities, which I trade in and out of depending on valuation on price changes. I hold HAO for China, GML for Latin America, RSX for Russia, and EPI for India.
- I just typed my handwritten notes, so there are plenty of abbreviations, typos, and short-hand notes. The format isn't meant to be anything more than acceptable, so just call me if you have a question about what something means or what I'm thinking.

**Commodities/Natural Resources**

Overview: Negative 0.04% correlation with equities. Commodities CAN be an uncorrelated play on basic raw materials & energy, which may move independently of equities although they are macro cycle dependent. Commodities are positively correlated with inflation, which will increase. I prefer long/short commodity strategies to long-only b/c the risk of draw-down is less when commodities are not in a strong uptrend. Low distributions from actual-commodity funds (as opposed to equity-focused funds) means it's probably best to hold in a taxable account if you plan on holding for longer than one year.

- Open-end mutual funds:
  - PCRDX/PCRAX: Pimco commodity real return fund
    - Invests partially in another Pimco actual commodity fund
    - 29% std dev and a 0.80 beta vs. S&P
  - HACMX: SAME as PCRDX but with lower fees, same mgmt team
  - **CRSAX: Credit Suisse Commodity Return Strategy (long-only)**
    - 0.90% annual fee
    - 23% std dev and 0.58 beta vs. S&P
  - **RYLBX/RYLFX: Rydex Long/Short Commodities Strategy**
    - Based on 12 month price trend following model
    - 4.75% load, 2% annual fee (estimated fees, it's brand new, but still too high)
    - Can be long or short any commodity, can be net short depending on model outcomes
- ETFs:
  - GRES: Global resources, hedged. All commodity sectors but only through equity positions. Short the index against long equity positions. Does not hold actual commodities.
  - **LSC: ELEMENTS S&P Commodity ETN**
    - Long/short actual commodity futures ETN based on price trend following.
    - Direction of long/short based on 7 month exponential moving avg

        - 6 sectors, 16 actual commodities. Fixed weight to sectors, always long energy
        - Rebalanced monthly
        - Only 0.75% annual fee
    - RJI: Broadest long-only actual commodity ETF, followed by DJP and then GSG
    - IGE: North American Natural Resources
        - Only holds equities of natural resources companies
    - HAP: Hard Asset Producers
        - Only holds equities of hard asset companies, 60% international

Other Notes:

- Equity-based natural resource funds have VERY high beta vs. S&P, so DON'T buy them
- L/S commodity funds have a NEGATIVE beta vs. S&P
- Agribusiness is popular subset of this (like Potash fertilizer, etc).
    - MOO is the active agribusiness ETF
    - PAGG: PowerShares Global Agriculture ETF

**US Real Estate**

Overview: Roughly 0.3 beta vs. S&P. Contrarian play on turnaround in real estate. High dividends income. Probably best to hold in a tax advantaged account because of the high income from REIT holdings which get taxed at ordinary tax rates (REIT dividends don't qualify for low dividend tax rate).

- Open-end mutual funds:
    - **CGMRX: CGM Realty Fund**
        - 0.86% annual fee, no load
        - 5 star Morningstar, managed by Ken Heebner
        - Only 20 positions, avg is midcap but has large, mid & small caps
        - 5 year annualized return of 11.7%
        - 39% std dev and 1.66 beta vs. S&P on 3 year basis
    - TRREX: T. Rowe Price Real Estate Fund
        - 0.75% annual fee, no load
        - Has about 40 positions, smaller cap than CGMRX
        - Lower turnover than CGMRX
        - 5 year annualized return of 0.5%
        - 41% std dev and 1.71 beta vs. S&P on 3 year basis
- CEFs:
    - NRO: Neuberger Berman Real Estate
        - Monthly distributions
        - ½ preferreds, ½ equities
        - NO managed distributions
        - 1.4% annual fee
        - Very liquid trading
    - RFI: Cohen & Steers Total Return Realty Fund
        - NO leverage
        - DOES have managed distributions, but distributes quarterly
        - Low fee of 1% annual
        - 16 year track record
- ETFs:
    - FRI: First Trust S&P REIT Index Fund
    - PSR: PowerShares Active U.S. Real Estate Fund
    - ICF: iShares Cohen & Steers Realty Majors Index
    - IFNA: iShares FTSE EPRA/NAREIT North America Index
    - UMM: MacroShares Major Metro Housing Up Shares
    - DMM: MacroShares Major Metro Housing Down Shares

**Global Real Estate**

Overview: Roughly 0.3 beta vs. S&P. Contrarian play on turnaround in real estate. High dividends income. Probably best to hold in a tax advantaged account because of the high income from REIT holdings which gets taxed at ordinary tax rates (REIT dividends don't qualify for low dividend tax rate).

- Open-end mutual funds: The open end funds are not as global as the CEFs
  - **TAREX: Third Avenue Real Estate Value**
    - 56% international
    - 1.1% annual fee, no load
    - 5 year annualized return of 1.5%
    - 30% std dev and 1.1 beta vs. MSCI on 3 year basis
    - Avg cap is medium although is across all caps
    - 17 positions
    - 30% annual turnover
    - About 20% Hong Kong
  - **ARIIX: Alliance Bernstein Global Real Estate II**
    - 64% international (more international/global than TAREX)
    - 5 year annualized return of 1.9%
    - 30% std dev and 1.1 beta vs. MSCI on 3 year basis
    - Avg cap is medium although is across all caps
    - 14% Hong Kong
    - 95 positions
    - About 60% annual turnover
- CEFs:
  - **AWP: Alpine Global Premier Property**
    - Estimated avg discount is 12% (only 2.5 years of history in unusual situation)
    - Current discount is 21%
    - Monthly distributions, does NOT have managed distributions
    - US is 33%, but beyond that it's the most geographically diverse
    - Very liquid, very big fund
    - Entirely equities
    - 1.45% annual expense
    - 138 holdings
    - Does not use leverage, but can (no further discount, but have upside optionality)
    - Already cut distribution 8 months ago, more likely to get raised, not cut
    - Equity REITs have relatively stable balance sheets (debt to total capital)
    - Commercial MBS will face the most trouble, they don't touch it.
  - DRP: DWS RREEF World Real Estate & Tactical Strategies
    - Estimated avg discount is 14% (only 2.5 years of history in unusual situation)
    - Current discount is 21%
    - Monthly distributions, does NOT have managed distributions
    - 80% equities, the rest is preferreds, debt, and covered calls
    - US is 27%, 15% Australia, 14% Hong Kong, 12% UK, then Japan
    - 1.38% annual expense
    - 119 holdings
    - $90m total NAV, much smaller than $633m for AWP
  - SLS: Riversource LaSalle International Real Estate
    - Estimated avg discount is 14% (only 2.5 years of history in unusual situation)
    - Current discount is 23%
    - Quarterly distributions, does NOT have managed distributions
    - US 16%, Australia 21%, Japan 14%, then UK, then France
    - 1.26% annual expense
    - Entirely equities
  - IGR: ING Clarion Global Real Estate
    - Monthly distributions and DOES have managed distributions
    - Current discount is 13.5%
    - Very liquid, largest of the CEF RE funds at $1.36bn

        - 1.28% annual fee
        - 53% US, 12% Australia
        - 74% equities, 25% preferreds
        - 5 year avg discount is 8.6%*** good reference for the younger RE CEFs
        - 71 holdings, extremely low turnover
- ETFs:
    - GRI: Cohen & Steers Global Realty Majors
    - RWX: SPDR Dow Jones International Real Estate
    - DRW: WisdomTree International Real Estate
    - WPS: iShares S&P Developed ex-U.S. Property

Other Notes:

- Have to get the portfolio holdings info from the fund mgmt sites themselves

**Currencies**

Overview: Almost zero beta vs. S&P. Returns aren't impressive over time but is necessary asset class addition. It's an important hedge versus foreign/emerging market debt holdings.

- Open-end mutual funds:
    - **MABFX: Merk Absolute Return**
        - It's a long/short fund, don't care about the US Dollar, just absolute return
        - 1.3% annual fee
        - Just started in September
- CEFs:
    - **GCF: Global Income & Currency Fund**
        - L/S currency, does not use leverage
        - 13.5% discount, 5 year avg is 0.9% discount
        - 1.2% annual fee
        - Started in 2006
        - 4.55% std dev on 3 year basis
        - Has an annual repurchase option, can sell around NAV
- ETFs:
    - CEW: Wisdomtree emerging market currency
        - 0.55% annual fee
    - CYB: WisdomTree Chinese Yuan Fund
        - China's RMB/Yuan WILL appreciate over time, for sure
        - 3/4 of the Chinese government's foreign reserves in dollar-denominated assets, Beijing has been losing purchasing power due to the U.S dollar's declines in value

**Biotech/Healthcare**

Overview: Low correlation with S&P, should get boost post healthcare policy announcement. Valuations are below historical averages. Large cash balances at mega-cap pharma co's should lead to M&A activity. Low current income/dividends means probably best to hold in a taxable account if you plan on holding for longer than one year period.

- Open-end mutual funds:
    - PHLAX: Jennison Health Sciences
        - Jennison is outstanding in the healthcare space
    - FSMEX: Fidelity Medical Equipment & Systems
- CEFs:
    - **HQH: H&Q Healthcare Investors**
        - Has 0.77 beta w/ S&P
        - More service/distrib names than HQL, later-stage than HQL, larger cap
        - More liquid trading than HQL
        - Higher short interest than HQL, funds are adding to existing positions
        - Have about 15% of funds in private co's via restricted stock/convertibles
        - Spoke w/ PM of both H&Q funds: Dan Olmstead – there since 2001
        - PM believes discount partially due to healthcare reform uncertainty = catalyst

        - PM believes suspension of distributions widened discount
        - PM believes share buyback will close discount, can buyback up to 10% of fund
            - Buyback was announced on 10/9/09
    - HQL: H&Q Life Sciences Investors
        - Earlier-stage than HQH, more biotech oriented
        - Smaller cap than HQH
    - BME: BlackRock Health Sciences
        - Great track record but doesn't have the discount of HQH
- ETFs:
    - PBE: Very diverse
    - IBB: Midcaps, 120 holdings, low fee
    - XBI: Only 28 holdings but not concentrated, low fee
    - PBTQ: 43 holdings, 20% foreign, low volume, high fee
    - DBR: Wisdomtree INTERNATIONAL healthcare ETF, weighted by dividends paid
        - This makes it a good LT holding but not necessarily a ST strategy

Other Notes:

- Slowing growth rates for the mega-firms will spur acquisitions of smaller firms to inorganically boost growth rates and to buy pipeline/technologies instead of self-funding internal R&D.
- Biotech stocks have historically traded around 20x PEs and are now in the 14-15x range.
- BUY BEFORE THE HEALTHCARE DEAL IS ANNOUNCED. SHOULD BE A SELL THE RUMOR, BUY THE FACT RALLY.

**Emerging market debt (Sovereign Govt's or Corporate)**

Overview: Roughly 0.40 beta vs. S&P over time. Yields produce high current income but prices are volatile. Produces high current income, so probably best to hold in a tax advantaged account.

- Open-end mutual funds:
    - **FNMIX: Fidelity New Markets Income Fund**
        - Global, lots of LatAm, mostly sovereign
        - Mostly in USD denominated, but USD is not part of strategy
        - 0.92% annual fee, no load
        - 16% 3 year avg std deviation
        - 0.40 10 year beta vs. S&P 500
    - PREMX: T. Rowe Price Emerging Markets Bond
- CEFs:
    - MSD: MS Emerging Markets Debt
        - Sovereign debt fund
        - Pay quarterly, no managed distribution
        - 5 year avg discount is 10.9%
        - Fairly liquid trading
        - 1.23% annual expense
        - 7.9% distribution rate
        - Current discount is 8.4%
        - 9% leveraged
    - **GHI: Global High Income Fund**
        - 2/3 sovereign, 1/3 corporate
        - Only in USD denominated securities, so no FX risk or benefit
        - Pays monthly, DOES have managed distributions
        - 8.5% distribution rate
        - **5 year avg discount is 0.24%**
        - Current discount is 6.8%
        - 16 year track record
            - 5 year annualized return of 8.62%, 10 year of 12.44%
        - 1.39% annual expense
        - 16% 3 year avg std deviation
        - More liquid than SBW

    - No leverage
  - SBW: Western Asset Worldwide Income
    - ½ sovereign, ½ corporate
    - ¼ Russia
    - Pays monthly, DOES have managed distributions
    - 7.5% distribution rate
    - 5 year avg discount is 10.8%
    - Current discount is 9.8%
    - 16 year track record
    - 1.48% annual expense
    - No leverage
- ETFs:
  - PCY: PowerShares Emerging Markets Sovereign Debt
  - WIP: SPDR International Government Inflation-Protected Bond
  - EMB: iShares JPMorgan USD Emerging Markets Bond
  - ISHG: iShares S&P/Citigroup 1-3 Year International Treasury Bond
  - IGOV: iShares S&P/Citigroup International Treasury Bond

**Merger Arbitrage/Special Situations**

Overview: Low correlation with S&P. Historic levels of corporate balance sheet cash balances combined with unfreezing of credit markets should lead to more M&A activity and benefit merger arb strategies. Merger arb strategies throw off lots of cap gains b/c of high turnover on deals so it's best to hold it in a tax advantaged account.

- Open-end mutual funds:
  - **ARBFX: Arbitrage Fund**
    - ¼ the size of MERFX, might mean they can get out of blown deals easier
    - Mgmt focuses on strategic deals, not LBOs, and is focused on vol-adjusted returns
    - 1.9% annual expense
    - 5.28% std dev on 3 year basis, has roughly 0.40 beta w/ S&P
    - 5 year annualized return of 4.7%
    - 65 positions with high turnover
    - Down 1% in 2008
  - MERFX: The Merger Fund
    - 1.5% annual expense
    - 4.96% std dev on 3 year basis
    - 5 year annualized return of 4.4%
    - 42 positions with high turnover
    - Down 2% in 2008
  - GABCX: Gabelli ABC Fund
    - 0.64% annual fee, no load
    - 4.6% std dev on 3 year basis, beta of 0.20 vs. S&P
    - 5 year annualized return of 5.3%
    - 140 positions with high turnover, very diversified, currently 100% long
    - Merger arb, special sits, value oriented common stocks, convertible bonds
    - Down 2.6% in 2008
    - Morningstar 5 star fund
    - Almost entirely US although is global in focus
- CEFs:
  - GDL: Gabelli Global Deal Fund **Q: WHAT'S RECORD VS GABCX? WHY BAD 08?**
    - VERY diversified
    - All special situations: merger arbitrage, spins, reorgs
    - Global, but almost all US at the moment
    - Existing holders are buying at the moment
    - 90 positions with high turnover
    - Low annual fees of only 0.66%

        - Only 3 year history, but has a 0.65 beta w/ S&P
        - Down 8% in 2008
- ETFs:
    - MNA: IQ ARB Merger Arbitrage ETF
        - Does NOT actually short shares of the acquirer, only indexes, so it's not real arbitrage
        - Just started
        - 0.75% annual fee

**<u>L/S Equity or Market Neutral Equity</u>**

Overview: Have roughly 0.60 beta vs. S&P. If you're gonna be long equities at an uncertain time in the macro cycle or at uncertain overall market valuations it makes sense to be long/short. Hold in either a taxable or tax advantaged account.

- Open-end mutual funds:
    - **HSGFX: Hussman Strategic Growth**
        - Long single stocks, short index and buy puts
        - Almost entirely hedged exposure
        - Down 9.6% in 2008, good
        - 1% expense fee
        - No load
        - Low turnover
        - Down 10% in 2008
        - 8% std dev
    - DRCVX: Comstock Capital Value
        - Up to 50% short, solid returns
        - Global
        - UP 50% IN 2008
        - Lose money frequently, negative 5 year annualized return, down 2009 YTD
        - 22% std deviation
        - 5.75% load and 1.7% annual fee
    - COAGX: Caldwell + Orkin Market Opportunity
        - Totally unrestricted hedge fund, great manager, Michael Orkin
        - **$25k minimum**
    - CVSIX: Calamos Market Neutral A
        - Convert arbitrage and covered call strategies only (roughly 50/50)
        - 1.1% annual expense with 4.75% load
        - 7.7% std dev on 3 year basis
        - 5 year annualized return of 2.2%
        - 110 positions with high turnover
        - MOSTLY covered calls
        - Down 13% in 2008
    - OLA: Old Mutual Claymore Long-Short
        - Long/short equity with covered calls for ~85% of portfolio
        - 130/30, so roughly 20% short with no more than 100% long
        - Specific stock longs and shorts based on quant model
        - Stocks are mostly large cap
        - Beta of 1.07 w/ S&P
        - Down 40% in 2008, very poor performance for a "hedged" strategy
        - 18% std dev
        - 2.7% annual fee
    - BPLEX: Robeco Boston Partners Long/Short
        - No load, 2.75% annual fee
        - Fundamental analysis
        - Down 21% 2008, too much for a "hedged" strategy
        - 13% 5 year annualized return
        - 22% std dev

        - 5 star Morningstar
        - Very diversified, individual stock shorts (20% short)
    - Other poor L/S equity fund choices
        - (HSKSX: Highbridge Statisical Market Neutral: not fundamental, $1m min investment), (ALPHX: Fee too high), (MADEX: Not consistent in returns), (DIAMX: Too volatile), (MLSAX: Closed), (TFSMX: Closed), (AARFX: Too young), (FMLSX: Too volatile), (JAMNX: Weak returns), (TMNVX: The Market Neutral Fund: Just switched advisors), (NARFX: Too new/young, not enough track record)
- CEFs:
    - DHG: Dreman Value:
        - Volatile returns, does have specific stock shorts
        - Has beta of roughly 1.25 w/ S&P (very high)
- ETFs:
    - ALT: iShares Diversified Alternatives ETF. Full range HF multi-strat ETF
        - Objective:Yield/futures arb, technical trades, fundamental relative value
        - Current holdings are mostly currency, IR, and index futures
        - Just started
    - QAI: IQ Hedge Multi-Strategy Tracker ETF
        - Just started

**<u>Short/Bear funds</u>**

Overview: Provides upside should equities decline, however, will be a drag on returns over long-term b/c long-term trend for equities is consistently positive. Only makes sense if you have large long-equity holdings or are very cautious about equities in general. Hold in a taxable account so that if the market declines your short/bear position gains will be covered by bigger losses in long-equities positions.

- Open-end mutual funds:
    - **BEARX: Federated Prudent Bear**
        - Not always net short
        - Underperf GRZZX in 2008, better performance all other years, even up mkts
        - 5% load, 1.8% annual fee
    - GRZZX: Grizzly Short Fund
        - Quant based
        - US only
        - Better 2008 than BEARX, much more volatile LT returns
        - No load but 3% annual fee
- ETFs:
    - SH: S&P short
    - PSQ: Nasdaq short
    - RWM: Russell 2000 short
    - SBB: S&P Small-Cap 600 Short
    - EUM: Emerging market equities (MSCI) short
    - EFZ: Emerging market equities (MSCI) short

**<u>Covered Call</u>**

Overview: Long stocks and generate income from selling calls against the long positions. Gives you long-equity exposure but with higher current income but less upside should the market be strong. Does lose money overall when equity markets decline meaningfully, although less than long-equity-only. Volatility of returns is also lower than long-equity-only strategy.

- Open-end mutual funds: There are many but it doesn't make sense to own an open end mutual fund instead of a closed end fund or an ETF.
- CEFs:
    - **NFJ: NFJ Dividend, Interest & Premium Strategy Fund**
        - ¾ covered calls (large caps)
        - ¼ convertibles
        - 100% US, value oriented and fundamental analysis based picks

        - 0.97% annual fee
        - Beta of 1.15 w/ S&P
        - Down 32% in 2008 **COMPARE TO OLA AND CVSIX**
        - 18% std dev
    - MCN: Madison/Claymore Covered Call & Equity Strategy
        - Large and mid-cap, US only, covered calls
        - Focus is on covered call income
    - MSP: Madison Strategic Sector Premium Fund
        - Focused on covered call income from large cap GARP stocks
- ETFs:
    - PQBW: Nasdaq
    - BWV: S&P
    - PBP: S&P
        - 75% correlation w/ S&P
        - ONLY writes against S&P index, no stock selection

**Closed-End Fund Fund-of-Funds (CEF FoF)**

Overview: Captures widening CEF discounts and generates consistently high current income. CEF distributions are fully-taxable as ordinary income so only hold them in a tax advantage account.

- CEFs:
    - **FOF: Cohen & Steers Closed-End Opportunity Fund**
        - It's a fund of funds for CEFs that are equity & income oriented
        - Very diversified, CEF expert picks the investments
        - It's a play on CEF discounts in general, just buy FOF for the yield
        - 0.95% annual fee
        - EFFECTIVE discount is almost double b/c the CEFs that FOF buys are already at a discount
- ETFs:
    - GCE: Goldman CEF FoF ETN
        - Buy CEFs at a discount
        - 1.0% annual fee

Other Notes:

- Good arb is to be long FOF at a discount and short GCE (which is at par) against it

**Private Equity or Venture Capital**

Overview: Provides low-correlation returns with equities, however, PE holdings are macro sensitive and IPO/merger activity "exits" for PE & VC firms are much more likely during bull markets and strong macro periods.

- CEFs:
    - MVC: MVC Capital
        - VC in IT companies (has PLENTY of non-IT investments, though)
        - Full cap structure
        - Very diversified
        - 100% US
        - Very high expenses
        - Beta of 1.07 w/ S&P
    - TTO: Tortoise Capital Resources
        - Buy non-public stakes (mostly debt) in US energy infrastructure (mostly MLPs)
        - Beta of 1.28 w/ S&P
- ETFs:
    - **PSP: PowerShares Listed Private Equity**
        - Holds roughly 30 listed Private Equity firm stocks & ADRs
        - Global
        - Started in Nov, 2006
        - 1.8 beta vs. S&P over 3 years

        - 0.70% annual expense

**Managed Futures (CTA)**

Overview: Low correlation, depending on the fund and the strategy. Very few funds or ETFs available.

- Open-end mutual funds:
    - **RYMFX/RYMTX: Rydex Managed Futures Strategy**
        - 50% commodity futures (never short energy), 50% financial futures
        - 2.3% annual fee, no load
        - Follows S&P DTI trend indicator, tries to match its returns
        - Rebalanced monthly
        - Only one year track record
        - NOT SURE IF THIS IS WORTH IT GIVEN 50% FINANCIALS AND FEE

**Convertible Bond Arbitrage**

Overview: There are NO pure play or majority convert arb funds

- Open-end mutual funds:
    - CSVIX: Calamos Market Neutral Fund
        - Convert arbitrage and covered call strategies only (roughly 50/50)
        - 1.1% annual expense with 4.75% load
        - 7.7% std dev on 3 year basis
        - 5 year annualized return of 2.2%
        - 110 positions with high turnover

**Municipal Bonds**

Overview: Generate tax free current income (federal and state if you buy a fund for your state, and potentially no city taxes either). Risk from material state-level fiscal problems across the nation. Some muni funds invest in insured securities, some don't. Hold in a taxable account b/c income is tax-free. Almost always makes sense to buy muni bond CEFs at a discount.

- Open-end mutual funds: THERE ARE LOTS OF THEM, BUY CEFs INSTEAD
- CEFs: THERE ARE LOTS OF THEM, ONLY BUY AT DISCOUNT
    - MYN: BlackRock Muni NY Insured
    - NNF: Nuveen NYC Insured
    - MHN: BlackRock Muni NYC Insured
- ETFs:
    - PZT: PowerShares Insured New York Municipal Bond
    - INY: SPDR Barclays Capital New York Municipal Bond

Other Notes:

- Stuff

**Stock Buy-Back/Repurchase**

Overview: The buyback fund below, while only around 2 years, has VERY favorable performance versus the S&P on a theoretical basis during declining S&P periods. Preferable to straight S&P holdings when you're bearish, or when you think corporate cash balances are at unusually high levels and will be deployed.

- ETFs:
    - **PKW: PowerShares Buyback Achievers**
        - Large cap buyback ETF, only US
        - Over 200 positions, relatively low concentration
        - 0.70% annual fee
        - Essentially IS the S&P 500, same performance and volatility
        - Holdings required to have repurchased 5%+ TTM, so it's NOT announcement fund

**Utilities**

Overview: Utilities generate high current income via high dividend payouts, but are macro sensitive as demand and pricing depends on economic activity. Underperforms equities in a bull market, but outperforms equities in a bear market. Hold in a tax advantaged account b/c of high current income.

- Open-end mutual funds: ADD FROM LIST
    - 
- ETFs:
    - JXI: iShares S&P Global Utilities
    - DBU: WisdomTree International Utilities
    - IPU: SPDR S&P International Utilities

Other Notes:
- Global utilities should provide income & appreciate more than US as global recovery leads US
- Distribution yield for ETFs is important, as is valuation and % international

**<u>Floating-rate/variable-rate fixed income</u>**

Overview: Bottom line, they do well in a rising rate environment and are negatively-correlated with long-bond positions. Interest rate paid on fixed income securities held by the fund is reset/floats with overall interest rate levels. Higher interest rates = higher income from the same assets. Credit quality is key.

- Open-end mutual funds: There are plenty but only but CEFs at a discount
- CEFs: THERE ARE LOTS OF THEM, ONLY BUY AT DISCOUNT
    - FCM:
    - FCT:
    - GFY:
    - JFR:
    - EVF:
- ETFs: None that I know of.

Other Notes:
- Commercial loans are typically senior and usually secured by specific collateral (AR, inventory, equipment, real estate). Bank loans are typically non-financial-industry corporate loans.
- Auction-rate preferred securities (ARPS) are typically issued by financial companies for their own funding needs.

**<u>Short Treasuries</u>**

Overview: Rising inflation and interest rates hurt treasury security prices. Both interest rates and inflation will rise over the next couple years. Alternate ways to play those trends include long commodities and long floating-rate fixed income.

- Open-end mutual funds:
    - RRPIX: 125% short LT treasuries
    - RYJAX: Inverse of LT treasuries
- ETFs:
    - TBF: Short 20 year treasuries

**<u>OTHER RANDOM NOTES:</u>**

-Cyclical stocks with trough EPS with below average multiples and dividend are worth examining
-Foreign stocks in non-US Dollar denomination get a boost from a falling US Dollar when you sell
-Low duration is key for bond funds b/c interest rates will absolutely rise at some point
-High inflation lowers equity multiples and is bad for valuations (reflects less real return after inflation)
-Emerging markets: Lead the recovery, don't lag. Represent 4/5 of global population, ¾ of global land mass, 2/3 of FX reserves, and ½ of global GDP but are only 10% of global equity market capitalization.
-Q: What's the correlation b/w Mexico and S&P 500? If Mexico's so cheap, get long Mexico paired w/ US short
-S&P tends to LEAD economic recovery by about a year. The market looks forward.