TD Wealth

Market movers

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April 2016

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Martha Hill, CFA

Commodity and financial markets have been on a roller coaster ride this year, consuming investors with that sinking feeling. After dropping drastically to hit 13-year lows in February, oil turned and climbed about 45%. On a similar track, gold has regained its lustre and soared almost 20% year-to-date after hitting a multi-year low in late 2015. The significant pullback in equity markets during the first six weeks of the year has reversed. The Canadian equity market is now modestly positive year-to-date and has outperformed its U.S. counterpart, an outcome that seemed unlikely just a few months ago.

In this edition of Monthly Perspectives, we examine the drivers of equity markets and commodities—with a focus on oil and gold—and discuss the difficulty of forecasting short-term market movements. We remind investors of the importance of remaining focused on their investment goals and what is required to achieve them over the long term.

A tale of two commodities

Maria Kalbarczyk, CFA

Things are starting to look up for the commodities complex in 2016. Gold has risen by almost 20% since the beginning of the year, while oil is up 45% from its February 2016 low. Despite the newfound optimism, these moves by no means imply that markets will continue to climb, and we examine whether the positive price momentum is justified.

Tread carefully in the oil markets

In November 2014, the Organization of the Petroleum Exporting Countries (OPEC) retreated from its role as swing producer, permitting the market to set oil prices instead. Since then, West Texas Intermediate crude oil has been on a bumpy ride, retreating from a high of US$107.62/barrel in July 2014 to a low of US$26.21/barrel this year.

Since February, oil has risen as market sentiment turned from bearish to overly optimistic on the back of news that Russia and Saudi Arabia agreed to freeze production at present levels. A positive feedback loop was formed as short sellers covered their positions, and long positions increased to take advantage of the price momentum, driving oil prices through technical resistance levels.

However, the reality is that a restriction in production growth from Russia and Saudi Arabia will not make a material difference to the oil picture. Excess inventories, structural oversupply, and global growth concerns will continue to exert downward pressure on oil prices. Technical rather than fundamental factors will continue to drive oil prices until some of these issues are resolved.

Large global oil stockpiles and oversupply continue to be an overhang on the market. Inventories in the Organization for Economic Co-operation and Development (OECD) were about 3 billion barrels at the end of January 2016, 13% higher than the five-year average, and at the end of March, crude inventories in the U.S. reached record levels of 522 million barrels, 37% higher than usual. The correlation between oil inventories and prices is strong, and stockpiles will have to diminish before a sustainable increase in prices occurs.

Current worldwide oil production exceeds demand by at least one million barrels per day. The supply/demand balance may move into equilibrium in H2 2016 if global oil demand picks up. Growth is expected from China, U.S. and India. However, China's continued transition from a capital investment-driven economy to a service-driven economy, as well as bumpy economic recoveries in western countries, will continue to challenge demand in the medium term.

Worldwide production is expected to decline in 2016, with lower production from non-OPEC countries offset by production increases from Iran and Iraq. The biggest declines are expected from U.S. producers. Shale output has declined this year, and the decreasing rig count is indicative of further production declines. The U.S. drill rig count has decreased meaningfully (274 in March 2016; 379 in December 2015; 1,100 in February 2015), even in the Permian Basin, the largest and most "stubborn" of U.S. producing regions. While productivity gains in drilling offset a portion of production declines, the trend is in the right direction.

The consensus is that oil prices made a bottom at US$26/barrel, but investors should exercise caution when investing, as prices will not follow a straight upward trajectory, and the road is strewn with potential pitfalls.

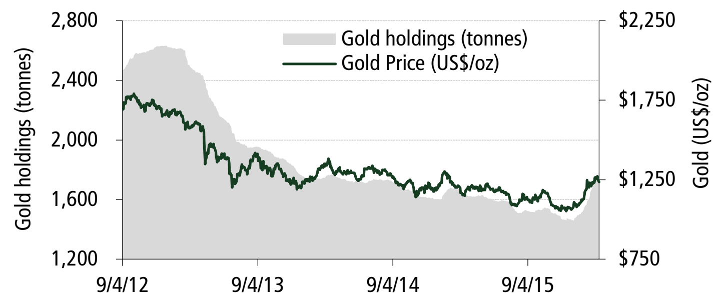
Gold is golden as investors pile in

Gold has risen 18% year-to-date, following its multi-year low of US$1,050/oz in December 2015, reflecting changing sentiment toward gold for technical and fundamental reasons.

Throughout 2015, gold languished on U.S. dollar strength and anticipation of the U.S. Federal Reserve (Fed) rate-hiking cycle, highlighting the inverse relationship between gold and the dollar. The shift in expectations for a more gradual tightening cycle has resulted in a 2.4% decline in the DXY Index (USD relative to a basket of other currencies), a positive for gold.

Investor demand for gold has soared. Gold ETF holdings increased by 19% during 2016, and are at the highest levels since July 2014. Structurally, the gold supply/demand balance is moving into a deficit position. In Q4 2015, gold supply was 1,037 tonnes, down 10% from the prior year, while gold demand was 1,118 tonnes, up 4% from the prior year. In Q4 2015, mine production fell by 2%, the first quarterly decline in eight years. Further production declines are anticipated in 2017 and 2018, the outcome of curtailed exploration and development spending.

Figure 1: Gold Inventory and Price



Source: TD Securities Inc. As at March 18, 2016.

In the U.S., 10-year bond yields are trending below core inflation, resulting in negative real interest rates, and presaging disinflation—a world of low growth and rising inflation. Similar conditions in the 1970s and 2011/2012 resulted in strong gold performance. Negative real interest rates also motivate investors to shift into real assets like commodities, as the opportunity cost of holding these versus interest-paying assets diminishes. Investors are also recognizing that as a portfolio component, gold is a good insurance policy, acting as a hedge against inflation, deflation, "black swan" events, and given its low correlation with other asset classes.

Gold performance during the remainder of 2016 will be strongly influenced by the Fed's stance on interest rates, the strength of the U.S. dollar and on supply /demand dynamics. However, adding gold as an insurance policy to a portfolio does seem like a sound idea considering the market volatility behind and ahead of us.

The futility of short-term forecasting

Sheldon Dong, CFA; Scott Booth, CFA

"Whenever you have a large number of people using something, we can probably use machine intelligence to make it more efficient." Alphabet CEO Eric Schmidt

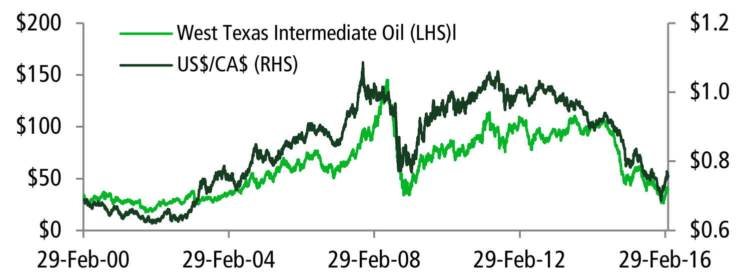
Players of the ancient board game Go were shocked on March 9, 2016 when the computer program AlphaGo defeated top professional Go player Lee Sedol (one of the best human players) in the first game of the Google DeepMind Challenge Match. The enormous complexity and intuitive nature of the game had established Go as one of the greatest challenges in artificial intelligence (AI). Lee was playing for one million dollars and, perhaps more importantly, the pride of humans around the world, with experts believing AI was at least a decade away from triumphing over the game's best players. DeepMind, on the other hand, was seeking to test the abilities of their machine and make another step towards a general purpose learning algorithm. In a post-game interview, Lee Sedol was visibly startled by AlphaGo's strength. "I was so surprised. Actually, I never imagined that I would lose. It's so shocking." AlphaGo would go on to win the historic match by four games to one, proving it was capable of doing something super-human while being flawed at the same time. But think about what happens going forward when you put the best of human and machine together.

In mathematics and computer science, an algorithm is a self-contained step-by-step set of operations to be performed. Algorithms exist that perform calculations, data processing, and automated reasoning. Algorithmic trading is the process of using computers programmed to follow a defined set of instructions for placing a trade in order to generate profits at a speed and frequency that is impossible for a human trader (Investopedia). The defined sets of rules are based on timing, price, quantity or any mathematical model. Apart from profit opportunities for the trader, algorithmic trading is commonly used to make financial markets more liquid and trading more systematic by ruling out emotional human impacts. The most common algorithmic trading strategies follow trends.

Algorithmic trading's presence in financial markets is undoubtedly increasing, but its impact is not readily understood. Algorithms vary greatly in complexity and purpose, but they tend to be short-term trading focused. This is in contrast to investors who seek to attain longer-term goals. On a day-to-day basis, market movements are increasingly being driven by trading algorithms that often defy fundamentally based human reasoning. As a recent trend-based example, commodity-based equity markets bottomed on January 20, 2016, with other equity markets on February 11, 2016. Not coincidentally, the Canadian dollar hit a recent low of US$0.69 cents on January 19, 2016, where some forecasters were predicting new all-time lows of US$0.59. U.S. oil futures bottomed at US$26.21/barrel on February 11, 2016, with some forecasters making new predictions of US$20/barrel. Fast forward to March 17, 2016, trading correlations remained extremely high with stock markets having rallied around the world (the S&P 500 Index had erased all of its year-to-date losses); the Canadian dollar rebounding to US$0.77 (well above most economic forecasts) and U.S. oil futures to US$40/barrel. Human forecasting, let alone trading, proved to be extremely difficult during this shorter-term period.

Investors are reminded that while their goals are long term in nature, their portfolios should be constructed so that they can weather bouts of trading volatility. For traders, technological history proves that machines can and do replace people over and over again. Sedol Lee may be remembered not as the first Go professional to lose to a computer, but as the last human to win against one.

Figure 2: Canadian Dollar and the Price of Oil

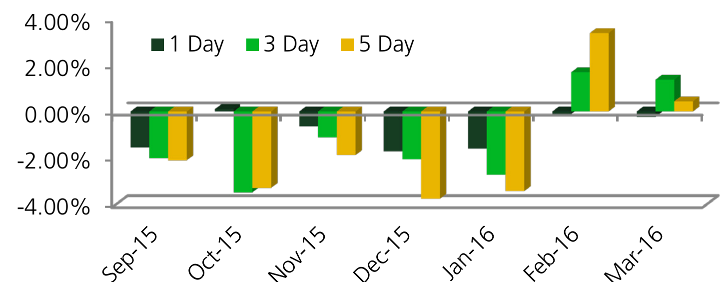


Source: Bloomberg Finance L.P. As at March 28, 2016.

An Update on Preferred Shares

The rate reset preferred share market seems to have reached some form of equilibrium in recent weeks. After several months of very disruptive trading in response to new issuance, there seems to be a diminished negative impact of primary market activity. The chart below tracks the performance of the BMO Laddered Preferred Share ETF (ZPR-T) on the day an issue is announced, as well as three and five days post-announcement. Figure 3 illustrates how the market has responded to the announcement of new issues over the last seven months. Up until February, new issuance seems to have been a precursor to market weakness in the trading sessions that followed. This trend of market weakness following the launch of new deals appears to have shifted in February and March. We view this as a sign that perhaps the preferred share market is establishing a base.

Figure 3: The Effect of New Issues



Price return of the BMO Laddered Preferred Share ETF. Source: Bloomberg Finance LLP, Portfolio Advice & Investment Research. As at March 11, 2016.

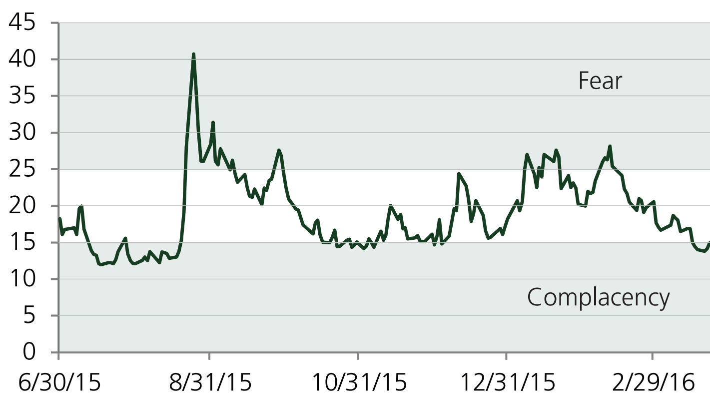
From fear to greed

Chris Blake, CFA

Just two months ago, in the February issue of Monthly Perspectives, we began our equity article with a quotation from Warren Buffet about the two diseases that will forever infect the investment community: fear and greed. At the time, we were in a distinct fear environment. While it would be a stretch to suggest that the market is currently in greed mode, a brief look at the volatility index tells us we have come a long way from fear.

In this article, we identify some of the tangible factors behind the recent equity market volatility. Since the recent trend in articles that we have been writing has cycled rapidly between "what is ailing the market" to "what is driving the market," we pull the lens back and share some thoughts on investor psychology. We have also included a brief discussion on the three-dimensional (3D) printing industry as an example of investor psychology in action.

Figure 4: The Volatility Index



Source: Bloomberg Finance LLP, As at March 25, 2016.

What has driven this big shift in sentiment? As identified in our February publication, many of the drivers of fear have begun to be proven either over-inflated or wrong as time marched forward:

- The Chinese economy does not appear to be getting worse, rather it is stabilizing to improving
- Commodities stopped their relentless fall and have begun to firm, if only because short sellers are covering their positions
- The U.S. economy is not showing any real weakness with employment still strong, industrial production on a firm footing and housing continuing to advance
- Central banks around the world continue to be accommodative in policy and in talk

The specific trigger for the change is difficult to pinpoint; one key takeaway is that it is very difficult to anticipate market sentiment, which reflects the difficulty of predicting the path of the economy with accuracy. The market, which represents the collective wisdom of all the market participants, gets it right a little over one third of the time (the market has predicted 27 of the last 11 recessions). It is the psychology of fear and greed that often drives these on/off volatile trading patterns. Many market participants are trying to second-guess the course of the economy because selling before corporate profits decline and moving to cash may mean avoiding a loss.

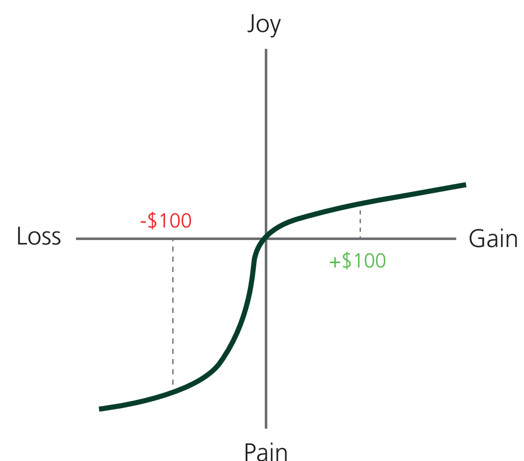
> Legendary investor Ben Graham once wrote: "The individual investor should act consistently as an investor and not as a speculator."

Therefore, we should remain focused on being investors and not prognosticators of the future. Investment decisions should be soundly grounded in fact and analysis and not based on what the market appears to be discounting. The market's record of economic prediction is only a little better than the proverbial broken clock that is correct twice a day.

Often investors can be their own worst enemy as humans are not completely rational in the way they process emotions, and money is a very emotional topic. In 1979, Daniel Kahneman and Amos Tversky wrote what has been termed a seminal paper in behavioural economics called "Prospect Theory: An Analysis of Decision under Risk." According to the theory, people make decisions based on the potential emotional value of losses and gains rather than considering only the potential economic outcome.

At the core of the research was the finding that losses are felt more sharply than gains and it is this asymmetry in emotional response that makes it difficult to make rational investment decisions. Said another way, and as shown pictorially below, the level of emotional distress felt by a $100 loss is greater than the happiness that would be felt from a $100 gain.

Figure 5: The Perception of Gains and Losses



Source: Portfolio Advice & Investment Research

From fear to greed (cont'd)

Chris Blake, CFA

So, if humans are generally wired against rational investing behaviour, what does this look like in practice? During market pullbacks, such as we experienced in the first six weeks of this year, some investors will sell to get rid of the pain they feel as they "lose" money. It can be difficult to step back and see that the "loss" is theoretical until the equity is sold, and the "loss" may not be an actual loss but a retrenchment from a greater gain depending on the investor's cost base. In general, a market pullback is not the ideal time to sell. If an investor feels great distress when a market pulls back, that may be a sign that perhaps their portfolio is not aligned with their risk tolerance and an asset mix shift may be in order.

> A market pullback is not the ideal time to sell

The psychology of investing is fascinating to watch and difficult to fight. The internet bubble was a lot of fun for some investors for a while as the daily gains were exhilarating for those who owned these companies. In the domain of gains, investors were extremely happy and if there was a fear, it was a fear of missing out. While many investors piled in to be part of the party, many highly respected investors were on record saying that the valuations of individual companies had moved to extreme levels and did not make sense. They did not invest and for some time they attracted scorn, deemed to be fossils who did not understand the new ways and new valuation methods applied to these companies. The most famous among them was Warren Buffet, an investor soundly grounded in Ben Graham's school of investing and not speculating.

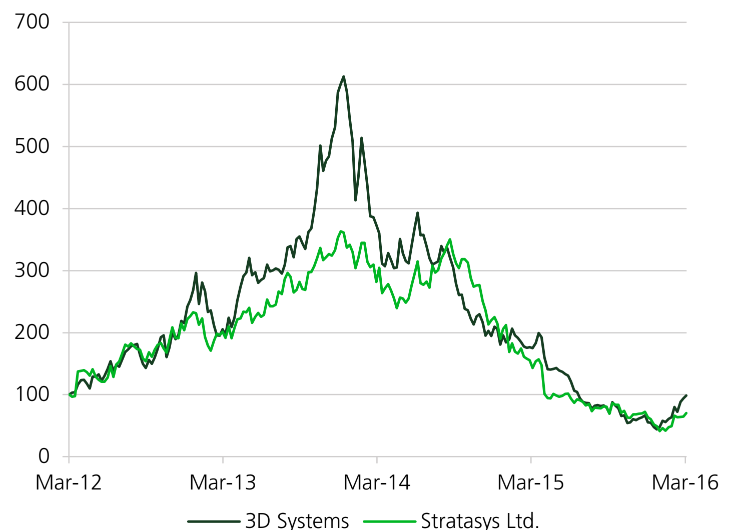
> If an investor feels great distress when a market pulls back, that may be a sign that perhaps their portfolio is not aligned with their risk tolerance and an asset mix shift may be in order.

We know that the internet bubble burst, proving that old-fashioned, rational analysis and valuation methods were correct after all. As much as many investors think that the speculation witnessed during the tech bubble will not return because market participants are more diligent now, momentum bubbles, often driven by emotional investing, happen again and again. For example, three years ago, there was a bubble in 3D printing stocks. And again, people at the time did not really see it, or more accurately, they did not really look.

3D printing had been around for several years before the bubble inflated in earnest. As with all new technologies, the cost of production dropped over time as developments were made. What had once been a US$200,000 printing machine became a fraction of that price. As a new technology proliferates, its costs drop enough to encourage wider adoption. Once wide adoption begins, costs drop further as higher scale manufacturing drives costs down further and a virtuous circle emerges. It was about that time that the business media got interested in the great growth potential of this technology.

That same virtuous circle began to play out in the stock market as 3D printer manufacturers saw growth accelerate, which justified analysts valuing the stock at higher earnings multiples, which drove interest and resulted in a great momentum play. The reality of the industry, though, suggested that the game had to end, and end it did. Competition grew, sales slowed as penetration peaked and pricing collapsed. Everyone who needed a rapid prototype printer for manufacturing, already had one. In late 2013 and early 2014, the bloom came off the rose. The industry dynamics that ended the run were rational and predictable. These were not bad companies; investors were simply caught up in the momentum of the story rather than evaluating the business prospects realistically; they were paying too much for the fundamental, rational underlying value.

Figure 6: The Rise and Fall of 3D Printing Stocks



Source: Thomson Reuters Datastream. 4-year performance re-based to 100.
As at March 31, 2016

Our concluding thought is that there are many drivers of the market in the short term—reversion to the mean, attempts to predict the future, momentum, fear and greed are a few examples. For the long run, however, it is important to keep an eye on the goals behind investing and identify the time horizon that is needed to achieve thaese goals. What has proven to work well in long-term equity investing is to fight the urge to trade on emotion, and focus on rational analysis of companies, and their outlook.

Tax-filing checklist

The deadline for filing your 2015 personal tax return is fast approaching. To help you file your taxes on time, we have assembled a checklist of key documents you might require and have provided you with some essential dates. We have also included some quick tips for the year ahead.

Documents you may need:

- [ ] Employment income (T4 slips)
- [ ] Registered Savings Plan income (T4RSP)
- [ ] Employment insurance benefits (T4E)
- [ ] Interest, dividends, mutual funds (T3, T5)
- [ ] Tuition/education receipts (T2202A)
- [ ] Universal Child Care Benefit (RC62)
- [ ] Old Age Security and CPP benefits (T4A-OAS, T4AP)
- [ ] Other income, pensions and annuities (T4A)
- [ ] Workers' compensation benefits (T5007)

Other documents to consider:

- [ ] Notice of Assessment/Reassessment
- [ ] Canada Revenue Agency correspondence
- [ ] Sale or deemed sale of stocks, bonds or real estate
- [ ] Rental income and expense records
- [ ] Exchange rates at the time of purchase and sale
- [ ] Business, farm or fishing income/expenses
- [ ] Automobile/travel logbook and expenses
- [ ] Disability Tax Credit Certificate and Declaration of Conditions of Employment (T2200)

2015 tax-filing deadlines:

Personal tax return: May 2, 2016
Self-employed tax return: June 15, 2016
(Balance owing for 2015 is due on or before May 2, 2016)

And don't forget the receipts:

- [ ] RRSP contribution slip(s)
- [ ] Support for a child, spouse or common-law partner
- [ ] Professional or union dues
- [ ] Tool expenses (Tradespersons)
- [ ] Medical expenses
- [ ] Transit pass receipts
- [ ] Charitable donations
- [ ] Political contributions
- [ ] Child care expenses
- [ ] Adoption expenses
- [ ] Children's arts and sports programs
- [ ] Moving expenses
- [ ] Interest paid on student loans
- [ ] Carrying charges and interest expenses
- [ ] Home office expenses
- [ ] Exams for professional certification

Quick tips: planning for the year ahead

Take advantage of all tax deductions and credits available to you to reduce your personal and household tax bills. For example:

Income splitting opportunities

- Tax loss selling
- Pension income splitting
- Contributions to a spousal RSP
- Prescribed Rate Loan strategy
- Paying a reasonable salary from a family business to family members for actual services rendered
- Gifting cash to your spouse/common-law partner and/or adult children to contribute to a tax-free savings account (TFSA)
- Investing Child Tax Benefit and Universal Child Care Benefit payments in an account for your children[1]

Maximize your tax credits and deductions

- Annual union, professional or like dues
- Child care expenses, children's fitness and arts[2]
- Charitable donations
- Foreign tax credits
- Investment counsel fees and interest expenses
- Medical expenses
- Public transit passes
- Tuition and education amounts
- Pension income amount

[1]The 2016 Federal Budget proposes to replace these benefits with the Canada Child Benefit, effective July 1, 2016. The Canada Child Benefit will be reduced as household income rises, and will be eliminated when household income reaches a certain level.
[2]The 2016 Federal Budget proposes to reduce the maximum eligible expenses for these credits by 50% for 2016, and to eliminate the credits in 2017
Source: Canada Revenue Agency (CRA). For more information, visit the CRA website: www.cra-arc.gc.ca

Performance Monitor

Monthly market review

		(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)
Canadian Indices ($CA) Return	Index Level	1 Month	3 Months	YTD	1 Year	3 Years	5 Years	10 Years	20 Years
S&P/TSX Composite (TR)	42,738	5.28	4.54	4.54	-6.57	5.03	2.10	4.05	7.55
S&P/TSX Composite (PR)	13,494	4.93	3.72	3.72	-9.45	1.91	-0.90	1.09	5.12
S&P/TSX 60 (TR)	2,023	5.06	4.24	4.24	-6.12	5.79	2.57	4.30	8.11
S&P/TSX SmallCap (TR)	790	7.40	8.52	8.52	-5.69	-0.59	-4.97	0.02	-
U.S. Indices ($US) Return	Index Level	1 Month	3 Months	YTD	1 Year	3 Years	5 Years	10 Years	20 Years
S&P 500 (TR)	3,873	6.78	1.35	1.35	1.78	11.82	11.58	7.01	7.98
S&P 500 (PR)	2,060	6.60	0.77	0.77	-0.39	9.49	9.21	4.75	5.97
Dow Jones Industrial (PR)	17,685	7.08	1.49	1.49	-0.51	6.65	7.50	4.76	5.93
NASDAQ Composite (PR)	4,870	6.84	-2.75	-2.75	-0.63	14.23	11.86	7.61	7.72
Russell 2000 (TR)	5,349	7.98	-1.52	-1.52	-9.76	6.84	7.20	5.26	7.68
U.S. Indices ($CA) Return	Index Level	1 Month	3 Months	YTD	1 Year	3 Years	5 Years	10 Years	20 Years
S&P 500 (TR)	5,023	2.42	-5.03	-5.03	4.09	21.32	18.21	8.14	7.72
S&P 500 (PR)	2,672	2.24	-5.57	-5.57	1.87	18.79	15.70	5.86	5.73
Dow Jones Industrial (PR)	22,938	2.70	-4.89	-4.89	1.75	15.71	13.89	5.87	5.68
NASDAQ Composite (PR)	6,316	2.48	-8.86	-8.86	1.62	23.93	18.50	8.75	7.46
Russell 2000 (TR)	6,938	3.57	-7.71	-7.71	-7.71	15.92	13.57	6.37	7.42
MSCI Indices ($US) Total Return	Index Level	1 Month	3 Months	YTD	1 Year	3 Years	5 Years	10 Years	20 Years
World	6,348	6.86	-0.19	-0.19	-2.90	7.41	7.12	4.86	6.28
EAFE (Europe, Australasia, Far East)	6,196	6.59	-2.88	-2.88	-7.87	2.68	2.76	2.27	4.52
EM (Emerging Markets)	1,735	13.26	5.75	5.75	-11.70	-4.15	-3.80	3.34	5.43
MSCI Indices ($CA) Total Return	Index Level	1 Month	3 Months	YTD	1 Year	3 Years	5 Years	10 Years	20 Years
World	8,234	2.49	-6.47	-6.47	-0.69	16.54	13.49	5.97	6.04
EAFE (Europe, Australasia, Far East)	8,036	2.24	-8.99	-8.99	-5.77	11.40	8.87	3.36	4.28
EM (Emerging Markets)	2,250	8.63	-0.90	-0.90	-9.69	3.99	1.92	4.44	5.19
Currency	Level	1 Month	3 Months	YTD	1 Year	3 Years	5 Years	10 Years	20 Years
Canadian Dollar ($US/$CA)	77.10	4.26	6.71	6.71	-2.22	-7.83	-5.61	-1.05	0.23
Regional Indices (Native Currency) Price Return	Index Level	1 Month	3 Months	YTD	1 Year	3 Years	5 Years	10 Years	20 Years
London FTSE 100 (UK)	6,175	1.28	-1.08	-1.08	-8.83	-1.25	0.89	0.35	2.59
Hang Seng (Hong Kong)	20,777	8.71	-5.19	-5.19	-16.56	-2.33	-2.46	2.77	3.25
Nikkei 225 (Japan)	16,759	4.57	-11.95	-11.95	-12.75	10.57	11.43	-0.18	-1.22
Benchmark Bond Yields		3 Month		5 Year		10 Year		30 Year	
Government of Canada Yields		0.44		0.68		1.23		2.01	
U.S. Treasury Yields		0.20		1.21		1.77		2.61	

Canadian Bond Indices ($CA) Total Return	Index Level	1 Month	3 Months	YTD	1 Year	3 Years	5 Years	10 Years
FTSE TMX Canada Universe Bond Index	1008.72	0.78	1.39	1.39	0.78	3.87	5.15	5.22
FTSE TMX Canadian Short Term Bond Index (1-5 Years)	692.29	0.33	0.41	0.41	1.12	2.31	2.84	3.86
FTSE TMX Canadian Mid Term Bond Index (5-10)	1108.19	0.83	1.53	1.53	2.07	4.44	6.07	6.04
FTSE TMX Long Term Bond Index (10+ Years)	1594.36	1.35	2.63	2.63	-0.56	5.59	8.15	6.90

Sources: TD Securities Inc., Bloomberg Finance L.P. TR: total return, PR: price return. As at March 31, 2016.

Appendix A

Important information

The information has been drawn from sources believed to be reliable. Where such statements are based in whole or in part on information provided by third parties, they are not guaranteed to be accurate or complete. Graphs and charts are used for illustrative purposes only and do not reflect future values or future performance of any investment. The information does not provide financial, legal, tax or investment advice. Particular investment, trading, or tax strategies should be evaluated relative to each individual's objectives and risk tolerance. TD Wealth, The Toronto-Dominion Bank and its affiliates and related entities are not liable for any errors or omissions in the information or for any loss or damage suffered.

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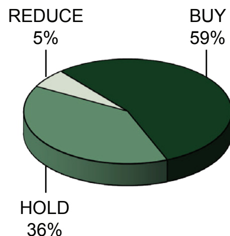
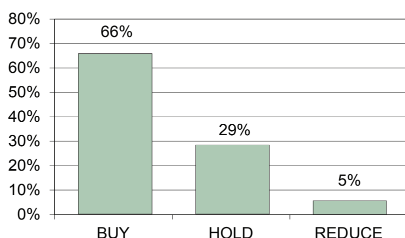
Overall Risk Rating in order of increasing risk: Low (7.0% of coverage universe), Medium (35.2%), High (42.8%), Speculative (15.0%)

Distribution of Research Ratings



Percentage of subject companies under each rating category—BUY (covering Action List BUY, BUY and Spec. BUY ratings), HOLD and REDUCE (covering TENDER and REDUCE ratings).
As at April 4, 2016.

Investment Banking Services Provided



Percentage of subject companies within each of the three categories (BUY, HOLD and REDUCE) for which TD Securities Inc. has provided investment banking services within the last 12 months.
As at April 4, 2016.

Action List BUY: The stock's total return is expected to exceed a minimum of 15%, on a risk-adjusted basis, over the next 12 months and it is a top pick in the Analyst's sector. BUY: The stock's total return is expected to exceed a minimum of 15%, on a risk-adjusted basis, over the next 12 months. SPECULATIVE BUY: The stock's total return is expected to exceed 30% over the next 12 months; however, there is material event risk associated with the investment that could result in significant loss. HOLD: The stock's total return is expected to be between 0% and 15%, on a risk-adjusted basis, over the next 12 months. TENDER: Investors are advised to tender their shares to a specific offer for the company's securities. REDUCE: The stock's total return is expected to be negative over the next 12 months.

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