THE WALL STREET JOURNAL.

DOW JONES | News Corp * * * *   MONDAY, APRIL 10, 2017 ~ VOL. CCLXIX NO. 82   WSJ.com   ★★★★ $3.00

Last week: DJIA 20656.10 ▼ 7.12 0.03% NASDAQ 5877.81 ▼ 0.6% STOXX 600 381.26 ▲ 0.03% 10-YR. TREASURY ▲ 6/32, yield 2.375% OIL $52.24 ▲ $1.64 EURO $1.0591 YEN 111.10

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Business & Finance

Bond sales are booming, signaling that many investors remain skeptical about the prospects for faster economic growth. A1

◆ **Goldman has reaped** a windfall from its TransUnion purchase as the credit bureau moved into data mining. A1

◆ **Mondelez is preparing** to look for a successor to its CEO amid investor pressure and changing markets B1

◆ **Chinese banks** are lending record volumes abroad as Beijing pushes to build infrastructure world-wide. B1

◆ **Some brokerages** plan to comply with a new retirement-savings rule, even though the White House has delayed implementation. B1

◆ **Swift and Knight** are merging in a stock swap that combines two of the nation's biggest trucking companies. B3

◆ **Boeing and Lockheed** are discussing price cuts for the Orion space program as NASA faces tight budgets. B3

◆ **Shell executives** worried that a Nigerian oil deal could spark a U.S. bribery probe, a phone recording revealed. B3

◆ **Online retailers** are struggling to staff warehouses amid rapid growth and a labor shortage, lifting pay. B5

◆ **Google pays** women less than men, Labor Department officials claimed. B4

World-Wide

◆ **Top U.S. officials** aimed sharp words at Russia and at Syrian leader Assad ahead of Tillerson's visit to Moscow this week. A1

◆ **The Syrian regime**, emboldened by support from Russia and Iran, stepped up airstrikes against the opposition, activists said. A6

◆ **Twin blasts** claimed by Islamic State struck Egyptian churches, killing at least 47, as anti-Christian terrorism escalated. A7

◆ **The U.S. Navy** is sending warships toward the Korean Peninsula amid concerns about possible new missile tests by Pyongyang. A6

◆ **A hard-line Iranian cleric** said he would run for president, challenging an incumbent who sought closer ties with the West. A7

◆ **The Uzbek nationality** of the suspected terrorist in a Stockholm truck attack has security officials focusing on Central Asian nations. A9

◆ **Swedish officials said** the suspect was wanted by police for failing to comply with a deportation order. A9

◆ **McFarland is leaving** the White House, the latest in a series of changes at the National Security Council. A5

◆ **Trump's hiring freeze** at federal agencies has hurt their functioning, union officials and workers say. A4

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Christians Targeted Again in Egyptian Palm Sunday Attack

MOHAMED ABD EL GHANY/REUTERS

BRUTAL TOLL: At least 47 people were killed in twin blasts Sunday that struck two Coptic churches in Egypt, including one in the city of Tanta, above. Islamic State claimed responsibility for the attacks, which came at the start of the Holy Week leading to Easter. A7

U.S. Rips Russia, Assad as Talks Near

BY FELICIA SCHWARTZ AND DION NISSENBAUM

WASHINGTON—Top U.S. officials dialed up their criticism of Moscow and blasted Syrian leader Bashar al-Assad Sunday, heightening tensions in advance of Secretary of State Rex Tillerson's visit to Russia this week.

Mr. Tillerson said he would urge Russian Foreign Minister Sergei Lavrov and other officials to rethink their support for Mr. Assad and to uphold Russia's commitments to ensure the elimination of Syria's chemical weapons stockpile following last week's attacks on civilians.

"Why Russia has not been able to achieve that is unclear to me," he said in an interview aired Sunday on ABC. "Clearly they've been incompetent, and perhaps they've just simply been outmaneuvered by the Syrians."

Nikki Haley, the U.S. ambassador to the United Nations, speaking on CNN, said "regime change is something that we think is going to happen, because all of the parties are going to see that Assad's not the leader that needs to be taking place for Syria."

Mr. Tillerson will travel to

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◆ Emboldened Syria steps up airstrikes....................... A6
◆ U.S. moves warships toward North Korea....................... A6

Bonds Flash Warning Signs

Booming debt sales reflect investors' skepticism of faster economic growth

By Ben Eisen, Chris Dieterich and Sam Goldfarb

Investors are buying record volumes of new bonds, signaling that many remain skeptical about the prospects for faster economic growth and are reluctant to move on from a strategy that has worked for years.

Companies and governments in emerging markets sold $178.5 billion of dollar-denominated debt in the first three months of the year, the best first quarter on record, according to data provider Dealogic. U.S. companies with junk-bond ratings issued $79.6 billion, double from a year earlier.

Highly rated U.S. companies also issued $414.5 billion of debt during the first three months of the year. That was a record for any quarter.

The booming debt sales reflect a strong investor appetite for higher-yielding bonds as the U.S. economy lumbers toward its ninth year of expansion but remains in slow-growth mode. These bonds offer more yield than low-risk government bonds, in which rates have rarely been lower. They also are viewed as less risky than stocks, especially by investors who consider valuations stretched.

"The old trade has worked

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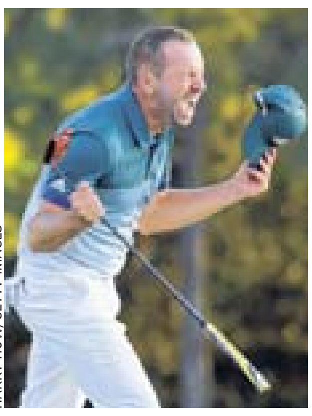
Playoff Duel Puts Garcia in Green Jacket



HARRY HOW/GETTY IMAGES

CAPS OFF: Sergio Garcia of Spain defeated England's Justin Rose to win his first major championship at Augusta, Ga., on Sunday. A14

A DEATH ON WALL STREET

Charles Murphy was successful and rich, but grew despondent maintaining his charmed life

By Gregory Zuckerman, Serena Ng and Leslie Scism

Charles Murphy used to walk home through New York City's Central Park to his 19-room townhouse for dinner with his family. Last year, he began voicing worries about money to his boss, hedge-fund billionaire John Paulson, who often joined him along the way.

At 56 years old, Mr. Murphy had a net worth in the tens of millions of dollars. He entered Columbia University at 16 and later earned law and business degrees at Harvard and Massachusetts Institute of Technology.

On Wall Street, he had a ringside seat to some of the biggest financial events of the past 20 years, from the 1990s merger boom to the dot-com bust to the Bernard Madoff scandal and the travails of American International Group Inc. He made millions of dollars at banks and investment firms in New York and London, despite his share of setbacks.

During those walks, though, Mr. Paulson found himself trying to reassure Mr. Murphy, according to a person who knew both men, offering reminders of all he had accomplished. "You don't need to worry," Mr. Paulson would say.

Mr. Murphy was blessed with a commanding presence and boundless ambition. Yet his concerns over maintaining the life he had created for himself, his wife, Annabella, and their three young sons consumed him. The very qualities that helped him build a fortune were no match for his fear of losing it.

"In his mind, he had worries," said Belén Hormaeche, a close friend of Mr. Murphy and his wife. "But it was all in his mind."

Mr. Paulson, who eulogized Mr. Murphy last Monday, sought to explain his apparent suicide to friends and family during a funeral service in New York.

"The mind can play tricks with one-

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It's Almost Boating Season! Time to Light Your Socks on Fire

* * *

To celebrate winter's end, sailors gather to drink, recite poems, immolate hosiery

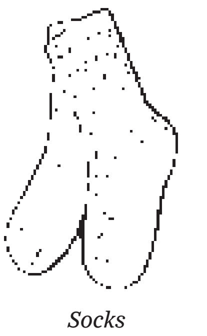
BY JOHN CLARKE

ANNAPOLIS Md.—The ritual began one Saturday last month with the introduction of Gov. Larry Hogan or, for this day's purposes, the "chief sockburner of the State of Maryland."

"I'm honored," he replied, then joined a mob of sailing enthusiasts heading for a beach near the Annapolis Maritime Museum on the Chesapeake Bay.

First, poetry was read:

"Goodbye to winter,
Only deck shoes we wear!
For the socks we are burning
Leave a stink in the air!"



Socks

Gov. Hogan threw the first offering, a worn-out pair of athletic hosiery that kicked up a shower of sparks as it plopped into the flames of a crackling fire on the beach. Onlookers cheered. Soon other doomed textiles soared in over people's heads—red socks, argyle socks, black socks, grimy-greyish socks.

"Let's face it," Steve Schuh, a local-county executive, told the crowd before the ritual began,

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INSIDE

SOCIAL SECURITY'S STOCKS DEBATE

INVESTING IN FUNDS, R1

GETTY IMAGES/ISTOCKPHOTO (ABOVE)

TAKE YOUR SHOES OFF, IT'S HYGIENIC

LIFE & ARTS, A11

Goldman's Wager on Credit Data Pays Off

BY LIZ HOFFMAN AND ANNAMARIA ANDRIOTIS

Goldman Sachs Group Inc. has backed skyscrapers and movie studios. But its big winner lately is a once-sleepy credit bureau.

Goldman bought TransUnion, the smallest of the three main credit-reporting firms, in 2012. By the time it went public three years later, TransUnion had become a data-mining machine, gathering billions of seemingly insignificant tidbits about ordinary Americans that it analyzed and sold to lenders, insurers and others.

Goldman has already pocketed nearly $600 million in profit and is expected to make about five times its initial $550 million investment.

The windfall shows the benefit of Goldman's decision to stick with private-equity investing after the financial crisis. Most big banks exited this activity as regulation stiffened. But Goldman, which has merchant banking deep in its DNA, stayed put and is even raising a new fund, its first since 2007, to buy companies.

Despite some duds—Goldman backed a Texas utility that later went bankrupt in one of the biggest buyout flops of all time—private-equity investing has been a moneymaker in recent years. Goldman has invested in a Japanese theme park, a U.S. network of home contractors and a Danish outsourcing company.

The Volcker rule, enacted as part of the Dodd-Frank financial overhaul in 2010, prevented banks from contributing more than 3% of the money raised by private-equity funds. Goldman adapted by doing

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U.S. NEWS

Despite Global Curbs, Cash Still Rules

As credit card use and digital payment systems like Venmo and Android Pay spread, Americans use less and less cash to buy things. Yet the amount of bills and coins in circulation continues to grow: Hard currency as a percentage of U.S. gross domestic product is now at 8.6%, the highest level since the early 1950s, an era long before the widespread use of plastic and smartphones. Europe, Japan, and Australia have similar trends.

THE OUTLOOK
ADAM CREIGHTON

The most likely reason for the cash paradox, analysts say: a thriving global underground economy of tax evasion, organized crime and terrorism financing. Digital payments may be faster and more efficient, but cash cloaks transactions in privacy.

In a 2015 report titled "Why Is Cash Still King?" Europe's police agency, Europol, said that "while cash is slowly falling out of favor with consumers, it remains the criminals' instrument of choice."

"The Fed has long known most of the $100 bills aren't in America. It doesn't take great insight to realize they are being used to finance illicit activities," Alan Blinder, Princeton University economist and a former vice chairman of the Federal Reserve, said in an interview.

Such concerns last year prompted a global push against cash. Harvard economist Kenneth Rogoff's book, "The Curse of Cash," proposed phasing out $100 and $50 bills. Europe decided to phase out the €500 note. India moved in December to eliminate its 500- and 1,000-rupee bills. Countries including South Korea and Venezuela have withdrawn notes or coins in recent months.

But the push to get rid of cash is hitting speed bumps all over. India, for example, is already partly reintroducing its 500- and 1000-rupee bills after the government's abrupt demonetization program drew criticism for hurting its cash-dependent rural population.

The U.S. shows no inclination to pare back its notes.

"I'm very conscious of the $100 bill being the world's reserve currency, and every central bank around the world has stacks of $100 bills where they used to have gold," Treasury Secretary Jacob Lew said in an interview with The Wall Street Journal shortly before he left office in January.

Cash Craze

U.S. currency in circulation as a percentage of gross domestic product

Sources: Federal Reserve; Commerce Dept.
THE WALL STREET JOURNAL.

One reason it's a nonstarter in the U.S.: About 8% of people don't have a checking or savings account, making it all-but-impossible for them to participate in a cashless economy.

Banning cash "would bring the economy and many people to their knees if enforced," said Hoover Institution economist John Cochrane.

In the aboveground economy, card-based and digital payment systems offering ever-greater speed, safety and convenience have been steadily encroaching on paper money. Euromonitor International, a market-research firm, said the volume of global cash payments in 2016 for the first time fell below payments on credit and debit cards.

Some of the cash growth can trace to the financial crisis and its aftermath, when people lost faith in banks, and when ultralow interest rates and anemic investment returns reduced opportunity costs of holding cash savings. The number of $100 bills in circulation, worth $1.15 trillion in December, has surged 76% since 2009, according to Federal Reserve data.

Mr. Rogoff sees sinister uses of cash. "The idea that today's high cash holdings are mostly explained by people engaged in legal activities taking advantage of low interest rates is nonsense," he said in an interview.

The underground economy is, by definition, difficult to measure, but large. In high-tax Europe it was 18% of GDP in 2015, and around 8% in the U.S., Japan and Australia, according to Friedrich Schneider, a University of Linz economist, who has written extensively on the shadow economy.

It's unclear whether curbing cash would be effective in reducing crime—or would just prompt resourceful criminals to find other means of doing business.

Germany, like the U.S., has so far resisted following its neighbors, due in part to civil liberties concerns. Similar views prompt objections from American conservatives.

Rising interest rates are also taking some steam out of the argument for doing away with cash. Central banks in Europe and Japan have experimented with negative interest rates in recent years to spur spending and investment. Because cash undermines the effects of negative rates, some economists have argued for doing away with it. But now that rates are rising in the U.S. and will potentially follow suit elsewhere, the argument against cash becomes even less compelling.

Cash might have its dark undersides, but it is still king.

ECONOMIC CALENDAR

This week, inflation data from the U.S. and U.K. will help show if the trend of firming prices in those countries has legs, and China is expected to post export growth for March, reversing the surprise drop a month ago.

TUESDAY: Following recent signals from the Bank of England that an interest-rate increase may not be far off, data on U.K. **inflation** will be watched closely. The BOE recently kept its benchmark interest rate steady at 0.25%. Analysts polled by The Wall Street Journal expect that the pickup in inflation came to a halt in March, with annual price growth expected at 2.3%, unchanged from February.

WEDNESDAY: Economists expect China's **consumer inflation** figure for March (Tuesday night in the U.S.) to edge up to around 1% from February's 0.8% rate, held in check by muted upward pressure on food prices. **Producer prices** in March are forecast to decelerate slightly from February's 7.8% level, which was a high point since 2008.

THURSDAY: China is set to release March **foreign trade** data (Wednesday night in the U.S.), with exports expected to recover from February's 1.3% decline and register an increase of 4.9% given rising global growth and inflation. March imports are expected to slow to around 18% from February's 38% growth.

FRIDAY: The U.S. government reports on **retail sales** and **consumer-price inflation** for March. Sales data will show whether storms hurt restaurants and other retailers, slowing growth for the consumer-driven economy. Economists project sales fell 0.2% in March from February. The consumer-price index will show whether inflation continues to rise at a moderate pace; a separate measure this month showed inflation finally hitting the Federal Reserve's 2% annual target after years of subpar price growth.

Trade Secretary Presses for 'Results' With China

By Ben Leubsdorf

Commerce Secretary Wilbur Ross said the U.S. wants to see "tangible results"—and soon—on its trading relationship with China.

In last week's meeting between top Chinese officials and the new Trump administration, "we made very clear that our primary objectives are twofold," Mr. Ross said Sunday on Fox News. "One is to reduce the trade deficit quite noticeably between the United States and China, and two, to increase total trade between the two."

President Donald Trump and Chinese President Xi Jinping met Thursday and Friday at Mr. Trump's private club in Florida, Mar-a-Lago, with trade a major issue looming over the agenda. At the close of the summit, Mr. Ross said the nations had agreed to a "100-day plan" on trade including "way-stations of accomplishment."

Mr. Ross said in the Fox News interview that the meeting between the U.S. and Chinese leaders went well, but "words are easy, discussions are easy, endless meetings are easy. What's hard is tangible results, and if we don't get some tangible results within the first 100 days, I think we'll have to re-examine whether it's worthwhile continuing them."

China, the largest U.S. trading partner, sells far more goods in the U.S. than the U.S. exports to China.

The U.S. has run an overall trade deficit for decades. The potential for a stronger dollar, larger federal budget deficits and low national saving rates might cause the trade gap to widen rather than narrow in the coming months and years, many economists say.

◆ Chinese banks lift overseas lending........................ B1

U.S. WATCH

JEFF ROBERSON/ASSOCIATED PRESS

Chuck Berry fans viewed his body in St. Louis on Sunday. The rock musician died March 18 at 90.

ST. LOUIS

Chuck Berry Fans Mourn Rock Musician

Family, friends and fans paid their final respects to rock 'n' roll legend Chuck Berry on Sunday, celebrating the life and career of a man who inspired countless guitarists and bands.

The celebration began with a public viewing at the Pageant, a club in Mr. Berry's hometown of St. Louis where he often played.

Hundreds of fans filed past the body of Mr. Berry, whose beloved cherry-red Gibson guitar was bolted to the inside of his coffin's lid.

After the public viewing, family and friends packed the club for a private funeral service and celebration of Mr. Berry, who inspired generations of musicians, from garage bands to the Beatles and the Rolling Stones.

—Associated Press

FLORIDA

Gunman Targets, Kills Two at Fitness Center

A man who had been fired from a Florida gym shot and killed two managers at the facility Saturday before turning the gun on himself, police said.

The Miami-Dade Police Department said Sunday that 33-year-old Abeku Wilson of Miami was dismissed from his job as a fitness trainer at the Equinox gym in Coral Gables on Saturday "due to work place violence and was escorted off the premises."

Shortly after his firing, Mr. Wilson returned to the gym armed with a handgun and fired multiple shots at both managers before shooting himself to death. Police said the managers were deliberately targeted and the shooting wasn't random.

—Associated Press

MILITARY

Army Reserve General Dies After Training

A general with the Army Reserve died after collapsing during physical fitness training at Fort Bragg in North Carolina.

The U.S. Army reserve Command said Maj. Gen. Francisco A. Espaillat, 56, of New York City, was rushed to an Army hospital Friday and pronounced dead.

He recently had been chosen to be next chief of staff for the U.S. Army Reserve Command.

—Associated Press

CREDIT

Continued from Page One

deals directly from its balance sheet, rather than from a fund where its own money was mixed with investors. Doing deals this way complied with the letter, if not the spirit, of the Volcker rule, though it also limited Goldman to making mostly minority investments rather than the splashy takeovers it once pursued.

Goldman also raised new credit and real-estate funds, where there are more bargains to be found than in a red-hot stock market.

As the Trump administration weighs rolling back parts of Dodd-Frank, many expect the Volcker rule to be high on its list.

Goldman's new fund, which has already raised $4.5 billion and is expected to close later this year closer to its cap of $8 billion, includes just a sliver of Goldman's own money. It recasts the bank more like a plain-vanilla asset manager, investing other people's money and making its own profits largely on fees.

Goldman over the past months sold 20% of its stake as TransUnion shares reached records, climbing 24% so far this year, regulatory filings show. Taking into account stock sales and dividends, Goldman has so far pocketed nearly $600 million in profit and still owns a 25% stake in TransUnion valued at $1.7 billion.

The firm also has earned some $50 million in fees for underwriting TransUnion's IPO and raising debt for the company—a unique perk for banks that have buyout arms.

TransUnion's contribution to the Wall Street firm extends beyond investment gains. Goldman's new consumer-lending platform, Marcus, was developed inside its private-equity arm by many of the same people who spearheaded the TransUnion investment, according to people familiar with the matter.

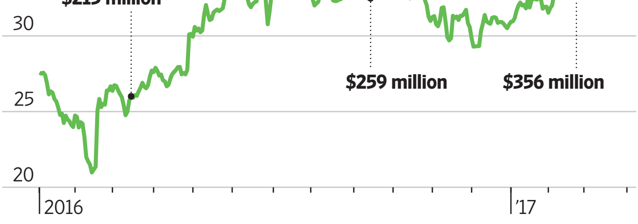
Their experience running TransUnion, which includes a seat on its board for a Goldman partner, helped build the bank's familiarity with consumer credit, some of the people said.

Goldman and private-equity firm Advent International bought TransUnion for about $3 billion five years ago, putting in $550 million each and borrowing the rest. The privately held company in previous decades had been owned by the Pritzker family of Chicago.

As Goldman and Advent dug into TransUnion's business, they found the fastest-growing revenue was coming from the company's dealings with online-lending startups, people familiar with the investment said.

Credit Worthy

Goldman is poised to make five times its money on a 2012 investment in TransUnion, whose shares have risen 70% since its IPO.



Sources: WSJ Market Data Group (share price); the company (stock sales)
THE WALL STREET JOURNAL.

These companies, such as LendingClub Corp. and Prosper Marketplace Inc., were using information from credit bureaus to find and vet potential borrowers. They were increasingly hungry for data that could pinpoint borrowers who traditional lenders might overlook or overcharge.

TransUnion's new owners doubled down on these clients. They recruited Jim Peck, a big-data enthusiast who had run LexisNexis Risk Solutions, as chief executive.

TransUnion began appearing at fintech conferences. It rebranded itself with a techy, purposeful vibe, wrapping its initials, a lowercase "tu," in an @ sign. "We're not just a credit bureau; we're a force for good," chirped a 2016 video.

One acquisition tracks public records to help with fraud enforcement related to online shopping, among other things. Another uses utility payments, cellphone billing records and other data points to identify creditworthy borrowers who lenders might have overlooked, either because they have little or no debt history or potential red flags on their traditional credit reports.

TransUnion's costs grew by 56% between 2011 and 2014, twice as rapidly as revenue over that period. That is unusual for a company owned by private-equity firms, which often cut their way to profits.

All three credit-reporting firms—Equifax, Experian and TransUnion—compile alternative data on consumers that go beyond the loan payments found in credit reports. And in some ways, TransUnion was late to the game.

Although it has been playing catch-up, TransUnion has found ways to stand apart from its rivals in terms of how it delivers its data to lenders. One example is Prama, a platform TransUnion launched last year that allows lenders to play with data. With a few clicks, lenders can see if their delinquency figures are better than peer groups. They can also find locations where delinquencies are on the rise.

By the time of its IPO in 2015, TransUnion had 30 million gigabytes of data, growing at 25% a year and ranging from voter registration in India to drivers' accident records in the U.S. The company's IPO documents boasted that it had anticipated the arrival of online lenders and "created solutions that catered to these emerging providers."

CORRECTIONS & AMPLIFICATIONS

Royal Philips NV agreed in December to sell an 80% stake in its lighting-components and automotive-lighting business to private-equity firm **Apollo Global Management** LLC for $1.5 billion, after U.S. regulators blocked an earlier deal with a Chinese investor. A Page One article published Thursday about General Electric Co. looking to sell its lighting business incorrectly said Philips decided on a stock-market listing for the business after regulators blocked the Chinese deal.

Google's IPO was priced at $85 and the shares now change hands for about $850 apiece, after they were split roughly 2-for-1 in 2014. A Page One article Friday about Spotify's plans to go public failed to mention the split in noting the share-price gain of Google, which is now part of **Alphabet** Inc.

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THE WALL STREET JOURNAL
(USPS 664-880)
(Eastern Edition ISSN 0099-9660)
(Central Edition ISSN 1092-0935)
(Western Edition ISSN 0193-2241)

Editorial and publication headquarters:
1211 Avenue of the Americas,
New York, N.Y. 10036

Published daily except Sundays and general legal holidays. Periodicals postage paid at New York, N.Y., and other mailing offices.

Postmaster: Send address changes to The Wall Street Journal, 200 Burnett Rd., Chicopee, MA 01020.

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Post-College Success Data Fails the Test

Information such as graduation rates and earnings potential is often incomplete

By Melissa Korn

MELISSA GOLDEN FOR THE WALL STREET JOURNAL

Ari DeAundre Jones attended Temple University, served in the Navy, and then re-enrolled in college.

As tuition costs continue to rise and states rethink their investments in higher education, colleges are under increasing pressure from prospective students and lawmakers to disclose outcomes like on-time graduation rates and earnings potential for particular majors.

The information now available is often incomplete—or even outright wrong. But efforts are under way to change that, even if progress has been piecemeal.

One example of fuzzy math: The main nationwide graduation rate published by the Education Department, currently just shy of 60% for bachelor's degrees completed in six years, only considers students enrolled in college for the first time, and on a full-time basis.

That leaves out students like Ari DeAundre Jones, a neuroscience major at Georgia State University who expects to finish his undergraduate degree this spring. Mr. Jones spent two years at Temple University, then enlisted in the U.S. Navy before landing at Georgia State.

He is far from alone. Almost two-thirds of recent graduates attended at least two schools before getting their bachelor's degrees, and nearly 40% of undergraduate students now go to college on a part-time basis, according to the National Student Clearinghouse, a nonprofit that provides schools with administrative services like degree verification.

Mr. Jones, 24 years old, said he knew there were "gray areas with nontraditional students" when looking at data on outcomes. He said he would like to see more detailed graduation rates for particular demographics, like racial minorities or low-income students, as well as information on college paths for military veterans.

Such specifics are important to help families discern the difference between attending a school where most film majors actually land jobs in Hollywood and those where graduates move back home with mom and dad. Similarly, reviewing data on outcomes for all students, not just a small subset, can help policy makers determine where to funnel public funds.

"Prospective students and their families have no idea that they're looking at just a fraction of student information, and it's misleading," said Jeff Lieberson, vice president for public affairs at the Association of Public and Land-grant Universities.

A slew of nonprofit organizations, states and even departments within the federal government are trying to offer more comprehensive measures of success. They are taking into account part-time, minority and transfer students; considering more qualitative measures of success; and even starting to track students who move across state lines.

Last year the University of Texas System announced a plan to work with the U.S. Census Bureau to track what happens to graduates who move out of state. And an accrediting agency that serves as a gatekeeper to federal funds for schools in California, Hawaii and some U.S. island territories now requires schools to submit details about how many students graduate and how many credits they earn along the way. The dashboard reveals that some students take more classes than necessary, increasing their educational costs.

But such initiatives often are crippled by red tape and geographic limitations, as well as by some schools' reluctance to share unflattering information about how well they serve their students.

The Clearinghouse, for example, which collects data from schools that enroll more than 98% of students nationwide, runs comprehensive reports on student outcomes only by agreeing not to share school-specific results publicly.

Measuring Up

The graduation rate of a single college can vary depending on the source of the data.

Antelope Valley College, Lancaster, Calif.: College Scorecard (federal)	Antelope Valley College, Lancaster, Calif.: California Comm. College Scorecard	Data source	U. of Maryland, Baltimore County, Catonsville, Md.: College Scorecard (federal)	U. of Maryland, Baltimore County, Catonsville, Md.: Student Achievement Measure
26%	45%	Graduation rate	63%	74%
Associate degree*			Bachelor's degree	
INCLUDED IN GRADUATION-RATE MEASURE				
✓	✓	First-time students	✓	✓
✓	✓	Full-time students	✓	✓
✗	✓	Part-time students	✗	✓
✗	✗	Transfer students	✗	✓
3	6	Graduated within __ years	6	6†

*The California Scorecard figure includes degree, certificate and transfer-related outcomes †Includes students who graduated from other schools; includes 10-year graduation rates for part-time students

Sources: Education Department (College Scorecard); California Community Colleges; Student Achievement Measure

THE WALL STREET JOURNAL.

'College Scorecard' Tracks Some Areas; Critics Seek More

In an effort to expose poorly performing schools and rein in college costs, former President Barack Obama in 2013 proposed a rating system tying federal dollars to school outcomes.

The initiative faced fierce resistance from a wide swath of schools that said it was unfair to compare outcomes of institutions with different missions. In 2015 the Education Department released a more modest College Scorecard that tracks retention and graduation rates for first-time, full-time students; average post-college earnings for students who received federal grants and loans; debt loads for those students; and popular areas of study.

But critics say the information doesn't dive deep enough to be useful, since earnings for an English major and engineering major could vary greatly and less than 60% of undergraduates get federal financial aid.

At schools with generous financial-aid packages, such as Harvard University, or very low sticker prices, like California's community colleges, the federal government posts earnings information that reflects just a tiny share of students. And military service academies are left out entirely.

Higher-education policy experts and researchers said they had expected the Education Department to begin publishing graduation rates for part-time students in the College Scorecard as well, but the initiative seems to have been delayed.

—*Melissa Korn*

Texas Bill Opposes Threatening Jail to Secure Testimony

By Dan Frosch

DALLAS—Texas lawmakers are pushing legislation that would make it more difficult to jail crime victims to ensure they testify in court—after a Houston case highlighting the practice caused an uproar in the state.

The proposal, which unanimously passed the state Senate last week and is headed to the House, requires a hearing and legal representation for victims and witnesses who don't want to take the stand before prosecutors can detain them.

The bill comes amid fallout from a politically charged case of a mentally ill Houston woman who was jailed by prosecutors for nearly a month to ensure she testified at a hearing against a man accused of raping her.

The woman, publicly identified only by her first name, Jenny, had suffered a psychological breakdown while testifying. She was then mistakenly placed in the county jail's general population instead of a mental-health unit and eventually continued her testimony.

Keith Hendricks, who had previously faced charges in 11 other rapes and assaults, was convicted and sentenced to two life terms for her rape.

Under the proposed Texas law, if a prosecutor or defense attorney wants to detain crime witnesses or victims to compel their testimony—a rare practice that is typically legally permissible—the court must first appoint a lawyer for them and hold a hearing. If a judge approves the detention, then bond must be granted.

The legislation comes after anger over how prosecutors handled a Houston case.

If the victim or witness can't post the bond and ends up being placed in custody, a rehearing must be held within five days.

"What happened in Jenny's case was unconscionable," said state Sen. John Whitmire, a Democrat from Houston and co-sponsor of the bill. "When you take an innocent person who has not violated the law and you deny them their liberty, you ought to give them safeguards against being abused."

The case became a political flashpoint in Texas in November. The incumbent Harris County district attorney, Devon Anderson, lost her bid for re-election after challenger Kim Ogg criticized her office's handling of the case.

Ms. Anderson had defended the decision to detain Jenny, pointing out that her testimony led to the conviction of a serial rapist. But she said she regretted the jail mix-up and said the prosecutor handling Jenny's case had never intended for Jenny to be placed in the facility's general population.

Rape-victim advocates in Texas have backed the measure, as has Ms. Ogg, now the district attorney.

Not all Texas prosecutors think the legislation would be effective.

Bexar County District Attorney Nicholas LaHood said he thought the bill was well-meaning. But he said he worried it would slow down efforts to go after dangerous criminals if prosecutors are forced to hold a hearing before trying to ensure that a witness or victim takes the stand.

"We have to think of the greater good," he said. "I like the intent, but I think we should tweak it to make it more practical."

Impeachment Process To Start in Alabama

By Dan Frosch

The Alabama Supreme Court has cleared the way for impeachment hearings to begin Monday against Gov. Robert Bentley, who has been under fire over allegations that he misused state resources to carry on an affair with a former aide.

The court's 7-0 ruling, handed down Saturday, allows a legislative committee to move ahead with impeachment proceedings and follows a critical report released Friday by a special counsel investigating Mr. Bentley. The report accused the governor of trying to block the inquiry into his actions and of ordering law enforcement to advance his personal interests.

Alabama Gov. Robert Bentley has been under mounting pressure to resign.

The developments are the latest legal setbacks for the Republican governor, who has been under mounting pressure to resign from members of his own party.

The judiciary committee for Alabama's House of Representatives, which hired the special counsel to look into Mr. Bentley's actions, plans to launch impeachment hearings against the governor Monday, a committee spokesman said.

In a statement issued Saturday, State Representative Mike Jones, a Republican from Andalusia who chairs the judiciary committee, hailed the Supreme Court's ruling saying, "This is a great day for the Constitution of Alabama."

Attorneys for the governor had tried to stop the committee hearings into his conduct, arguing that they were depriving him of due process and calling the proceedings unfair.

On Friday, a state judge had granted Mr. Bentley a temporary restraining order that delayed the hearings. But Saturday's Supreme Court ruling overturned the lower court's decision, allowing the impeachment process to move forward. Alabama's high court also asked for both sides to submit fresh legal briefs on the matter on Monday.

"It's disappointing to hear the Committee will plow forward while the Supreme Court is considering the case," Ross Garber, Mr. Bentley's lawyer, said Sunday.

On Friday, Mr. Bentley apologized to the people of Alabama. But Mr. Bentley has adamantly refused to resign, saying he has broken no law.

Bipartisan Tax Overhaul Has High Price

GOP attempts to reach across aisle are complicated by lack of agreement on priorities

By Richard Rubin

MICHAEL REYNOLDS/EUROPEAN PRESSPHOTO AGENCY

Rep. Richard Neal (D., Mass.), center, has discussed broad tax-policy goals with Gary Cohn, the White House economic council chief.

WASHINGTON—Democrats are starting to settle on a price for participating in a tax-code overhaul, and many Republicans won't want to pay it.

Democrats say they oppose net tax cuts and will resist proposals that mostly benefit high-income households. Those priorities diverge from President Donald Trump's repeated promise to "cut the hell out of taxes" and congressional Republicans' plans to lower marginal tax rates and repeal the estate tax.

"Tax reform's got to be responsible and it's got to be progressive," said Sen. Ben Cardin (D., Md.).

Republicans made overtures across the aisle in recent weeks and, in theory, Democratic participation on tax policy could ease legislative challenges for Republicans vexed by slim House and Senate majorities and internal disagreements. By attracting Democratic votes, Republicans could overcome procedural hurdles without uniting fractious wings of their own party.

There is, at some level, rhetorical room for agreement. Mr. Trump says middle-class tax cuts are a top priority. House Speaker Paul Ryan (R., Wis.) says he is aiming for his plan to be revenue neutral—collecting as much money over the next decade as the current system does. Mixed with the prospect of spending on infrastructure, that makes a recipe for bipartisanship.

But so far, those priorities aren't widely shared among Republicans and GOP plans haven't matched them. Mr. Trump's campaign plan delivered half its tax cuts to the top 1% of households, according to the Tax Policy Center, a joint project of the Urban Institute and Brookings Institution. House Republicans haven't shown in detail how their plan adds up and don't want to tie infrastructure and taxes together. Lower tax rates on businesses, investors and top earners are a unifying force in the GOP, and many lawmakers are reluctant to give that up to get a deal with Democrats.

Even if the White House and Democrats reach a conceptual agreement on taxes, any accord would drive many Republicans away and require the Trump administration and lawmakers to make decisions on hundreds of details.

Still, White House officials, who declared they are taking the lead on tax policy, have been meeting with Democratic lawmakers. House Ways and Means Chairman Rep. Kevin Brady (R., Texas) met with two groups of Democrats last week.

Mr. Trump's unpopularity, especially among Democratic voters, gives lawmakers political advantages in opposing the administration, and the president's refusal to release his tax returns isn't encouraging cooperation on tax policy.

"Some Republican members of Congress and the administration are locked in competition to see who can propose the biggest tax cut for the fortunate few," said Ron Wyden of Oregon, the top Democrat on the Senate Finance Committee.

He argues that wage earners face compulsory taxation while top earners and investors use loopholes and lawyers to lower their tax bills.

The Trump administration, for its part, has left an opening, recently signaling to Congress that it is seriously concerned about pushing a tax plan whose benefits are tilted to top earners, said a GOP aide.

Rep. Richard Neal of Massachusetts, the top Democrat on the Ways and Means Committee, said Democrats want to participate.

"If they're going to talk about some middle-class tax relief, we certainly want to engage," he said.

Mr. Neal said he met last month with Gary Cohn, director of the White House National Economic Council.

"He simply indicated their intention is to go big on tax reform, said it needed to be bipartisan and said they were very interested in the deductions for the people at the top and how the preferences were parceled out," Mr. Neal said.

Mr. Cohn's comments and other recent statements from administration officials suggest the White House tax agenda remains fluid.

—Nick Timiraos contributed to this article.

Donald Trump's First 100 Days

The administration's latest actions and agenda at a glance

WHAT'S AHEAD

◆ Judge Neil Gorsuch, President Donald Trump's nominee to the Supreme Court to succeed the late Justice Antonin Scalia, is scheduled to be sworn in Monday.

◆ Secretary of State Rex Tillerson is set to begin a trip to Russia on Tuesday. Mr. Tillerson spoke with Russian Foreign Minister Sergei Lavrov by telephone Saturday about the situation in Syria after last week's U.S. missile attack on an air base there.

QUOTES

"Russia could be part of the solution. Right now, I think everyone in the world sees Russia as part of the problem."
—Lt. Gen. H.R. McMaster, national security adviser, discussing Russia's support of Syria, on "Fox News Sunday"

"Here's what I think Assad's telling Trump by flying from this base: 'F you.' And I think he's making a serious mistake."
—Sen. Lindsey Graham (R., S.C.), referring to President Bashar al-Assad of Syria, on NBC's "Meet the Press"

SUSAN WALSH/ASSOCIATED PRESS

Lt. Gen. H.R. McMaster criticized Russia's support of Syria.

Freeze on Hiring Rattles Agencies

By Beth Reinhard And Rebecca Ballhaus

RICH PEDRONCELLI/ASSOCIATED PRESS

Backlogged Veterans Affairs claims are again on the increase; above, a VA pharmacy in California.

President Donald Trump's hiring freeze for federal agencies is threatening to compromise the safety of correctional officers, delay payments to veterans and prevent disabled and retired Americans from getting their Social Security checks on time, union officials and government workers say.

Federal agencies typically lose about 10% of their workforce every year, and, nearly three months into the Trump administration, the freeze's impact is beginning to be felt.

About one out of 10 positions at the Bureau of Prisons are vacant, according to a spokesman. At some facilities, medical personnel are working additional overtime, and correctional officers are spread more thinly, prison officials and workers say.

In mid-March, Veterans Affairs Secretary David Shulkin ordered that jobs tied to processing benefits claims wouldn't be affected by the freeze. But the previous six weeks of no hiring, combined with high turnover and increased claims, recently pushed the backlog of veterans' claims to more than 100,000. The backlog was over 600,000 in early 2013 before the department got it below 100,000 starting last year.

Mr. Trump's Jan. 23 order also prolonged a hiring freeze at the Social Security Administration, which has been hit by budget constraints in recent years. Offices are operating fewer hours and with longer lines, union officials say.

In attempting to fulfill one campaign promise—to "drain the swamp" and reduce the size of the federal government—Mr. Trump is potentially undermining other promises.

Those include his pledges to champion veterans and law enforcement. In some cases, the freeze is disproportionately affecting voters who propelled Mr. Trump into office, including the 60% of veterans who voted for him over Democrat Hillary Clinton, according to exit polls.

The White House referred requests for comment to the Office of Management and Budget, which didn't respond to questions.

Mr. Trump's memo called for a 90-day freeze, after which the OMB director was to recommend a "long-term plan" to cut the workforce. But OMB Director Mick Mulvaney wasn't confirmed until 25 days after Mr. Trump's memo.

—Ben Kesling contributed to this article.

FROM PAGE ONE

BONDS

Continued from Page One

really well, so you need overwhelming evidence before people will abandon something that has worked," said Mohamed El-Erian, chief economic adviser at Allianz SE.

The hunt for yield appeared to be falling out of favor right after the presidential election. Investors bid up stocks, commodities and other riskier assets geared to global growth, betting that President Donald Trump's stimulus plans would boost the economy. Consumer sentiment climbed to its highest in more than a decade, according to the University of Michigan.

Better growth could lead to higher inflation and tighter monetary policy, both of which are the main threats to the value of bonds because they erode the fixed returns over time.

Investors fled bonds, worried that a more-than-three-decade rally was ending. Bond mutual and exchange-traded funds world-wide saw $18.1 billion in outflows during the week after Mr. Trump's election, the largest exodus since May 2013, according to fund tracker EPFR Global. Another $22 billion moved out of bonds over the next five weeks.

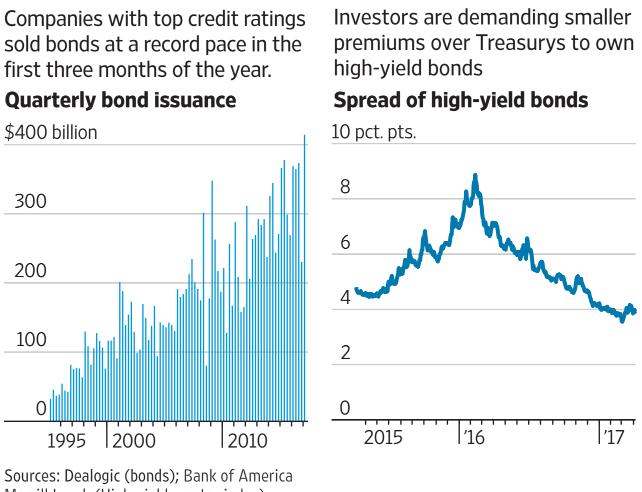
But that proved to be a blip before bond investors returned forcefully this year. They have pumped more than $112 billion into bond funds since the end of December through April 5.

The strong appetite for bonds shows how hard it is for investors to shake the assumption that the economy can do any better than muddle along as it has for years, with U.S. real gross domestic product growing less than 3% a year.

Lackluster growth also would likely mean the Federal Reserve would keep interest rates relatively low, economists say. That belief was reinforced when the U.S. Labor Department on Friday reported that nonfarm payrolls rose by only 98,000 in March, a slowdown from earlier this year.

The yield grab hasn't just been in bonds. Also rising have been stocks prized for paying dividend income that is more attractive when rates are low. Shares of S&P 500 utility companies have climbed 5.1%

Big Buyers



Sources: Dealogic (bonds); Bank of America Merrill Lynch (High-yield master index)

THE WALL STREET JOURNAL.

over the past three months, second only to rapidly growing technology shares.

Investors poured a net $2.5 billion into U.S. junk-bond funds in the week ended Wednesday, the most since December. Emerging-market debt funds have collected new money for 10 consecutive weeks, according to Bank of America Merrill Lynch. Meanwhile, U.S. stock funds had $14.5 billion of outflows during that week, the most in well over a year.

A definitive exit from the current low-rate environment seems "several years down the road," said Steven Oh, global head of credit and fixed income at PineBridge Investments.

That backdrop has investors willing to pay lofty prices for riskier debt, even if it has bottom-of-the-barrel credit ratings. BWAY Holding Co, a privately owned maker of plastic and metal containers, sold $2.7 billion of bonds last month to help fund an acquisition. BWAY was able to sell eight-year unsecured bonds with a 7.25% interest rate despite its low junk rating.

That is "extremely aggressive" for a company with its financial profile, Mr. Oh said.

A spokesman for BWAY declined to comment.

Investors demanded 3.93 percentage points more than going Treasury rates to own high-yield bonds, according to Bank of America Merrill Lynch index data. That is less than half the spread in February 2016, when the stock market bottomed after a selloff.

Some investors think the hunt for yield is on borrowed time and could fall flat if economic growth either accelerates or drops off dramatically.

Unconventional monetary policy of super low or negative interest rates in much of the developed world is being "stretched to its limits," Mr. El-Erian wrote last year. There could be faster growth if governments enact fiscal policies that stimulate their economies, he said, or there could a drop-off in growth that might lead to recession if these policy efforts fail.

Those who think the economy may be heating up say inflation could lead to higher rates. The Fed's preferred measure of inflation, the personal-consumption expenditures price index, topped the central bank's 2% target for the first time in five years in February. Inflation would diminish the value of outstanding bonds.

But if the economy falls into recession, that would also be a problem for bonds. Negative growth would hurt corporate balance sheets, spurring waves of defaults and outflows from bond funds.

David Lafferty, chief investment strategist at Natixis Global Asset Management, contends that retirement-age investors and pension funds will provide steady demand for bonds. That demand could ease any selloff in the bond market even as the Fed aims to ratchet rates higher in the years ahead.

"There is this theory that once rates go back up that investors will have this big rotation out of bonds and into stocks," Mr. Lafferty said. "What that misses is that the bond market has a built-in, self-correcting mechanism which is that as yields back up, they become more attractive to more investors."

TASOS KATOPODIS/AGENCE FRANCE-PRESSE/GETTY IMAGES

Neal Katyal, a former Obama administration lawyer, appeared at the confirmation hearing in March for Judge Neil Gorsuch.

Tight Circle Backs Gorsuch

By Brent Kendall

WASHINGTON—Amid the brawl over the Supreme Court, former Obama administration lawyer Neal Katyal broke with many Democrats to endorse nominee Neil Gorsuch, and Republicans in turn gave Mr. Katyal an unusually prominent role by having him introduce the judge at his confirmation hearing.

Now, Judge Gorsuch's confirmation Friday puts him on course to take the high-court bench for the first time on April 17, and he will see a familiar face at the lawyer's lectern: Mr. Katyal, who has a case before the justices that morning. Mr. Katyal, a regular presence in Supreme Court cases, has another oral argument the following week.

This convergence of law and politics highlights the close-knit nature of the Washington legal community, an insularity that can produce awkward moments, particularly when the battle over judicial appointments is so partisan.

Mr. Katyal's role also highlights how divisive the political landscape has become. Lawyers have a history of supporting court nominees, but few of those endorsements have been a part of the story line like Mr. Katyal's backing of Judge Gorsuch, who was a longtime judge on the federal appeals court in Denver.

The judge himself referred to Mr. Katyal's support during his testimony before the Senate Judiciary Committee. Republicans highlighted the lawyer's endorsement repeatedly,

The insularity of the Washington legal world can produce awkward moments.

including Senate Majority Leader Mitch McConnell (R., Ky.), who cited Mr. Katyal on the Senate floor hours before the final vote—part of their effort to depict Judge Gorsuch as a moderate and undermine Democrats' portrait of him as a heartless conservative.

Some ethics experts said this could raise questions of appearance for Judge Gorsuch when it comes to Mr. Katyal's cases before the Supreme Court, though they didn't call for the new justice to recuse himself.

"The kind of testimony that Katyal gave is within the norm of what members of the community do," said University of Pittsburgh law professor Arthur Hellman.

Still, in this era of polarization, "I could see someone thinking this would lead Justice Gorsuch to think he owed some sort of debt to Mr. Katyal—or that he would feel pressure to reject Mr. Katyal's legal arguments for fear of being seen as biased," Mr. Hellman said.

Stephen Gillers, a New York University law professor, said case law suggested Judge Gorsuch could participate in Mr. Katyal's cases. "This is not enough by itself to warrant recusal," Mr. Gillers said. Even friendships between judges and lawyers aren't disqualifying, Mr. Gillers added.

Individual justices make their own recusal decisions, and Judge Gorsuch told the Judiciary Committee he would recuse himself in cases "that might give rise to an actual or apparent conflict of interest."

Mr. Katyal, a former acting solicitor general and now a partner at the law firm Hogan Lovells, has argued 32 Supreme Court cases, and served with Judge Gorsuch on a rules committee for the federal appeals courts.

He has represented a range of clients. In 2006 he won a famous Supreme Court ruling in favor of a Guantanamo Bay detainee. Currently he is challenging President Donald Trump's executive order on immigration and refugees. At the other end of the spectrum, Mr. Katyal represents high-profile corporate clients.

In Mr. Katyal's April 17 case, he will be representing a New York town in a dispute with a real-estate developer.

When he introduced Judge Gorsuch to the Judiciary Committee, Mr. Katyal said he was "outraged" that Republicans denied a hearing to President Barack Obama's nominee for the current Supreme Court vacancy, Judge Merrick Garland.

Nevertheless, Judge Gorsuch is "a first-rate intellect and a fair and decent man" who deserved confirmation, Mr. Katyal said.

About 30 other members of the Supreme Court bar, with a range of views, signed a letter urging the judge's confirmation. Lawyers have signed similar letters for past nominees.

Ex-Flynn Deputy To Depart Post

By Carol E. Lee And Louise Radnofsky

Deputy national security adviser Kathleen "K.T." McFarland is leaving the White House, a senior administration official said Sunday, the latest in a series of changes in the Trump administration's National Security Council.

Ms. McFarland, a former national security analyst for Fox News, has been offered the job of ambassador to Singapore, the official said.

The official said she had wanted the Singapore job and denied she was being pushed out, adding, "It's a promotion."

Her planned departure was first reported by Bloomberg News.

Ms. McFarland had been tapped for the council in November, soon after Donald Trump's election. "She has tremendous experience and innate talent that will complement the fantastic team we are assembling," then-President-elect Trump said in a statement.

At the time, Ms. McFarland said that "nobody has called foreign policy right more than" Mr. Trump, "and he gets no credit for it."

But her position became tenuous after the first national

MARK WILSON/GETTY IMAGES

Kathleen 'K.T.' McFarland

security adviser, Michael Flynn, resigned in February under fire over conflicting statements about his contacts with the Russian ambassador, Sergey Kislyak, before the inauguration.

At least one candidate for the job to succeed Mr. Flynn, retired Vice Admiral Bob Harward, wanted to replace a number of top National Security Council officials including Ms. McFarland, but he met resistance from the White House.

Adm. Harward ended up turning down the job.

Lt. Gen. H.R. McMaster, an active duty Army officer who won the national security adviser job, hasn't settled on a replacement and may pick two people with different roles to serve as deputies, the official said.

One is likely to be Dina Powell, a Goldman Sachs Group Inc. executive brought in as the president's senior counselor for economic initiatives who has also already taken on a role as an aide on national security.

News of Ms. McFarland's departure came just days after Mr. Trump's chief strategist, Steve Bannon, was removed from the National Security Council's principals committee. At the same time, the chairman of the U.S. military's Joint Chiefs of Staff and the director of national intelligence were restored as permanent members. Those decisions were made by Gen. McMaster with the president's signoff.

Ms. McFarland worked at the Pentagon during the Reagan administration and in 2006 ran for the U.S. Senate in New York, but lost the Republican primary to former Yonkers mayor John Spencer.

Mr. Spencer was defeated in the general election by incumbent Sen. Hillary Clinton, the future 2016 Democratic presidential nominee.

WORLD NEWS

Emboldened Syria Steps Up Airstrikes

Support from Russia, Iran bolsters regime's bid to widen campaign against the opposition

By Raja Abdulrahim
And Noam Raydan

MOHAMAD ABAZEED/AGENCE FRANCE-PRESSE/GETTY IMAGES

Smoke billowed after a reported airstrike on a rebel-held area in the southern city of Dar'a on Saturday.

The Syrian regime, emboldened by unwavering support from allies Russia and Iran, stepped up the pace of airstrikes against the opposition over the weekend, antigovernment activists said, alleging the government had launched more chemical-weapons attacks.

President Bashar al-Assad's government showed no sign it was deterred by the U.S. cruise-missile strike on one of its air bases in retaliation for an alleged chemical-weapons attack on the opposition-held town of Khan Sheikhoun that killed at least 89 people—many of them children. Turkish officials said autopsies showed evidence sarin gas was used.

Antigovernment activist groups on Sunday said airstrikes on opposition-held areas have increased and alleged that some of the strikes used chlorine gas. Activists also alleged that incendiary bombs, possibly napalm, were used on Saturday elsewhere in Syria, but this couldn't be verified independently.

"This is a clear message that the Syrian regime will continue using chemical weapons even on a smaller scale that will not draw attention," the opposition Syrian Network for Human Rights said. "Apparently, the American airstrike wasn't compelling enough for the Syrian regime to change its behavior."

Mr. Assad on Sunday said the U.S. failed in achieving the goal of the attack and affirmed that the Syrian military was determined to eliminate terrorism in every part of the country, state media reported. The Syrian regime refers to most of its opponents as terrorists.

"The Iranian people are still standing by the Syrian nation," Iranian President Hassan Rouhani told Mr. Assad in a phone call on Sunday, the official Islamic Republic News Agency reported.

In a separate call with Russian President Vladimir Putin, Mr. Rouhani pledged closer cooperation with Syria and Russia, the Iranian president's official website said. "In such an atmosphere, strengthening cooperation among Iran, Russia and Syria in the confrontation with violence and terror is necessary," he said.

In his first comments since the U.S. strikes, Iranian Supreme Leader Ayatollah Ali Khamenei on Sunday said Iran wouldn't retreat in the face of the U.S. action, according to his official website, Khamenei.ir. "What the Americans did is wrong and a strategic error, and they are repeating their predecessors' mistake," he said, according to the website.

Among the attacks over the weekend, airstrikes hit a town in opposition-held Idlib province on Saturday, killing at least 18 people, including five children, rescue workers and the opposition monitoring group Syrian Observatory for Human Rights said. The warplanes were believed to be Russian, the Observatory said.

The U.S. cruise-missile strike on Thursday targeted the Shayrat Airfield near the central city of Homs and struck aircraft, ammunition bunkers, and air-defense and radar systems, U.S. officials said. But the strike wasn't meant to cripple the air base.

U.S. officials have said it was a limited operation intended to signal that the chemical attack wasn't acceptable, rather than a broader campaign against Mr. Assad. The U.S. blamed the regime for the attack and Turkish officials said autopsies on victims showed evidence that sarin gas was used. Syria and Russia have rejected the allegations.

Meanwhile, Islamic State militants attacked American forces and their Syrian rebel allies at a base in southern Syria on Saturday, triggering a fierce fight that required coalition airstrikes to repel the attack, U.S. military officials said on Sunday.

—Asa Fitch and Dion Nissenbaum contributed to this article.

RUSSIA

Continued from Page One

Moscow this week to press Russia on why the Syrian regime was allowed to stockpile chemical weapons nearly four years after Washington and the Kremlin agreed on a plan to eliminate the weapons that put the responsibility for doing so on Moscow.

The U.S.-Russian dispute over Syria is but one of a series of difficult subjects Mr. Tillerson will bring up on a trip that was seen as a potential first step in a rapprochement between the two nations. He also is expected to confront the Russians about alleged election meddling in the U.S. and other Western countries and about its continuing intervention in Ukraine.

The friction over Syria seems to have further dimmed President Donald Trump's hopes for improved ties and greater cooperation with Moscow. U.S. officials had raised expectations for a meeting between Mr. Tillerson and Russian President Vladimir Putin, but such a meeting remains unconfirmed by either side.

After Mr. Trump responded to a suspected Syrian chemical attack last week with a barrage of cruise missiles, the two powers are at sharp odds over the future of Mr. Assad.

Russia continued to stand by him, while top U.S. officials on Sunday outlined a process of "regime change" that would take place through diplomatic processes in the international arena or through elections, not necessarily by force.

Alongside the tougher U.S. line in Syria, the Trump administration flexed U.S. muscle elsewhere. The U.S. aircraft carrier Carl Vinson and other ships were redirected from planned port stops in Australia to the Korean Peninsula, amid concerns that Pyongyang was planning new weapons tests.

Following the U.S. strike on Syria, Russia said it was suspending a 2015 agreement with the U.S. on coordinating military operations. Later, however, Russian foreign ministry spokeswoman Maria Zakharova said Moscow was open to dialogue with the U.S. and lawmakers, and said the attack wouldn't affect Mr. Tillerson's visit.

Before going to Moscow, Mr. Tillerson will stop for a meeting of the Group of Seven leading nations—the U.S., U.K., France, Germany, Japan, Canada and Italy—hosted by Italy. G-7 member nations were largely supportive of the U.S. military action. Russia was ousted from the group in 2014 after moving to annex Ukraine's Crimea region.

U.S. policy on Mr. Assad has remained unclear despite the suspected chemical weapons attack last week, which killed

LYNNE SLADKY/ASSOCIATED PRESS

Secretary of State Rex Tillerson is set to visit Russia Tuesday.

at least 89 people, including many children. Just days before last week's U.S. strike, the White House signaled that it wasn't interested in removing Mr. Assad from power.

Now, the U.S. believes Russia's support to Mr. Assad has harmed overall ties and that further chemical attacks would be "very damaging to U.S.-Russian relations," Mr. Tillerson said.

After using banned sarin gas in a 2013 attack that killed more than 1,000 of his own people, Mr. Assad agreed to destroy his chemical weapons stocks in the face of threats from then-President Barack Obama to attack. Moscow said it would ensure that Syria eliminated its entire chemical weapons stock, but Syria appeared to retain and store some on at least one base in northwestern Syria currently shared with Russian forces.

Despite the U.S. airstrike on Syria, Ms. Haley, Mr. Tillerson and Lt. Gen. H.R. McMaster, Mr. Trump's national security adviser, said on Sunday news programs that the administration's main goal in the country remains the defeat of Islamic State.

"Our priority is first the defeat of ISIS," Mr. Tillerson said on ABC. "Once we can eliminate the battle against ISIS, conclude that—and it is going quite well —then we hope to turn our attention to cease fire agreements between the regime and opposition forces."

Lt. Gen. McMaster, in an interview on Fox News with Chris Wallace, echoed Mr. Tillerson's comments.

Ms. Haley struck a tougher line on Mr. Assad, saying that he cannot remain the future leader of Syria, but she didn't veer sharply from the views of her administration colleagues, saying the U.S. can have "multiple priorities."

All three administration officials said that the U.S. sees no future for Mr. Assad in Syria, but seemed to point to diplomatic paths to Mr. Assad's eventual removal.

—Ben Leubsdorf in Washington and Thomas Grove in Moscow contributed to this article.

U.S. Moves Warships Toward North Korea

By Dion Nissenbaum
And Jonathan Cheng

The U.S. Navy has canceled planned port calls in Australia for the USS Carl Vinson and is instead sending the aircraft carrier toward the Korean Peninsula amid concerns about possible new weapons tests by North Korea, military officials said.

Speaking on Fox News on Sunday, U.S. National Security Adviser H.R. McMaster said the president has ordered him to prepare "a full range of options" to the nuclear and missile threats North Korea poses to the U.S. and its allies, adding that it was a prudent move to send the Vinson strike group to warn Pyongyang against additional provocation.

But North Korea's Foreign Ministry indicated on Sunday that it wasn't cowed by the U.S. moves, calling Thursday's U.S. strike against its ally, Syria, "an undisguised act of aggression against a sovereign state" and vowing to beef up its nuclear force.

Shortly after the strike, U.S. Secretary of State Rex Tillerson said the attack showed "[President Donald Trump] is willing to act when governments and actors cross the line," in remarks widely regarded as being directed in part at Pyongyang.

The Vinson strike group, including the carrier and two guided-missile destroyers, is being dispatched to operate in the western Pacific Ocean in response to Pyongyang's recent missile tests.

There is widespread speculation, based on satellite imagery and analysis, that North Korea might try to carry out another weapons test in the coming days as it prepares for its most important national holiday—the anniversary of the birth of the country's founder, Kim Il Sung, on April 15.

North Korea carried out three missile tests in the past month, including a midrange missile launch on April 5.

Now, one official said, the Navy is sending the strike group as a show of force.

The Trump administration has issued a series of warnings to North Korea about its missile tests.

At their summit Thursday and Friday in Florida, President Trump pressed President Xi Jinping of China to do more to curb North Korea's nuclear program.

Cleric to Make Run For Iran's Presidency

By Asa Fitch

DUBAI—Hard-line Iranian cleric Ebrahim Raisi announced he would run in the country's presidential election next month, challenging an incumbent who has tried to engineer an economic turnaround and sought closer ties with the West.

Mr. Raisi, who serves as chief custodian of the Holy Shrine of Imam Reza in the city of Mashhad, confirmed his candidacy on Sunday and vowed to reinvigorate Iran's economy, according to a statement published by Iranian media.

"I deeply believe that this situation can be changed and that bringing back dynamism, prosperity and joy to people's lives is possible with the help of God," he said.

Though not widely recognized as a politician, Mr. Raisi is close to Supreme Leader Ayatollah Ali Khamenei, a proximity that could help him pose a serious challenge to President Hassan Rouhani.

Last year, Mr. Khamenei appointed Mr. Raisi as custodian of the Astan Quds Razavi, a charitable foundation that manages the vast Imam Reza shrine and associated endowments worth billions of dollars.

Mr. Khamenei has final say in most matters of state, and his preference stands to play a decisive role in polls set for May 19.

Mr. Raisi spent much of his career in Iran's judiciary, which human-rights groups have accused of abuses, and he played a role in an infamous execution of thousands of political prisoners in 1988.

Mr. Rouhani has made a priority of removing Iran from its economic and political isolation, including through Iran's landmark 2015 nuclear deal with six world powers including the U.S.

KHALED ELFIQI/EUROPEAN PRESSPHOTO AGENCY

Security personnel investigated the scene of Sunday's explosion inside Mar Girgis Church. The blast killed 29 people and wounded another 69, an official told state media.

Bombs Kill Dozens in Egyptian Churches

Twin blasts claimed by Islamic State struck Egyptian churches during Palm Sunday services, killing at least 47 people in an escalating campaign of terrorism against the country's Christian population.

By Dahlia Kholaif in Cairo and Tamer El-Ghobashy in Erbil, Iraq

The attacks raise fresh questions about the ability of President Abdel Fattah Al Sisi's government to protect the minority group, and come just weeks ahead of an expected first visit to Egypt by Pope Francis.

The first explosion targeted the Mar Girgis Church in the Nile Delta city of Tanta, some 60 miles north of Cairo, as worshipers attended morning services.

Security officials were working to determine if it was a suicide bombing or if a bomb had been planted under a seat in the main hall.

The blast killed 29 people and wounded another 69, a health ministry official told state media.

Footage aired on state television showed bloodstains on the floor of the church hall, shattered furniture and bloodied palm fronds as victims and survivors wailed in shock and grief.

Shortly afterward, a suicide bomber attempted to enter Saint Mark's Orthodox Cathedral in the center of the coastal city of Alexandria, blowing himself up at the entrance after being stopped by police, the interior ministry said.

Islamic State claimed responsibility for the blasts and threatened further attacks.

The cathedral is a major landmark in the city and had been the historic seat of the Coptic Pope.

Surveillance videos broadcast on Egyptian networks showed the purported bomber—wearing a jacket and with a bright blue garment draped around his shoulders—approaching an open church gate before being directed to a nearby metal detector. Pausing in front of the metal detector, he triggered the blast as two female police officers stood nearby.

The incident took place as Pope Tawadros, the head of Egypt's Coptic church, led a Palm Sunday service. He was unharmed but at least 18 people were killed and 40 others wounded, the interior ministry said.

Three of the dead were police officers, including one who physically prevented the bomber from entering, according to the interior ministry. A second bomb was later discovered and defused by officers on the cathedral grounds, the ministry said.

Islamic State claimed responsibility for the attacks but offered no further details, in a brief statement by Amaq, its official media arm. In a later statement threatening future attacks, it described a "covert cell" and said both blasts had been carried out by suicide bombers.

Mr. Sisi said that he would seek parliamentary approval for a three-month nationwide state of emergency, a measure that had been used by Egypt's longtime dictator Hosni Mubarak to stifle dissent by giving police and the military sweeping powers to arrest and prosecute citizens under the banner of national security.

Islamic State's Egyptian affiliate, Sinai Province, has since 2014 carried out hundreds of attacks on police and military personnel, mostly in the restive north Sinai Peninsula. It recently began targeting Egypt's Christians.

—Noam Raydan in Beirut contributed to this article.

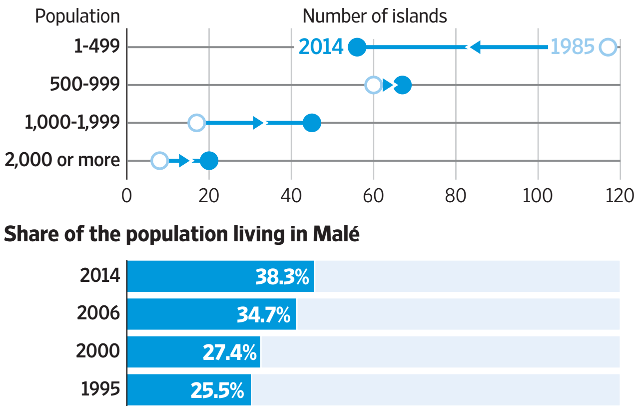
WORLD NEWS

RAYMOND ZHONG/THE WALL STREET JOURNAL

The bit of ocean that is the 'swimming track' in the capital, Malé.

Paving Paradise

People in the Maldives have crowded in over the past few decades. Smaller islands have emptied out, and the capital, Malé, is overflowing.



Source: National Bureau of Statistics, Maldives

THE WALL STREET JOURNAL.

The Islands Where Few Can Swim

Development and urbanization have diminished Maldivians' skill in the water

By Raymond Zhong

MALÉ, Maldives—Water surrounds the island capital of this tiny Indian Ocean paradise—glittering, azure water that has exhausted many a travel writer's synonyms for "blue." So it's a problem that many people here can't swim.

"I should know how to swim," said Hassan Shiyam, a 33-year-old lawyer. "Being Maldivian, people think I'm at home in the ocean. But that's not the case."

For centuries, people in this archipelago of 1,190 coral islands earned a living fishing and collecting cowrie shells. Then deep-pocketed foreign visitors started showing up, and fancy resorts to house them. The luxury tourism boom has raised incomes and driven many islanders to seek education and opportunity in Malé.

Today, the capital, which sits on a less-than-one-square-mile speck of land, is an overstuffed metropolis of 150,000 people—nearly 40% of the country's population. More Maldivians than ever grow up without ready access to an open beachfront. And with drugs and gangs on the rise, parents who played in the ocean unsupervised as children are more protective of their own.

THE WALL STREET JOURNAL.

In a rough survey around five years ago, the Maldives Lifeguard Association found that only 10% of 10th-graders could swim. A 2014 Red Cross survey put it at 49% for American teenagers.

Shaahina Ali, 50 years old, who does volunteer work teaching schoolchildren about ocean life, says more of them nowadays have seen snow—in colder parts of the world, that is—than the coral reefs offshore.

"It's a side effect of rapid development," said Shiham Adam, director-general of the Marine Research Centre. "We're no longer as attached to the sea."

Private swimming clubs are trying to turn the tide. Their classes teach hundreds of city children.

Grown-ups have it trickier. Ahmed Fariz Nizar, a 33-year-old university lecturer, has tried to rustle up fellow nonswimmers to learn together at sunrise, when fewer onlookers can watch them flail.

"When you see people swimming very well and enjoying the sea, it brings down [your] confidence," he said. "Such a simple thing, you can't do it."

Today, Malé is built out to all edges. There aren't public pools. City-dwellers must make do with a jellyfish-infested slice of ocean, protected by a breakwater, across the street from a diesel power plant.

"It's not safe," said homemaker Hana Ahmed Imad, as she watched her daughter's class. "The water is not clean sometimes. But there's nowhere else."

There used to be. Nearby Kuda Bandos island, once a popular picnic spot, is now a resort. Schools used to bring children to Feydhoo Finolhu island. Now it is being leased for development.

In the capital of this Muslim nation, where many have become more conservative in recent years, having only one public swimming area is its own deterrent to learning.

Many adult women would prefer to swim shielded from strangers' view, said Aishath Sausan, 28.

Ms. Sausan, wearing a black head scarf, was rocketing up and down the lap-swimming area one recent morning. She is the fastest female backstroker in the Maldives. Her next target: the 2020 Tokyo Olympics.

Some local women have daughters they would like her to train.

Others come with a slightly different request. "They are embarrassed," she said. "They ask me to teach them."

WORLD WATCH

AFGHANISTAN

U.S. Soldier Killed In Anti-ISIS Fight

A U.S. special-forces soldier was killed during a combat operation targeting Islamic State in eastern Afghanistan, the U.S. military said.

The soldier died of wounds sustained during a joint mission with Afghan forces in the eastern province of Nangarhar. The U.S. military didn't provide any further details on the circumstances of the death.

The American soldier was the second to die fighting Islamic State in Afghanistan since the U.S. expanded its operations against the group in January last year. *—Jessica Donati*

AUSTRALIA

Investment Review Panel Chief Named

Australia appointed a former director of its spy agency to head the committee that reviews proposed investments from abroad, indicating a sharpened focus on national-security issues related to such deals.

Deals by Chinese suitors are frequently contested in Australia because many Chinese companies have close ties to the government in Beijing.

In a statement announcing David Irvine's appointment as Foreign Investment Review Board chief, Treasurer Scott Morrison didn't mention investment from China. However, Mr. Irvine is familiar with Beijing, having served as an ambassador there. *—Rob Taylor*

INDIA

Alleged Call-Fraud Organizer Arrested

Indian police arrested the alleged mastermind behind a network of scam call centers that stole millions of dollars from Americans by fooling them into thinking they were in trouble with the taxman.

Sagar "Shaggy" Thakkar, who police say started facilities in Mumbai and elsewhere, had fled the country and traveled to Dubai and Bangkok. Police said he was arrested at the Mumbai airport as he re-entered the country early Saturday morning. *—Corinne Abrams and Debiprasad Nayak*

INDONESIA

Police Kill 6 Suspects In East Java Firefight

Police killed six suspected Islamic militants in a gunbattle in a village in East Java, the National Police said Sunday.

The firefight took place Saturday in a paddy field after police chased and cornered a fleeing car whose occupants had earlier opened fire on a small police station in a village in Tuban district. Police said they found a box of ammunition in the car. *—Anita Rachman*

FRANCK FIFE/AGENCE FRANCE-PRESSE/GETTY IMAGES

RUBBER MEETS ROAD: A detail of the Luxor Obelisk, seen at left, as runners competed in the 41st Paris Marathon on Sunday.

Attack Puts Focus on Central Asia Radicals

Officials cite difficulties in tracking individuals like Uzbek arrested in Stockholm assault

By David Gauthier-Villars And Drew Hinshaw

JESSICA GOW/AGENCE FRANCE-PRESSE/GETTY IMAGES

People on Sunday placed flowers in a square near the site of a truck attack in Stockholm on Friday that killed four people. A 39-year-old Uzbek suspect is in custody.

STOCKHOLM—The Uzbek nationality of the suspected terrorist in a truck attack that killed four here has Western security officials focusing on the former Soviet states of Central Asia, a geopolitically knotty source of extremists.

Before Friday's rampage in which a man drove a truck into a crowd, nationals from the region were suspected to have attacked a night club and an airport in Turkey last year, as well as a subway in St. Petersburg, Russia, this month.

No group has claimed responsibility for the attack here in which two Swedes, one Briton and a Belgian were killed. Authorities said the suspect in custody is a 39-year-old Uzbek who had been wanted since Feb. 24 for failing to comply with a deportation order. Swedish police said the man, identified as Rakhmat Akilov by local media, had applied for residency in 2014. He had been investigated over signs of extremism last year, and had voiced sympathy online for radical groups, such as Islamic State.

His trajectory from residency applicant to man in hiding highlights the challenge in detecting and tracking radicals hailing from the landlocked region.

Thousands of fighters from Central Asia have rallied to violent groups in Iraq and Syria. Many don't travel directly to the Middle East but rather are recruited in Russia, Turkey or Europe by networks that prey on emigrants who fled their own politically repressive regimes.

"There's been an underappreciated amount of Central Asians who have fought with ISIS in Syria and, since the beginning of the Russian airstrikes last year, they have been either returning to Afghanistan or Turkey and, in some cases, now seem to be deploying to Europe," said Jacob Zenn, an analyst at the Jamestown Foundation in Washington.

European officials have been trying to coordinate efforts to deport migrants who have been denied residency.

The issue came into stark focus last year when a failed asylum seeker from Tunisia who had been on a watch list allegedly drove a truck into a crowd at a Christmas market in Berlin, leaving 12 dead.

In Sweden, where about 200,000 people applied for asylum in the past two years, police have been overwhelmed by a steep rise in the number of deportation orders referred to them by immigration authorities. Police said that in the first 10 months of 2016, nearly 70% of the 6,647 people who were to be deported couldn't be located.

Confronting radicalized individuals from Central Asia comes with particular complications for European nations because they have nettlesome relations with Turkey and Russia, the two nations with some of the best intelligence on the region.

Some European countries want to overlook their differences with Russia to rekindle cooperation on counterterrorism. Others say that approach is futile.

"I doubt that anybody can get useful intelligence from Russia," said Anders Åslund, a former Swedish diplomat who is a senior fellow at the Atlantic Council in Washington. "They have a lot of intelligence but I don't think they would share it with anybody because they are extremely secretive."

The Kremlin maintains that the West has often disregarded its overtures to cooperate on fighting terrorism.

In recent days, Russia has been ramping up arrests and surveillance of suspected extremists from the former Soviet states in Central Asia.

Several such individuals were arrested following last week's bombing in the St. Petersburg subway in which 14 people died, including the perpetrator.

Russian investigators claim the suspects had been involved in recruiting migrant workers from the republics of Central Asia for jihadist groups, including the al Qaeda-linked Nusra Front and Islamic State.

"It's very clear that there is a serious danger of [radical] recruitment in Russia," said Arkady Dubnov, a Central Asia expert, saying recruiters prey on impoverished migrant laborers working in Russian cities. "It's not even a matter of argument."

Swedish Officials Had Sought to Expel Suspect Last Year

Swedish authorities said the 39-year-old man suspected of driving a truck into a crowd in downtown Stockholm had been wanted by police for failing to comply with a deportation order.

The Uzbek national, who was detained late Friday, had sought residency in Sweden in 2014, a request the state denied in June last year, police said on Sunday. In late February, police issued a warrant in his name for failing to report for his deportation.

"He had gone missing," said Jonas Hysing, national strategic commander for the Swedish police. "He was not present at the address that he had provided."

On Friday, the man is suspected to have driven a hijacked beer truck into a shopping promenade in what authorities called a terrorist attack, killing four people—two Swedes, a British citizen and a Belgian—and injuring 15.

The suspect had been previously investigated by security services and had expressed support on social media for foreign terrorist groups, police said. Magistrates have until Tuesday to decide whether he should remain in custody and to specify charges.

On Sunday, prosecutors said police had detained a second man who is being investigated over possible involvement in the attack, for which no group has claimed responsibility.

Meanwhile, in neighboring Norway, authorities said they had raised the national threat level after detaining a 17-year-old from Russia suspected of planting an explosive device near an Oslo metro station on Saturday. A lawyer for the teenager, Aase Karine Sigmond, said by telephone that her client has denied he intended to conduct a terrorist attack. "It was more of a prank," she said.

—Neanda Salvaterra

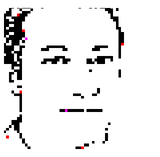
A Candidate in France Surges With the Pro-European Tide

EUROPE FILE
SIMON NIXON

CHRISTOPHE ENA/ASSOCIATED PRESS

Emmanuel Macron is the front-runner for the French presidency.

Three months ago, few believed Emmanuel Macron stood a chance of winning the French presidency. Now he's the front-runner. Polls show the former economy minister, who is standing as an unabashedly pro-European independent, tied with Marine Le Pen in the first round of the election, on April 27, but trouncing the



National Front leader by 20 percentage points in the May 7 runoff.

No poll ever showed Brexit or Donald Trump trailing as badly as Ms. Le Pen, who wants to take France out of the euro. Indeed, recent European elections in Austria and the Netherlands have seen late swings away from the far right in favor of pro-European centrist candidates.

The biggest risk to Mr. Macron may now come from the far left. Polls suggest a late surge in support for Jean-Luc Mélenchon, a former Socialist Party minister who is proposing a 100% tax on incomes above 20 times the national average, a 32-hour working week and pulling France out of NATO. Facing him in the second round offers Ms. Le Pen her best chance of victory. But with Mr. Mélenchon's support at 17%, still at least 6 percentage points adrift of Mr. Macron and Ms. Le Pen, this still seems an unlikely scenario. Berenberg Bank puts the probability at just 10%.

Mr. Macron is contributing to and benefiting from the remarkable turnaround in Europe's fortunes since the start of the year. The economic and political risks that appeared to be overwhelming the continent in 2016 seem to have eased to an extent few believed possible in January.

Certainly European growth is more robust and more evenly spread across countries and sectors than anyone was forecasting in January. Growth is at a six-year high, while unemployment is at a nine-year low thanks to strong domestic demand helped by rising real wages and easier credit conditions, including in former crisis countries such as Spain and Ireland.

Political risks are receding, too, as the refugee crisis has ebbed and rising geopolitical anxieties have weighed more heavily on voters' minds, particularly since the election of Mr. Trump. Following the failure of far-right parties to win the Austrian presidency in December or to make the anticipated gains in last month's parliamentary elections in the Netherlands, Germany's hard-right AfD party has seen its support slump to its lowest level since the 2015 refugee crisis.

A win for Mr. Macron would deliver a further powerful shot of confidence to Europe's establishment. But any positive spillover may be short-lived unless he can use his mandate to deliver the swift fixes to France's labor and product markets that have eluded previous presidents and that economists say are vital to boost France's long-term potential growth. Much depends on parliamentary elections in June, where Mr. Macron's movement may not win a majority, forcing him to work with opposition parties.

If France could replicate the increases in employment that countries such as Germany, the U.K. and Sweden achieved through reforms of their welfare systems, it could raise its potential growth from 0.8% to 1.3%, says Gilles Moec of Bank of America Merrill Lynch.

More than the fate of France is riding on Mr. Macron's success. Only a French government with a proven capacity to deliver domestic reforms is likely to persuade Germany to back the overhauls at the European level needed to increase the resilience of the eurozone as it faces what may be its gravest looming political challenge: next year's elections in Italy.

DEATH

Continued from Page One

self, distorting reality," Mr. Paulson said. "No matter how much those close to him tried to help, and no one tried more than Annabella, Charles could not see a path forward…his mind created a trap from which he couldn't escape."

This account of Mr. Murphy's life and death is based on interviews with close friends and colleagues, as well as those familiar with his family.

BESS ADLER FOR THE WALL STREET JOURNAL (TOP); ADRIEL REBOH/PATRICK MCMULLAN AGENCY

Charles Murphy and his wife, Annabella, pictured below in East Hampton, N.Y., in 2008, lived in a 19-room townhouse on Manhattan's Upper East Side. People around Mr. Murphy told him he needn't worry about money, but he worried nonetheless.

Fast track

Born to a middle-class New York family in 1961, Mr. Murphy stood out at a young age for his drive and intellect. His father worked as an engineer for a utility company and sparked his son's early interest in books and classical music. The family lived in a modest Upper East Side walk-up apartment.

Mr. Murphy attended Stuyvesant High School, one of New York City's top public schools, before enrolling at Columbia. At 6 feet 6 inches tall, he became captain of the crew team. Out of the water, he discussed philosophy, poetry and arts, classmates recalled.

Mr. Murphy became interested in investment banking while pursuing advanced degrees at Harvard and MIT, said Tom Seeman, a Harvard classmate.

In 1985, he was recruited by Goldman Sachs Group Inc., embarking on a two-decade career at the world's biggest banks including Morgan Stanley, Deutsche Bank AG and Credit Suisse Group AG.

Mr. Murphy spent most of that time in London, where he was seen as polished and articulate, favoring expensive suits. He closed complicated deals involving insurance companies and won praise for his financial analysis. He could also be rigid in his point of view, and disregarded opposing ideas, colleagues said. Some who worked with Mr. Murphy recalled times when he retreated into his office and closed the door, wanting to be left alone for days. That's how he focused at work, said someone close to the family.

In 1993, he married Heather O'Brien, a 24-year-old American preparing to start doctoral studies in theology, according to a wedding announcement. Six years later, after the couple had two children, the marriage collapsed. Ms. Murphy later married Sol Kerzner, a South African hotel magnate.

After the breakup of his marriage, Mr. Murphy became a fixture in London's club scene, colleagues said. In 2004, Mr. Murphy married a young Londoner, Annabella Demetriou, and became devoted to her, friends said. In 2006, he threw her a lavish 30th birthday party in London featured in Tatler magazine.

In the late 1990s, he became excited about the chance for bigger rewards outside Wall Street. At the height of the internet-stock frenzy, Mr. Murphy quit Morgan Stanley to become chief financial officer of a London startup, Antfactory Holdings Ltd. The firm backed technology companies and eyed a lucrative initial public offering itself.

Mr. Murphy accepted a token salary and was given stock with the potential to be worth tens of millions of dollars if the company went public or was sold. Within 18 months of his move, internet stocks had crashed, ending Antfactory's ambitions.

Mr. Murphy got another chance at a potentially lucrative IPO in 2007. Fairfield Greenwich Group, a Connecticut firm that managed $15 billion for wealthy individuals investing in hedge funds, considered going public. Mr. Murphy was hired to oversee its strategy.

As his family prepared to move to the U.S. from London, Mr. Murphy paid $33 million for the seven-level, 11-fireplace, limestone Upper East Side townhouse of Matthew Bronfman, an heir to the Seagram liquor fortune.

The Fairfield Greenwich IPO never happened. The firm had channeled billions of dollars of its investors' money into a fund overseen by Mr. Madoff, whose giant Ponzi scheme was uncovered in 2008. Mr. Murphy was out of a job. He tried to sell his house in 2009 as he and his wife considered moving back to London.

'The mind can play tricks with oneself, distorting reality,' said John Paulson.

By chance, Mr. Murphy and his wife were invited to a dinner party at a friend's East Side home, where he struck up a conversation with Mr. Paulson, of Paulson & Co.

Mr. Paulson had just made $20 billion betting against mortgage securities and banks in what was considered one of the great trades in financial history. Now, he wanted to invest in insurance companies. Mr. Murphy knew how, and he was eventually hired for the job.

One of Mr. Murphy's early ideas was to invest $80 million to help recapitalize struggling insurer Conseco Inc. The deal earned Paulson & Co. more than $100 million.

More recently, in search of another lucrative trade, Mr. Murphy asked another hedge-fund investor: "What can we do that's bigger?"

The answer seemed to be AIG, the insurer that in 2008 required a nearly $185 billion U.S.-funded bailout. The company had repaid taxpayers by 2012, and management was focused on improving its financial performance.

In March 2015, Messrs. Murphy and Paulson met with AIG Chief Executive Peter Hancock and offered a different plan: break up the insurance conglomerate. AIG resisted. Mr. Murphy spent months pitching his proposal to hedge funds and eventually persuaded billionaire Carl Icahn, who was already eyeing AIG.

"I didn't know him well," Mr. Icahn said, "but in our meetings I found him to be very bright and knowledgeable, and I liked him."

Mr. Murphy lobbied Wall Street analysts to write research in support of the plan. Some analysts said their conversations with Mr. Murphy amounted to lectures. A half-hour on the phone with Mr. Murphy was "29 minutes of Charles talking," one said. People who challenged the AIG breakup recall being barraged by Mr. Murphy with an avalanche of facts and figures.

At an AIG investor meeting hosted by Mr. Hancock in November 2015, Mr. Murphy repeatedly interrupted Mr. Hancock to answer investors' questions, some of the attendees said.

"Most investors are polite and deferential to management," said former Sanford C. Bernstein analyst Josh Stirling. "He was definitely confrontational."

The following February, AIG offered Messrs. Icahn and Paulson board seats to avert a proxy fight. Mr. Paulson suggested Mr. Murphy take his spot but AIG demanded someone else. The reason, according to people familiar with the matter: Directors felt Mr. Murphy was too abrasive.

In the fourth quarter, Paulson sold nearly half of its AIG position, locking in double-digit gains from the stock's improvement in 2016.

Retreat

Mr. Murphy made several million dollars a year at Paulson, a person close to the matter said. His compensation had been rising in recent years, though the firm performed poorly of late.

People around Mr. Murphy told him he needn't worry about money, but he worried nonetheless. Mr. Murphy had a $12 million mortgage on his Upper East Side home, according to public records. Two of his youngest children attended private schools; two more from his first marriage were in college.

Early in 2016, he put his townhouse on the market for $49.5 million. By summer, the price had dropped to $42.5 million.

Around July of last year, some of Mr. Murphy's friends and family saw a change. He looked tired. Instead of leading conversations, he was withdrawn, seemingly lost in thought.

Making even minor decisions, whether to go to the beach or take a walk, unsettled Mr. Murphy. His wife brought him to a psychiatrist, who diagnosed him with depression, prescribed medications and closely monitored him, friends said.

Mrs. Murphy tried to draw her husband out of his shell. "Charles, what do you think?" she asked him during a dinner a few months ago with friends. Mr. Murphy smiled and made an effort to join the conversation, a friend recalled.

Mr. Seeman, the former Harvard classmate, would see Mr. Murphy when he visited New York City. In the past few months, he said, Mr. Murphy began putting off his requests to meet: "When I asked him how things were going, he would say, 'OK,' or, 'Not so well,' when in the past he would always be more expansive."

The Paulson firm has lost money so far in 2017, according to an investor. In February, AIG's shares fell on setbacks in its turnaround plan, though they remain above Paulson's purchase price.

Mr. Murphy confided to a rival hedge-fund investor it had become more difficult for him to find attractive investments in a rising stock market.

A few weeks ago, Mr. Murphy had lunch with an old friend and said he was depressed and seeing a doctor. On Feb. 21, Mr. Murphy added his wife as a co-owner of their Upper East Side home, according to public records. That month, the asking price for the house was listed as $36.5 million.

In recent weeks, Mr. Murphy spoke with colleagues at Paulson about new investment opportunities, showing signs of renewed enthusiasm. He and his family celebrated Mr. Murphy's birthday on a ski trip in Vail, Colo., which seemed to buoy his spirits.

A friend staying at the same resort recalled fondly the sight of Mr. Murphy guiding one of his sons down the bunny slope, the father's long legs stretched around the boy's skis.

Flying home on Sunday, March 26, Mrs. Murphy told a friend that her husband had a "great week" and that the holiday was "fabulous."

The next day, Mr. Murphy sat down for breakfast with his wife and children. As he left for work, the nanny took notice of Mr. Murphy's suit and crisp shirt.

"You look good," she said, according to a close family friend.

"I feel great," Mr. Murphy responded.

That morning, Mr. Murphy worked in Paulson's Midtown Manhattan office.

Later, he headed to the Sofitel New York hotel a few blocks away, checked into a room and jumped from the 24th floor.

SOCKS

Continued from Page One

"you people just hate socks."

Indeed, many sailors and boatyard workers consider socks annoying wintertime wear. They prefer to spend warmer months bare-toed inside their deck shoes. So at marinas and yacht clubs around the U.S. in the springtime, increasingly, they get together to immolate them.

And read poetry and drink and try not to burn themselves, then avoid wearing socks until it gets cold again.

ANTHONY DEPANISE/OFFICE OF GOVERNOR LARRY HOGAN

Maryland Governor Larry Hogan (center, in brown hat) tosses his socks into a fire on March 18.

In Georgetown, S.C., sailors celebrate "Burn Your Socks for the Equinox" around a fire pit, reciting sock-burning verse. At Lake Texoma, on the Texas-Oklahoma state line, they incinerate stockings and switch to flip-flops.

Williamsburg, Va., kicks off canoe season by burning socks before a paddle trip down Taskinas Creek and York River. "I'm not sure I would describe it as sacred," said Corrina Ferguson, a representative for the event. "But we love any event that celebrates spring."

Ms. Ferguson said she believed the tradition dated back 100 years to the U.S. Naval Academy in Annapolis.

The keeper of the Annapolis fire had his own exotic theory. Brian DeGraw, who has tended sock-burnings for years, once figured the practice must date to some ancient ritual—perhaps a Viking sacrifice to the gods on the first spring day, he imagined, in which Norsemen lobbed woolen socks into flames and drank mead. A Naval Academy historian said the tradition started in Annapolis, but not at the academy.

Mr. DeGraw was "sorely disappointed," he said, when he finally found out the rite most certainly harked back only several decades, not to ancient peoples.

It got its start, it appears, in 1978. Annapolis Harbor Boat Yard's then-owner, Bob Turner, had survived a long winter shaving aluminum for boats, which got helical shards in his socks.

"Even talking about it 40 years later, I still wince," he said. One day that spring, he procured a 12-pack of Budweiser longnecks and invited employees.

"I'm burning my socks," he told them. "It's time to move on and go sailing."

He tossed his into a paint tray, soaked them in flammable adhesive remover and lighted them. Passersby stopped and donated socks in exchange for beer.

He did it again the next year, and more gathered with their own sacrifices. One year, after the event moved to a local yacht club, he said, a package arrived from Cambodia with old socks and a note asking to burn them.

Over the years, the ritual spread along the Coast and the Gulf, and to the Great Lakes and West Coast. "It's a celebration," said Roger Herrick, vice commodore of the Skidaway Island Boating Club in Savannah, Ga. "We take off our socks and get ready for summer."

Robin and Lance Van Auken host a burning in Williamsport, Pa., on a cliff overlooking the Susquehanna River. "We're wannabes who relocated to Pennsylvania 20 years ago from Florida," said Mrs. Van Auken. This year, a snowstorm killed their sock party when it buried the fire pit.

Mr. Turner moved to Georgetown, S.C., in 2010 and performed the ritual in his backyard, drawing curious neighbors. Then he read of the South Carolina Maritime Museum's sock burning. When asked how he knew of the tradition, he said "I started it," and he was in.

His rite dwindled in Annapolis for some years, he said. It rekindled in several local events, including the Annual Oyster Roast & Sock Burning, which Gov. Hogan attended.

This year, it was a catered affair with live music that drew 1,110, who dined on gourmet oyster dishes and sipped top-shelf rum and craft beer.

Gov. Hogan attended the third year in a row. He wore no socks in his deck shoes.

A woman with socks affixed to her jacket circled the fire. A man carrying a bag reading "sock widows" handed out old lone socks to people who had none.

Mr. DeGraw, who digs the fire pit each year, said his primary job is keeping well-lubricated celebrants from setting themselves on fire. "I use this," he said, gesturing to an 8-foot teak dowel salvaged from a boatyard he uses to tap people's feet when they get too close. It doubles as a staff to stir socks into the fire.

Socks aren't aerodynamic, so best throw them balled up, advises Mr. DeGraw, a captain and sailing instructor who lived on his sailboat in Annapolis for 12 years and now lives on his boat in Baltimore.

One year, he erred by dousing the coals afterward, creating "billowing clouds of sock-burning steam."

Some landlubbers toss in synthetic-fleece socks, which "turn into a stinky plastic ball," said Molly Winans, editor of SpinSheet, a local sailing magazine. "Wool and cotton are better."

Illicit sacrifices sometimes sail into the flames, including jeans, underwear, pantyhose and bras at past events.

Mr. Turner disapproves of non-sock offerings. "I'm happy to see it embraced all over as a spring ritual, but that's not really in the spirit of it."

"You have to embrace the maritime history of it all. It's really all about getting rid of those socks because it's time to put your deck shoes on."

GREATER NEW YORK

Behind the Budget Fight

Deal was made after new players exerted clout and realigned dynamics in Albany

By Mike Vilensky


DARREN MCGEE/OFFICE OF GOVERNOR ANDREW M. CUOMO

Gov. Andrew Cuomo announced a budget deal on Friday night.

ALBANY—New York Gov. Andrew Cuomo has long said the two parties in the state capital work collaboratively on his watch, and avoid the partisanship that divides Washington.

But in this year's state fiscal negotiations, legislative factions on the right and left dug in their heels, handing Mr. Cuomo a budget that was expected to pass Sunday night, nine days past the deadline.

The negotiations revealed a growing polarization in Albany that poses a hurdle for a governor who has long positioned himself as a moderate mediator who prizes governmental order such as on-time budgets.

"It probably was the hardest budget that we've done during my administration," Mr. Cuomo, a Democrat, said Sunday during a 970 AM radio interview. "This is a different day, and this is a different group."

In the Republican-led Senate, a group of upstate lawmakers led by Deputy Majority Leader John DeFrancisco of Syracuse became emboldened. "It falls upon those who I think are on the ideologically correct side to stand firm for a position, even if it means you have to negotiate longer," Mr. DeFranciso said in a recent interview with 1300 AM radio.

The Senate Republicans historically have been fractured between moderate Long Islanders and upstate conservatives, but the two camps have seen their political fortunes turn.

The Senate president since 2015, John Flanagan of Suffolk County, falls into the centrist camp. But Long Island Republicans lost two seats last year, while upstate politicians hitched themselves early to Republican President Donald Trump and were re-elected.

On the other end of the state Capitol's third floor, and the political spectrum, a similar dynamic emerged in the state Assembly. A group of young, newly elected New York City legislators pushed leftward on criminal-justice policies. Among the new group are Assemblywoman Rodneyse Bichotte, Assemblyman Michael Blake, Assemblywoman Diana Richardson, and Assemblywoman Nily Rozic, all representing the outer-boroughs.

The liberal Assembly members have a friend in Assembly Speaker Carl Heastie, who is himself a young, liberal outer-borough representative. Mr. Heastie was elected to the leadership position in 2015.

In their conferences, members urged Mr. Heastie not to sign off on a budget with Mr. Cuomo unless it softened how minors are handled in criminal prosecutions. The group largely advocated placing minors in family court and taking them out of adult prisons, they said.

"We made sure to push back every time the other side did not want to comply," said Ms. Bichotte.

The Senate's Independent Democratic Conference, eight rebel Democrats aligned with the Senate GOP in governing but not on policy, also said they wouldn't pass a budget without the measure this year, pushing their GOP allies.

The dynamics marked a break with previous years, when Mr. Cuomo negotiated with former Senate President Dean Skelos and former Assembly Speaker Sheldon Silver, both of whom kept a tight grip on members.

Mr. Cuomo and others attributed the shifting landscape partly to new leadership.

"Silver had total control over the conference and they did what he said, period," Mr. Cuomo said Sunday, in his radio interview, explaining why the budget stalled.

Some said the factionalism stems partly from the 2016 election, with people on both sides of the Trump divide getting newly engaged.

Ms. Rozic said she heard from more constituents this year than ever and it "helped change the tempo of this year's budget dance."

Hank Sheinkopf, a political strategist and former adviser to Mr. Cuomo, said the factionalism likely would stick around, given the realignment of personalities and priorities, which includes a conservative push against Mr. Cuomo's 2018 reelection. "This may signal an end to cooperation between everyone," Mr. Sheinkopf said.

Capitol Fallout

	What Happened	Winners	Losers
Criminal Justice	A measure to remove minors from adult courts and prisons for nonviolent offenses passed.	Assembly Democrats and defense attorneys who pushed for it.	Republicans and district attorneys who voiced concerns about being too soft on serious crimes.
Ethics	Proposals for stricter campaign-donation regulations, more oversight of economic-development spending stalled.	Both majorities and the governor, who chose to prioritize other issues.	Good-government groups such as the New York Public Interest Research Group.
College Affordability	Governor's plan for free college for students below a certain income level passed, along with a measure enabling state colleges to raise tuition $200 annually.	Families who qualify for free tuition. Estimates vary on who would qualify.	Those who don't qualify, and are expected to face a tuition increase.

Passover Dining Out Choices Expand

By Charles Passy


PETER J. SMITH FOR THE WALL STREET JOURNAL

Rabbi Katz uses a blowtorch to clean the kitchen at Le Marais for Passover. The Midtown restaurant spends about $15,000 to prepare to open for the holiday.

For many years, kosher restaurants throughout the New York area closed their doors during Passover as a matter of practicality.

The eight-day Jewish holiday, which begins at sundown Monday night, requires that no bread or bread products be used, limiting culinary options.

Moreover, there is the headache factor: For an establishment to stay open and maintain its kosher status, it must undergo a thorough pre-Passover cleaning—to the point of blowtorching some areas to ensure no errant breadcrumbs are left behind.

In recent years, however, more kosher establishments have opened during the holiday. They range from fine-dining destinations, including Le Marais in Midtown Manhattan and Talia's Steakhouse on the Upper West Side, to more casual dining spots.

Blueberry Cafe, a Mediterranean and American-inspired restaurant in Brooklyn's Midwood neighborhood, even serves a pizza during Passover that is made using bread substitutes. "People rave about it," said owner Yossi Maymon.

The trend is being driven by several factors, say those who track the kosher market. For starters, there simply are more kosher restaurants in the New York-area these days than before—some 500-plus, according to Elan Kornblum, publisher of Great Kosher Restaurants magazine.

There also are more food products on the market that meet Passover dietary requirements, expanding the gastronomic possibilities. Menachem Lubinsky, a marketing expert who follows the kosher industry, says the number of such items has more than doubled in the past six years to 52,000.

Passover could be a lucrative period for restaurateurs, especially because the holiday brings the potential for catering jobs, Mr. Lubinsky said.

Still, restaurateurs who stay open say the numbers don't always work out in their favor. They cite a range of costs associated with the holiday, from hiring extra help for the cleanup to purchasing new dishware and kitchen supplies because year-round items may not be readily used during Passover, according to religious rules.

Restaurant owners also say that even if they don't turn a profit during the holiday, they earn a degree of goodwill from their customers, who often are grateful to have the option to dine out. "We do it more as a service for the community," said Jose Meirelles, owner of Le Marais. The restaurant will spend about $15,000 preparing for the holiday, and might not recoup that, he said.

But Albert Allaham, owner of Reserve Cut, a kosher steakhouse in Manhattan's Financial District, says the vast size of the kitchen at his 277-seat restaurant would make a pre-Passover cleanup an unwieldy challenge.

And he likes to take the holiday off for another reason: "I get to see my kids."

De Blasio Renews Effort to Make Inroads on Staten Island

By Mara Gay


JAN SOMMA-HAMMEL/STATEN ISLAND ADVANCE/ASSOCIATED PRESS

Mayor Bill de Blasio ate pizza, with a fork, on Staten Island in 2014.

The relationship may have been doomed from the start. But when it comes to Staten Island, New York City Mayor Bill de Blasio is still trying to make it work.

On Monday the mayor and his senior staff will move operations to Staten Island for the week, working to woo the most conservative part of the city on his first stop in a five-borough tour ahead of his re-election campaign this year.

"We're not going to mistreat him here on the island," said John Antoniello, the former Staten Island GOP chairman. "But there will be a lot of questions raised by the locals about the jail," he said, referring to a proposal to open a jail on Staten Island. Mr. de Blasio has said he opposes it.

For the mayor, a Democrat who has sought to strike a national profile among liberals, Staten Island has served as a kind of enemy territory in his own backyard.

The mayor lost to Republican opponent Joseph Lhota here by more than 10 percentage points in 2013.

In a Feb. 28 Quinnipiac University poll, Mr. de Blasio's citywide approval rating was 50%. On Staten Island, it was 22%. A full 72% of voters polled here said they had an unfavorable view of Mr. de Blasio.

Still, the mayor is making an effort to win over Staten Islanders. He plans $122 million in new spending on the Staten Island Ferry in next year's budget. He has allocated millions of dollars to fight the opioid epidemic, which is acute on Staten Island, and promised to resurface thousands of miles of the sprawling borough's roads.

As of Monday, he will have visited the borough 60 times, according to a count kept by the mayor's office because the borough's local paper, The Staten Island Advance, had begun a tally. The city didn't have a record of the number of times the mayor visited other boroughs.

The mayor hasn't released a schedule yet, but he will meet with elected officials and community groups, local officials said. Still, some said the overtures were unlikely to succeed.

"He could pave all the roads in Staten Island and it wouldn't make a difference," said Richard Flanagan, an associate professor of political science at the College of Staten Island. "It's pretty much burned in."

Jessica Ramos, a spokeswoman for Mr. de Blasio, said the mayor headed to Staten Island because he "very much believes in breaking down the barriers between New Yorkers and their government.

"That commitment includes getting out of City Hall and into neighborhoods as much as possible," she said, declining to specifically comment on the mayor's standing in Staten Island.

The mayor's predecessors have had an easier time in the borough of about 475,000 people.

"First let me tell you, I love Staten Island because they elected me mayor," said former Mayor Rudy Giuliani, a Republican who rode to office by driving up overwhelming numbers in the island borough. "Also, they're my kind of people."

Asked to explain what he meant, Mr. Giuliani said the borough's voters were "blue collar."

"They're all police officers, firefighters instead of the fancy Manhattan crowd," he said.

The borough also is 62% white, compared with 32% in the rest of the city, according to 2014 census data. The mayor consistently has struggled to win over white voters at the same rates as minorities.

While former President Barack Obama carried the congressional district twice, President Donald Trump cruised to a double-digit win in the borough in November.

An Uphill Battle For the Mayor

New York City Mayor Bill de Blasio's cool reception on Staten Island is driven in part, some believe, by the large numbers of police officers who live in the borough.

"Every other house here has someone related to a police officer," said Councilman Joseph Borelli, a Staten Island Republican. "It's a tough sell."

Hundreds of police officers turned their backs on Mr. de Blasio at the funeral of two officers more than two years ago after remarks they viewed as objectionable.

In the aftermath of the chokehold death of Staten Island resident Eric Garner as he was being arrested for allegedly selling untaxed cigarettes, the mayor said he had cautioned his biracial son to be careful around the police.

The mayor originally ran for office promising to improve policing in minority communities.

—Mara Gay

Costs Soar Under City Agency

By Keiko Morris

New York City's libraries and other cultural organizations looking to build facilities or make repairs often endure a staggeringly long process and added costs under the agency that manages such city-funded projects, a report finds.

The city's Department of Design and Construction was created in 1996 to consolidate and more efficiently manage the city's capital projects. But a study issued by the Center for an Urban Future, a nonpartisan policy think tank, found that delays and cost overruns were pervasive among the 144 library and cultural projects analyzed between 2010 and 2014.

PROPERTY

A rendering of the gut interior renovation of the Ozone Park library in Queens.

The study revealed that the median cost of construction for new library and cultural buildings managed by the DDC was $930 a square foot, compared with the $425- to $500-a-square-foot range for speculative office construction costs estimated by a New York Building Congress analysis of 2015 New York City construction costs.

The main problem: Excessive layers of reviews and approvals dragged out these projects, according to the report, conducted in partnership with the Citizens Budget Commission, a nonpartisan nonprofit group.

"What starts out as a well-intentioned goal of saving the city some money, I think ends up costing the city money and significantly delaying the process," said Jonathan Bowles, executive director of the Center for an Urban Future.

At a time when the city's population and tourism have been growing, cultural organizations and libraries have been expanding to meet rising demand. The slow process, however, hampers their ability to maximize public funding, said officials with these organizations and elected officials.

The DDC manages construction projects for public buildings and infrastructure such as roads and sewers, to make sure city money is used efficiently and provide expertise some organizations lack. "This report fails to recognize the rigorous protections that safeguard taxpayer dollars," said a spokesman with the city's Department of Cultural Affairs.

Mr. Bowles insists significant reforms are needed. The median duration for new construction projects was 2,467 days, or almost seven years, according to the study. The median length of time for mechanical-system upgrades such as the replacement and installation of fire alarms and heating and cooling equipment was 1,573 days.

Most of the development time was spent in the three stages before construction begins, when cost estimates are conducted and the project's eligibility is reviewed, followed by a design phase and a period to solicit bids from contractors, the study said.

Often, a lack of understanding of approval requirements, as well as changes made to the project, prolonged the preconstruction period, the study said.

That is partly because funding for projects comes in piecemeal from different city sources, and organizations often tack on more elements to a project as they get more money. Changes to the scope of the project, as well as some minor amendments, require approval from the city's Office of Management and Budget.

When library organizations managed their own projects, by contrast, the time and costs often were significantly reduced. Major renovations managed by the New York Public Library itself cost $412 a square foot and took just under two years, compared with $656 a square foot and an average duration of 80 months for projects under the DDC, according to the library's data.

At the Queens public library, the cost estimate for a city-funded interior renovation of the Hollis branch managed by the DDC is about $2.5 million, compared with $1.2 million for a similar size state-funded interior renovation at the Ozone Park branch, Queens library officials said.

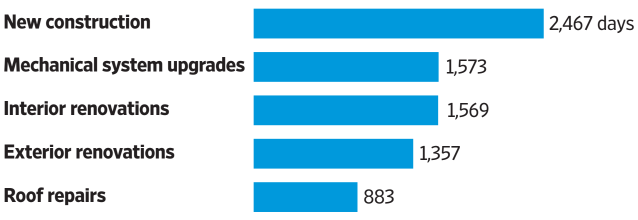
"We can build these libraries much faster," said Dennis M. Walcott, president and CEO of the Queens Library.

Representatives for the DDC and the OMB said the city has made improvements since 2014. The DDC has reduced the time when contractors are selected for all its public-building projects from an average of one year to nine months, and shortened the design period for completed projects that started after July 1, 2014, by 50%, a department spokesman said. Construction periods for completed projects in that time period also fell by 40%, he said.

"It's not getting better quickly enough," said city councilman Jimmy Van Bramer.

Drawn-Out Process

Median completion time for projects involving libraries and cultural organizations managed by New York City's Department of Design and Construction.



Note: Data collected from 2010-14 on 144 library and cultural capital projects.
Sources: Analysis of data from the New York City Department of Design and Construction by the Citizens Budget Commission and the Center for an Urban Future

THE WALL STREET JOURNAL.

PROPERTY WATCH

MANHATTAN

Land Under Lipstick Building Refinanced

Ceruzzi Holdings LLC and its partners refinanced the land beneath Manhattan's Lipstick Building, securing a $272 million loan a year after purchasing the property.

The investment group bought the ground beneath 885 Third Ave., a 34-story Midtown tower, in February 2016, assuming a $267.5 million loan with an above-market interest rate of 6.21% made about a decade ago, said Louis Ceruzzi, president of Ceruzzi Holdings.

The new financing for the property is a fixed-rate loan at 3.35% with a four-year term from Credit Suisse Group AG.

Ceruzzi is the managing partner of a group of investors, including SMI USA, that owns most of the land beneath the Lipstick Building. They purchased the property for $453 million from SL Green Realty Corp.

NEW JERSEY

Insurer to Move Some Staff to Bell Works

The redevelopment of the historic Bell Labs building in central New Jersey has landed a 90,000-square-foot lease deal with an insurance company.

The Guardian Life Insurance Company of America, which has its headquarters in downtown Manhattan, is planning to move several hundred employees to the building in Holmdel, about 47 miles southwest of Midtown Manhattan. The property, now called Bell Works, is the former Bell Labs research facility designed by architect Eero Saarinen.

The glass-enclosed complex redeveloped by Somerset Development LLC has attracted a number of technology companies with plans to offer shops, cafes, restaurants, health-care services, and a hotel and conference center.

—Keiko Morris

The Lipstick Building on East 53rd Street and Third Avenue.

Cinephiles Cheer Art-House Boom

By Charles Passy

A generation ago, New Yorkers were left to mourn the loss of many of the art-house and revival movie theaters, from the Thalia on the Upper West Side to the Bleecker Street Cinema in Greenwich Village, that helped define the city's cultural life.

These days, they have more options than they can practically count.

During the past few years, there has been a boom in specialty theaters showing independent and new foreign releases, and screenings of classic films. Some up the ante with special food and drink offerings.

The newest entry—or reentry, if you will—is the Quad Cinema, a four-screen theater in Greenwich Village reopening on Friday after roughly a two-year shutdown. It is now owned by Charles Cohen, a real-estate developer who also heads Cohen Media Group, a film business that produces and distributes movies.

Mr. Cohen acquired the Quad for an undisclosed sum in 2014. He has since remodeled the theater at the cost of several million dollars, he said. Mr. Cohen's aim was to transform it into a sleek, contemporary-styled space where the four theaters, each with 97 to 116 seats, closely resemble private screening rooms. An adjoining bar serves wine, beer, coffee and tea.

"This is about creating an environment and an experience" for film lovers, said Mr. Cohen, who decorated the space with vintage movie posters from his personal collection.

The Quad has plenty of competition, especially in Brooklyn. In October, Alamo Drafthouse Cinemas, a burgeoning national chain that emphasizes its equal obsession with movies and craft beer, opened a seven-screen theater

Manhattan's Quad theater to reopen this week amid revival of niche movie venues.

in the borough's downtown area. And Nitehawk Cinema, a culinary-minded Williamsburg theater that opened in 2011 and bills itself as "New York's premier dine-in theater," has plans to add a second venue in Park Slope later this year.

Even major cultural institutions increasingly are getting into the art-house movie game. For example, the Film Society of Lincoln Center, which has operated the Walter Reade Theater since 1991, added another space, the Elinor Bunin Munroe Film Center, in 2011.

There are other relatively new theaters falling into this burgeoning movement. Consider the Metrograph, a two-screen theater in Chinatown that opened in 2016. Moreover, established theaters are in growth mode: Greenwich Village's five-screen IFC Center, which opened in 2005, is looking to expand on a vacant lot behind the venue.

The trend for these theaters specializing in niche fare is being driven by a broader interest in independent cinema in recent years, say film-industry insiders and observers.

Moreover, experts say that a new generation of film fans is starting to prize the in-theater viewing experience—as opposed to the at-home one—especially if the theaters offer a higher grade of service and amenities.

"Cinephiles are hungry for a return to that collective experience of sitting in the dark. Nothing can beat it," said Aaron Hillis, a New York film journalist.

Still, with so many of these theaters now on the scene, the question remains if they will start to cannibalize each other's business. Theater owners counter that there is room for everyone, particularly because the theaters try to cater to different markets—not just geographically, but also in terms of the types of movies they show.

Workers upgraded the projection system as part of a renovation at the Quad Cinema in Manhattan.

LIFE & ARTS

BURNING QUESTION

Should You Take Off Your Shoes?

BY EZEQUIEL MINAYA

REMOVING ONE'S SHOES when entering a home isn't as commonplace in the U.S. as in some other countries. While going shoeless is considered polite for guests in Japan or Finland, hosts in the States risk catching visitors by surprise with the request.

But it turns out taking your shoes off indoors isn't just good manners. It's good hygiene, too.

Shoes are a menagerie of microorganisms, sometimes carrying dangerous bacteria, says Kevin W. Garey, chairman of the department of pharmacy practice and translational research at the University of Houston. Bacteria can be very hardy—hanging around in some cases for years—but so are most people.

People run little risk of falling ill because of germs clinging to their shoes unless they already suffer from an underlying condition that makes them vulnerable. The elderly and the young are also more susceptible.

But avoiding pathogenic bacteria that can cause illnesses from diarrhea to meningitis is easy, Mr. Garey says. Just take your shoes off. "It's amazing how far humans travel during the day, and all that walking drags in germs and bugs," he says.

Mr. Garey was among a group of researchers who published a study this year focusing on the prevalence of a specific bacterium, Clostridium difficile, also known as C. diff. It was responsible for nearly a half-million infections in the U.S. that resulted in some 29,000 deaths in 2011, according to the Centers for Disease Control and Prevention.

Over two years, Mr. Garey's study tested for C. diff in more than 2,500 samples collected around Houston.

Among samples collected in homes, 26.4% of shoe soles tested positive for C. Diff, about three times the number found on bathroom and kitchen surfaces.

And that's just one bacterium. In an earlier investigation, Mr. Garey examined past studies to learn if "shoe soles are a vector for infectious pathogens."

The answer was a resounding yes. Among the studies: Austrian researchers found at least 40% of shoes carried Listeria monocytogenes in 2015. And a 2014 German study found that over a quarter of boots used on farms carried E.coli.

"Essentially, when you wear your shoes in a house, you are bringing in everything you stepped in during the day," says Jonathan Sexton, a laboratory manager at the Mel & Enid Zuckerman College of Public Health at the University of Arizona.

Wiping your feet, however vigorously, on a welcome mat, provides only limited help, he says. "It will remove some of the dirt, but you have to think of the person who wiped their feet before. You might be picking stuff they left behind."

ISTOCK

Five movies will explore the 25th anniversary of the LA riots

SMALL SCREEN

Television's Anniversary Frenzy

After the success of O.J. Simpson shows, TV producers comb history for material; L.A. riots, death of Princess Diana, Monica Lewinsky scandal set for big play

New shows examine David Koresh and Branch Davidians near Waco, Texas

TV producers are revisiting the 20th anniversary of Princess Diana's death

BY JOHN JURGENSEN

Monica Lewinsky's name hit the news almost 25 years ago

EXECUTIVES FOR at least five TV networks all had the same idea: Let's make a documentary marking the 25th anniversary of the Los Angeles riots on April 29, 1992.

Beginning next week, this crop of movies begins airing about the city's eruption of rage and violence. Demand for meaty documentaries that will stand out in an overcrowded TV landscape has producers scouring history for moments that spark our collective memory—or at least offer an easy marketing hook. Anniversaries that end in 5 or 0 are a major incentive to revisit milestone crimes, tragedies and controversies in hopes of finding new relevance.

The retrospective rush was triggered by the surprise success of two multi-part TV series about O.J. Simpson that appeared last year around the 20th anniversary of his murder trial. A documentary ("O.J.: Made In America") and a scripted drama ("The People v. O.J. Simpson") brought fresh context to a saga that many had dismissed as a dated tabloid fever dream, and won an Oscar and nine Emmy awards, respectively.

Now producers are raiding the rest of the 1990s for subject matter. The death of Princess Diana 20 years ago this August is the focus of multiple projects, including a four-hour documentary set to broadcast over two nights on ABC. Executives say multiple producers are racing to dissect the scandal involving President Bill Clinton and Monica Lewinsky, whose name hit the news 20 years ago next January. Another hot topic in the industry: the federal siege on a religious cult near Waco, Texas, 25 years ago next February.

The re-analysis trend has also spilled into scripted shows. On April 28 Netflix releases "Rodney King," a "spoken-word portrait" by Roger Guenveur Smith and directed by Spike Lee. Production begins this month on a six-part drama about Waco, starring John Leguizamo, Michael Shannon and Taylor Kitsch, with the Weinstein Company promising a story "surprising in its stark contrast to the media narrative at the time and what is remembered of Waco almost 25 years later." Colin Farrell is on deck to play Oliver North in a miniseries being developed for Amazon about the Iran Contra affair, which climaxed 30 years ago. The team behind "The People v. O.J. Simpson," who cast Cuba Gooding Jr. in the title role, is hunting for stars to play Princess Diana and Prince Charles in the next edition of the FX drama "Feud."

Vinnie Malhotra, who oversees documentaries and unscripted programming at Showtime, says he has fielded four different Monica Lewinsky pitches, plus a proposal for a scripted drama about the scandal. He passed on all—the approach was "too straightforward"—and says he's pursuing a different angle but declined to elaborate.

The L.A. riots have the right ingredients for reassessment: Tons of footage remaining from blanket news coverage; timely themes, including tensions over race and policing; and the interest of top filmmakers who came of age in the '90s.

Showtime's documentary, a two-hour film titled "Burn Motherf*cker, Burn!" premieres April 21. Director Sacha Jenkins, whose experience is rooted in music films, went for historical context. The movie delves into the formation of the L.A. police department and local street gangs, along with the Watts riots of 1965, before getting to Rodney King.

Please see FRENZY page A12

CLOCKWISE FROM TOP LEFT: STEVE GRAYSON/WIREIMAGE; LET IT FALL: LA 1982-1992 FILM; SYGMA/GETTY IMAGES; ASSOCIATED PRESS; EVERETT COLLECTION

ANATOMY OF A SONG | Marc Myers

'SUNSHINE SUPERMAN'

THE FIRST PSYCHEDELIC hit to top Billboard's pop chart was "Sunshine Superman," by Scottish singer-songwriter Donovan Leitch. Written as a valentine to Linda Lawrence, his love interest, the song was recorded in December 1965 and released in July '66, climbing to #1. Recently Donovan, who will appear June 1 at the Bergen Performing Arts Center in Englewood, N.J., arranger John Cameron and Ms. Lawrence, talked about the song's evolution. Edited from interviews:

Donovan: I first met Linda Lawrence in March 1965 in the green room of "Ready Steady Go!," the British pop TV show. Linda was a friend of one of the co-hosts. She had an art-school vibe, and after a brief conversation, I asked her to dance to a soul record playing. As we jazz danced, I fell in love.

In the weeks that followed, Linda and I spent time together. She told me she had recently separated from Brian Jones, the Rolling Stones' founder. She said while they never married, they had a 1-year-old son named Julian.

After their split, Linda lived quietly at home, building her modeling portfolio. In the late spring of '65, she moved to Los Angeles to find work. Brian wasn't providing financial support, and Linda wanted to start fresh. She left Julian with her mother until she was settled.

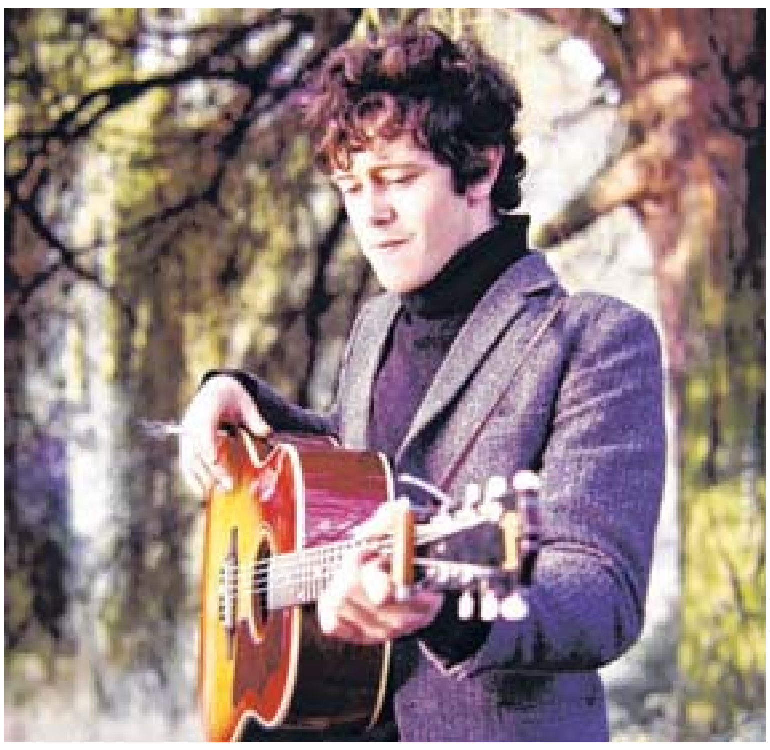
That summer, my song "Catch the Wind" became a hit in the U.S., and I wound up in L.A. to promote it. I visited Linda, and we spent many weeks together. I asked her to marry me, but she said she needed time and wanted to remain in California.

I was miserable but undeterred. Back in London, in the early fall of '65, I lived above the flat of my manager. Missing Linda, I began to write "Sunshine Superman."

In the flat's main room, I sat cross-legged on a tatami mat and played the cherry-red Gibson J-45 I had bought in L.A. As I wrote the words and music, it became an optimistic heartbreak song. Like many of my songs, it expressed hopeful melancholy.

The second line, "Could've tripped out easy a-but I've, a-changed my ways" has nothing to do with an acid trip. It means I could have allowed my thoughts to

Please see SUNSHINE page A13



J. BARRY PEAKE/REX/ZUMA PRESS

Donovan in London in 1965, before writing 'Sunshine Superman.'

WHAT'S YOUR WORKOUT? | Jen Murphy

A CHEF'S RECIPE FOR SLIMMING DOWN

STEPHEN VOSS FOR THE WALL STREET JOURNAL

Fabio Trabocchi works with a kettlebell and weights and boxes with trainer AC Cowie, top right.

WHEN FABIO TRABOCCHI launched his eponymous Italian restaurant empire in Washington, D.C., in 2011, he powered through with 20 double espressos a day and late-night, pasta-centric meals. Now 43 years old, the chef at one point weighed 260 pounds. "I realized I'd reached a seriously unhealthy weight, but there just didn't seem to be time for regular workouts," he says. He and his wife and business partner, Maria, opened Fiola in 2011, Casa Luca in 2013 and Fiola Mare in 2014. "With every opening I'd fall into bad eating habits," he says.

In March 2016, he geared up for the December opening of his fourth restaurant, Sfoglina, and began construction on Del Mar, his fifth and largest restaurant, set to open this fall. "I'd never been busier, but I knew espresso wasn't the answer to the stress or my back pain," he says. Mr. Trabocchi's wife was always raving about AC Cowie, her personal trainer at Balance Gym in Glover Park, a short drive from their Georgetown home. Mr. Trabocchi dubiously signed up for a session and was surprised that he and Mr. Cowie were the same age and shared a love of food. "I liked that he could understand what goes on in the body of a man in his 40s," he says. "He is really fit, but working with him made me realize my fitness potential and that I could make healthier choices and still enjoy food."

Most days, Mr. Trabocchi works from 9 a.m. to 11 p.m., bouncing among restaurants. His alarm goes off at 5:30 a.m. so he can be at the gym by 6 for a 45-minute training session five days a week. "The busier I am at work, the more important it is to get in my workout," he says. Mr. Cowie also gave the chef a diet tutorial. "AC told me that the less I ate sugar, carbs and dairy, the less I would crave them, even if I was around them all day at work," he says. He took a hard look at his diet, cut out baked goods and stopped adding sugar to his espresso.

He now weighs 202 pounds, having dropped 40 pounds in a year, and has gone from a size 40 to size 32 waist. He hopes to drop another 10 pounds this year. "I've never had more energy and felt so on top of my game," he says.

The Workout

Stretching has been just as important as strengthening for Mr. Trabocchi. "Chefs look down most of the day, and after decades in the kitchen I felt like I had a permanent curve in my back and shoulders," he says. Mr. Cowie taught him stretches that loosen up his spine and open his chest, including twisting lunges and hanging from a chin-up bar. He starts every workout with the series of poses and also does them at home.

He gets his heart rate up by rowing or biking five to 10 minutes, followed by variations of jumping jacks, like bringing opposite elbow to opposite knee, to fire up his nervous system. Mr. Cowie designs full-body workouts that emphasize different muscle groups. Mr. Trabocchi might do four sets of eight reps of barbell bench presses, then four sets of 10 reps of pull-ups and lat pull-downs, with a hamstring stretch in between.

Strength work is followed by conditioning, which focuses on explosive movements like box jumps and medicine ball slams against a wall. Mr. Cowie might have him do three to four rounds of kettlebell snatches or sled pushes. Once a week he puts Mr. Trabocchi through a boxing workout, using heavy bags, speed bags and mitts.

On Sundays, Mr. Trabocchi and his wife go for long walks. He tries to hit 12,000 to 16,000 steps a day on his Fitbit.

The Diet

Mr. Trabocchi revamped his diet, focusing on protein and vegetables. It wasn't unusual for him to taste dishes all day, then eat a single large meal. "I'd get home at midnight and devour the entire refrigerator," he says. His trainer drilled into him the importance of eating throughout the day, particularly a substantial breakfast. Mr. Trabocchi now complements his morning espresso with two or three eggs sunny side up, with smoked salmon or prosciutto, citrus fruit and whole-grain toast. Lunch is a salad and grilled fish. He eats dinner before 8 p.m., usually grilled fish or occasionally a steak, with vegetables. He treats himself to pasta once a week. "Espresso is my one bad habit," he says. "I've cut back to six to eight double espressos in the first three hours of the morning."

The Cost & Gear

"I've been wearing a Fitbit for more than a year now, and it's on me at all times," he says. He likes sneakers from Puma and Nike and buys workout apparel from Nike, Reebok and Under Armour. An annual membership at Balance Gym in Glover Park costs $64 a month. He pays $75 for each personal training session.

Don't Ditch Food Groups Without a Plan

Fad diets that cut entire food groups can often leave people nutrient-deficient, says Stella Volpe, professor and chair of the nutrition sciences department at Philadelphia's Drexel University. "When we eliminate something from our diet, it's important to think about how that will affect the body," she says. "Red meat is a great source of protein, iron and B12. Milk provides calcium."

She suggests going to the USDA's online National Nutrient Database to find alternative sources of nutrients you're missing out on. "It's important to understand that one source of a nutrient isn't as impactful as others. You'd have to eat a heck of a lot of spinach to match the iron you get from a steak."

Carbs aren't the bad guys, Dr. Volpe says. "Our brain and central nervous system require glucose." Still, it's smart to avoid extra sugar. "Look at your overall diet and start small, by using less sugar and then maybe no sugar in your coffee."

FRENZY

Continued from page A11

The Smithsonian Channel is using anniversaries to promote coming documentaries about serial killer David Berkowitz (arrested 40 years ago), controversial TV miniseries "Jesus of Nazareth" (released 40 years ago) and Pocahontas (deceased 400 years ago).

Weighing in on the L.A. riots in a series called "Lost Tapes" is a way for the Smithsonian to get noticed, despite the glut of similar documentaries. "We're a smaller channel and we want to be part of that conversation and the same competitive set," says David Royle, Smithsonian Channel's executive vice president of production and programming.

Across the entertainment world, anniversaries are a time-honored tool for squeezing new revenue out of old releases. U2 is using the 30th anniversary of the band's "Joshua Tree" album as a reason to launch a concert tour in May. Deadheads are being lured to movie theaters on April 20 for a 40th anniversary showing of "The Grateful Dead Movie." The 50th birthday of "Sgt. Pepper's Lonely Hearts Club Band" in June brings a deluxe reissue of the album and a yet another justification for Beatles fans to part with their money.

But the TV industry's nostalgia quest is "bigger than it was even 10 years ago," says Rob Sharenow, executive vice president and general manager of A&E and Lifetime. "We live in a fractured culture where there are very few moments of unity and focus. These anniversaries give us a way to compare shared experience and remember."

FROM TOP: A&E NETWORK; GLOBE PHOTOS, INC.

John Singleton produced 'L.A. Burning: The Riots 25 Years Later.'

A&E is using anniversaries to help relaunch its "Biography" series this spring, featuring not one but two celebrated rappers: Notorious B.I.G. (killed 20 years ago last month) gets a two-hour life story and Tupac Shakur (killed two decades ago last year) gets a six-part murder investigation. Other installments will revolve around Elizabeth Smart (abducted 15 years ago) and David Koresh, leader of the Branch Davidian sect near Waco.

Several recent documentaries examined JonBenét Ramsey's 1996 death

Premiering April 18, the network's two-hour "L.A. Burning: The Riots 25 Years Later," was executive produced by John Singleton, whose directorial debut, "Boyz in the Hood," came out in 1991.

Competing riot films are opening in movie theaters first. "LA 92" premieres at this month's Tribeca Film Festival before hitting the National Geographic channel April 30. "Let It Fall: Los Angeles 1982-1992" is being released in theaters a week before its ABC broadcast on April 28.

Producers who specialize in crimes from the past, a busy category at the moment, are especially dependent on the time-machine strategy. "It's almost a formula: Take the interest in the true-crime genre, add the feeling in the country for nostalgia, and out come these anniversaries," says Henry Schleiff, group president of cable channel Investigation Discovery, which considered several Son of Sam pitches before settling on its three-part anniversary special this summer.

The anniversary angle used to be the domain of TV news divisions that compiled footage from network archives to churn out specials. But cutbacks in these departments helped open the door to outside producers with a bigger-picture documentary style, says Tom Forman, who runs a production company called Critical Content. Its six-hour CBS miniseries, "The Case of: JonBenét Ramsey," added to a recent wave of documentaries arriving 20 years after the girl's death.

"Don't think there's not a calendar in my office marked with every unsolved national homicide of the '90s and 2000s," Mr. Forman says.

ART REVIEW

Treasures of Nation-Building

BY LEE LAWRENCE

New York

TWO THOUSAND-YEAR-OLD terra-cotta horses, mustachioed officers, and kneeling archers in suits of armor may be a familiar stand-in for ancient China, yet the sight of them continues to amaze. In "Age of Empires: Chinese Art of the Qin and Han Dynasties (221 B.C-A.D. 220)," the stately demeanor of six close-to-life-size figures sets the tone for an exhibition whose principal aim is to impress on visitors how the Qin (221-206 B.C.) and the Han (206 B.C.-A.D. 220) cumulatively shaped China. While borders shrank and expanded over the millennia that followed, the template Qin and Han rulers developed during their four centuries in power persisted: a unified—though hardly uniform—state with centralized governance and a shared identity.

This is the second major exhibition this year to capitalize on the seemingly endless excavations of burial complexes over the past 50 years. The first, "Tomb Treasures: New Discoveries From China's Han Dynasty" at San Francisco's Asian Art Museum, delved into the private lives and beliefs of Han royalty. "Age of Empires" broadens the timeline to include the Qin, brings together 160-plus works from 32 Chinese museums and archaeological institutions—an impressive feat even for the Met—and focuses on the dynasties' nation-building.

CLOCKWISE FROM LEFT: QIN SHIHUANGDI MAUSOLEUM SITE MUSEUM, LINTONG; METROPOLITAN MUSEUM OF ART; HEBEI PROVINCIAL MUSEUM, SHIJIAZHUANG

Clockwise from left: Kneeling Archer (detail), Qin dynasty (221-206 B.C.); Strongman, Qin dynasty (221-206 B.C.); Coffin Handle Western Han dynasty (206 B.C.-A.D. 9)

Reinforcing this theme, the layout's spaciousness and sightlines express solemnity and grandeur. Each dynasty's story begins with military might—note the shift in emphasis from infantry to cavalry—followed by aspects of their administrative apparatuses and an exploration of their art and the kaleidoscopic influences that helped shape it. A headless Qin statue of a man, for example, is arresting for its naturalism—the belly bulges, back and arm muscles tense as the hands grasp a pole, suggesting he portrays the strongman of an acrobat troupe. Unusual for this period, it probably embodies a response to Hellenistic sculptures created after Alexander the Great conquered parts of Central Asia. At the other extreme, the silver and gold decorations on a pair of Han crossbow holders outline such highly stylized clouds and animals they could be art-deco motifs.

Even though the tools of administration on display are not always visually exciting, they are too important to overlook. The Qin standardized weights, measures and—most important—writing. Since Chinese characters represent the meaning, not the sound, of words, people who did not share a spoken language could now communicate in writing. And, under the Han, the water clock on display enabled a bureaucrat to record date and time on every piece of correspondence, while a staff topped by a bird-shaped finial marked its owner as over 70, visibly reinforcing the emperor's insistence on Confucian values, which prescribed respect and privileges for the elderly.

Almost as a counterweight, the final section celebrates the dynamics of pluralism. A hanging lamp, for example, melds influences from India and the Mediterranean, while a lively market scene on the lid of a bronze container exemplifies traditions maintained by the Dian, a people whose territory was annexed under the Qin.

Recent archaeological digs have both spawned a spate of shows—a third one, "Dreams of the Kings: A Jade Suit for Eternity," opens at the China Institute in New York on May 25—and enriched scholars' understanding of this period. As the Met's must-read catalog points out, we now know that maritime trade brought technologies, not just goods. The gold granulation on several ornaments are part of a transmission process that archaeologists have traced back to northern Pakistan. Similarly, chemical analyses show that some glass previously thought to have been imported was in fact locally made—see a bowl from the early Han dynasty (206 B.C.-A.D. 9) as well as the glass inlays in a pair of Qin gilt-bronze finials. The bowl is as simple as the finials are elaborate, their winged and beaked four-legged creatures pointing to yet another foreign connection: Western griffins.

We now also know that imperial workshops developed a system of quality control over this 400-year period. It shows. Whether in the decorated vessels devoted to the storing and pouring of wine, the lacquerware and colorful silks, the statuettes of animals both domestic and foreign, or the figures of dancers and musicians, the mastery is stunning. Even death is made beautiful, from painted reliefs on a tomb door to a gilded and silvered coffin handle sporting an animal face flanked by sinuous mythical creatures. And, of course, the deceased's last apparel, a body suit made of jade tiles fastened with gold thread and silk ribbon.

The Chinese had long equated the hardness of jade with immortality, and the similarity to the warriors' armor befits the belief that it would keep the body intact. It didn't. What did survive, as this show clearly demonstrates, is the notion of the Central or Middle Kingdom—as China first came to be called under the Han—and caches of treasures archaeologists are still unearthing.

Age of Empires: Chinese Art of the Qin and Han Dynasties (221 B.C-A.D. 220)
The Met Fifth Avenue, through July 16

Ms. Lawrence writes about Asian and Islamic art for the Journal.

SUNSHINE

Continued from page A11

slip into depression but I didn't.

"Sunshine" was slang for LSD, but the reference actually had to do with the sun coming through my flat's window. "Superman" had nothing to do with the superhero or physical power. It's a reference to the book, "Thus Spoke Zarathustra," by Friedrich Nietzsche, who wrote about the evolution of consciousness to reach a higher superman state.

"Everybody's hustlin' just to have a little scene" was about the attention that fame attracts and people who want to be part of that.

"Superman or Green Lantern ain't got a-nothin' on me" refers to my childhood obsession with comic books in Glasgow, Scotland. I had become fascinated by the Green Lantern and loved the stone in his ring—a symbol of the Inner Light in all of us.

KEYSTONE/GETTY IMAGES

Singer Donovan Leitch and Linda Lawrence, with Linda's son, Julian, on their wedding day in October 1970.

"When you've made your mind up / forever to be mine" was simply a prediction that in time, Linda and I would once again be together.

In late 1965, my U.K. manager introduced me to Allen Klein, who advised the Rolling Stones and would later manage the Beatles. Klein introduced me to Mickie Most, a hugely talented English record producer who wanted to work on my upcoming third album.

Mickie first asked me to sing a selection of my new songs. Right away, he chose "Sunshine Superman." For the song, Mickie wanted two basses—an acoustic one for texture and an electric one to define the low end. He also hired arrangers John Cameron and Spike Heatley.

My guitar-playing always included bass lines, melody lines and rhythm-guitar grooves, so John listened to what I was doing and expanded the parts for the band.

John Cameron: At Abbey Road, the song opened with Tony Carr's conga, Spike on acoustic bass and John Paul Jones on electric bass. They set a jazzy, suspenseful mood. My harpsichord and Eric Ford's meowing guitar line came next, giving the song both a heritage and contemporary feel. When Don's voice and acoustic guitar arrive, the song clearly is folk. It's a fascinating progression. Jimmy Page was brought in later to add the rock guitar solo. From the start, Don wanted a light, trippy backdrop—something quite different then. But the psychedelic sound we created was an accident, really. I had never taken LSD, so I had no idea how an acid trip would translate into music. We were just shooting for a mystical feel.

Donovan: With Jimmy Page and John Paul Jones on electric bass, I had half of the future Led Zeppelin on the session.

When the album was completed in May 1966, a legal battle began. I had become the first artist signed to Clive Davis's Epic Records in the States. Pye Records, my label in the U.K., sued, which meant that the "Sunshine Superman" single and album were shelved. In the early summer, when legal matters were resolved, both were released and became big hits.

By 1970, I was exhausted, so I decided to retreat to the woods of Hertfordshire, England, where I had a little cottage that I rented out.

One day, I was sleeping upstairs when I heard a car pull up. As I came down, the front door opened and Lorey, a friend, breezed in. With her was Linda, who had assumed I was on tour and planned to rent the place. I gave Linda a hug. Then I grabbed my guitar and we walked into the woods to a field, where we sat down and I sang her a song. Soon after, Linda and I moved in together with Julian, and we married on Oct. 2, 1970. Linda and I have been together ever since.

Linda Lawrence: The first time I met Don on "Ready Steady Go!," I felt something deep. But I had a young son then and I was only 17½. I needed time after Brian [Jones] and I split up.

In L.A., I cashed in my return ticket and rented an apartment on the Sunset Strip.

One day in 1966, I was home with my best friend Cathy when "Sunshine Superman" came on the radio for the first time. At the end, Cathy just looked at me, "Oh my God," she said, "he still loves you."

SPORTS

HEARD ON THE FIELD

Not an Easy Finish for Ernie Els at Augusta

AUGUSTA, Ga.—As Ernie Els approached the 17th green on Sunday, the hand-operated scoreboard flashed his name but not his score.

In this golf temple where no detail gets overlooked, it's hard to imagine it was an oversight. More likely it was an act of Southern hospitality, a gesture of respect for one of the game's greats who never met the expectations of him at Augusta.

Els was in last place, 20 over par for the tournament, and finishing perhaps his final round at Augusta National.

This isn't the way it was supposed to end here for the South African still with the effortless swing that earned him the name "The Big Easy."

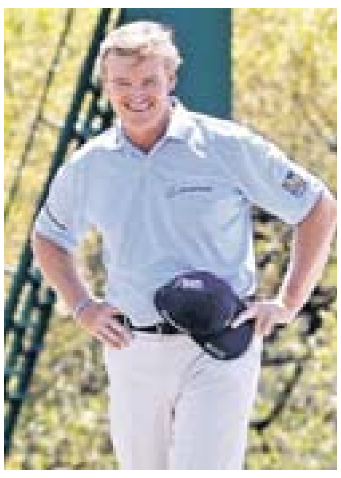
In 1994, when Els finished tied for eighth in his first Masters, virtually everyone assumed he would finish his career with a closet full of green jackets. And for a while, Els was a Sunday staple at Augusta, finishing in the top-six five straight years beginning in 2000. That fifth year, though, was arguably his undoing. Els closed with a sterling 67 and was standing on the putting green preparing for a playoff when Phil Mickelson rolled in an 18-foot birdie putt to claim his first green jacket.

Mickelson, of course, has gone on to win two more, and on Sunday Els could have been talking about himself when he said of Rory McIlroy, "If he gets the first one, he could win a few." Els has admitted the 2004 loss bruised him emotionally. He hasn't finished better than tied for 22nd since.

Yet Els kept playing every year except 2012 due to exemptions earned from his major championship wins—two U.S. Open and two British. The last of those, his five-year exemption from his 2012 British Open title, expires this year. It is possible that the Masters Committee could invite Els back at some point. Els indicated he wouldn't lobby for such a move. He even joked that after 23 tries for a green jacket, there might be better ways to enjoy the event.

"I think I've had my fishing beat out enough," Els said. "Maybe come back and have a couple of beers might be a better way."

—Brad Reagan



Sergio Garcia celebrates after sinking a 12-foot putt to win the Masters.

FROM TOP: MATT SLOCUM/ASSOCIATED PRESS; JONATHAN ERNST/REUTERS

GOLF

Garcia Finally Masters a Major

The 37-year-old Spaniard takes the green jacket with a 12-foot birdie putt on the first playoff hole

BY BRIAN COSTA

AUGUSTA, Ga.—In his 73 failed attempts to win a major championship, Sergio Garcia found all manner of scapegoats. It was Augusta National, which he once said didn't suit him. It was some intangible quality he lacked, he said another time. Or it was a higher power, as he alluded to in 2007 when he said, "I'm playing against a lot of guys out there, more than the field."

But in his 74th try, Garcia conquered them all, from the course to his own demons to a methodical, unrelenting Englishman.

On the first hole of a playoff on Sunday, Garcia sank a 12-foot birdie putt to defeat Justin Rose and win the Masters. After the ball rolled around the back of the hole and fell in, the Spaniard bent over, smiled and pumped his fists, finally a major winner at age 37.

"It's been such a long time coming," he said in Butler Cabin before last year's champion, Danny Willett, presented him with the green jacket. Had Garcia lost, he would have had one more missed chance to rue: a 5-foot birdie putt he missed on the same 18th green not long before, which would have won him the tournament and avoided the playoff. But for once, Garcia won't need to ponder what might have been.

Garcia and Rose, the 2013 U.S. Open champion and 2016 Olympic gold medalist, finished the tournament tied at 9 under par before Garcia won the playoff hole by two shots.

The victory came after a two-decade stretch in which Garcia routinely played nearly well enough to win a major—and no better. Before Sunday, he had finished in the top 10 at majors 22 times and finished in the top five 12 times.

But the tension that had gripped Garcia in similar moments before was gone, replaced by a blend of confidence and patience that endured through bogeys and his worst shots.

"I felt the calmest I've ever felt at a major Sunday," he said. "I knew I was playing well enough to make something happen."

Playing together in the final pairing, Garcia and Rose pulled away from each other at times throughout their round but never for very long. Garcia led by as many as three shots on the front nine. Rose led by two on the back nine. But after Rose bogeyed the 17th hole, he and Garcia stepped onto the 18th tee as they stepped onto the first: deadlocked.

After Rose's approach shot rolled to 7 feet, Garcia landed his even closer to the pin. He had practiced the same putt earlier and remembered that it broke left. He aime d accordingly. This time, it broke to the right. "I thought I had it," he said.

A pair of pars sent Garcia and Rose to a playoff, starting with a replay of the 18th. Garcia gained the advantage off the tee, landing his drive in the fairway after Rose ended up in the right pine straw with a tree blocking his approach. Rose punched out weakly, barely getting his ball past Garcia's drive.

This time, Garcia didn't squander his opportunity. He stuck his approach shot to 12 feet from the pin, leaving himself an easy two-putt. He needed only one.

With that, Garcia was no longer eligible for the title that was long applied to him: best golfer never to win a major.

"Major or no major, I've said it many times, I have an amazing life," he said. "It never felt like a horror movie. It felt like a little bit of a drama, maybe, but with a happy ending."

Rose, 36, has come close to winning the Masters before. He finished tied for second two years ago and tied for 10th last year. Then, on Sunday, he led by a shot with two holes to play.

"It was mine to cruise to the house," Rose said. "But it's not always that easy."

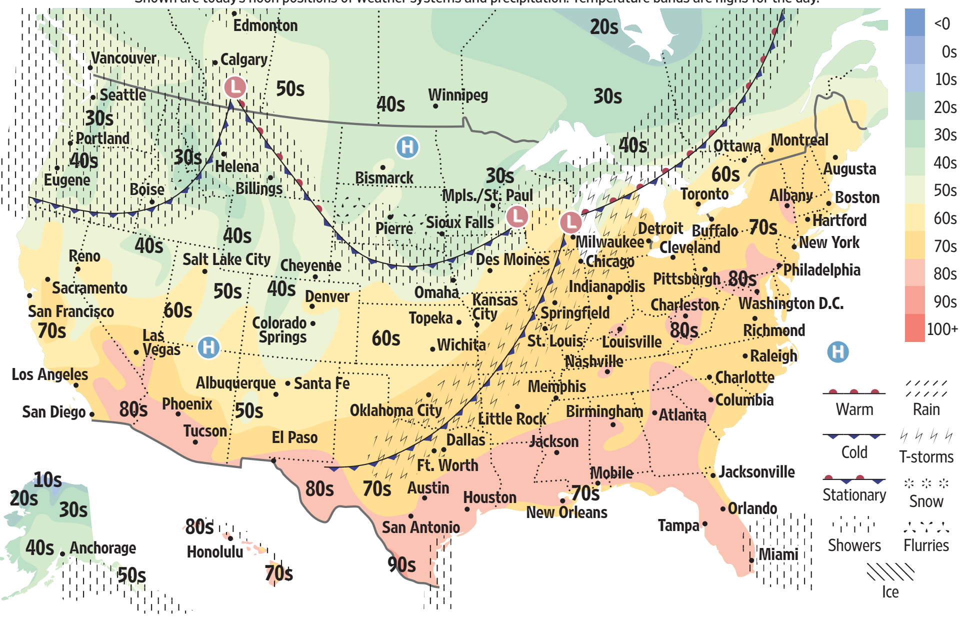
If anyone can relate, it is Garcia. In 1999, when he played in the Masters as an amateur, he envisioned winning at least one major here. Then, after the failures began to mount, his outlook dimmed. Some of it was mental. Some of it was technical: He was a player who preferred to hit left-to-right shots, or fades, on a course that rewarded a right-to-left arc, known as a draw.

But in recent years, he said he started to come to terms with the bear that is Augusta National. Through its pitfalls, Garcia began to see opportunities. "I came to peace with it. I accepted what Augusta gives and takes," he said, only now fully appreciating just how much it could give.

Weather

AccuWeather.com

Shown are today's noon positions of weather systems and precipitation. Temperature bands are highs for the day.



U.S. Forecasts

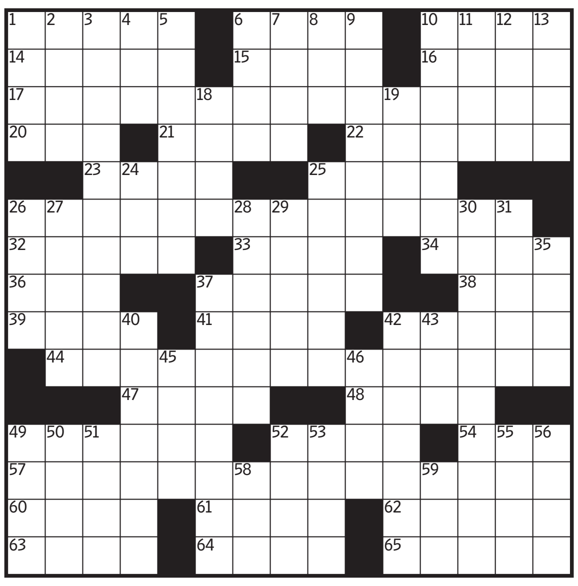
s...sunny; pc... partly cloudy; c...cloudy; sh...showers; t...t'storms; r...rain; sf...snow flurries; sn...snow; i...ice

City	Today Hi	Today Lo	Today W	Tomorrow Hi	Tomorrow Lo	Tomorrow W
Anchorage	44	28	c	47	27	pc
Atlanta	80	56	s	81	59	s
Austin	84	65	c	78	61	r
Baltimore	83	56	s	84	57	pc
Boise	55	35	pc	58	44	c
Boston	72	52	s	80	49	s
Burlington	72	55	pc	67	48	sh
Charlotte	77	53	s	80	57	s
Chicago	75	43	t	56	37	s
Cleveland	75	59	pc	70	43	sh
Dallas	78	62	t	73	64	t
Denver	60	34	s	69	43	pc
Detroit	73	57	pc	66	39	pc
Honolulu	84	74	pc	85	73	pc
Houston	81	67	sh	82	66	t
Indianapolis	72	55	t	65	43	pc
Kansas City	67	38	s	63	46	s
Las Vegas	76	55	pc	80	56	pc
Little Rock	74	59	t	68	54	t
Los Angeles	76	54	s	73	54	pc
Miami	81	71	s	82	72	pc
Milwaukee	72	41	t	50	38	c
Minneapolis	46	32	r	53	39	pc
Nashville	82	59	pc	76	57	t
New Orleans	80	64	pc	82	62	c
New York City	76	54	s	78	55	s
Oklahoma City	73	46	pc	72	52	s
Omaha	57	34	pc	61	44	pc
Orlando	82	61	pc	84	62	pc
Philadelphia	81	56	s	84	57	s
Phoenix	83	57	s	88	61	pc
Pittsburgh	79	60	pc	69	47	sh
Portland, Maine	64	50	s	68	48	pc
Portland, Ore.	54	37	sh	60	45	c
Sacramento	68	48	pc	67	51	pc
St. Louis	75	49	t	66	46	pc
Salt Lake City	60	39	pc	63	42	c
San Francisco	64	49	pc	65	54	pc
Santa Fe	65	36	s	70	42	pc
Seattle	51	39	sh	55	41	pc
Sioux Falls	43	26	r	59	44	pc
Wash., D.C.	83	59	s	84	62	pc

International

City	Today Hi	Today Lo	Today W	Tomorrow Hi	Tomorrow Lo	Tomorrow W
Amsterdam	55	40	c	54	46	c
Athens	68	53	pc	69	53	pc
Baghdad	77	58	c	83	66	c
Bangkok	96	81	pc	97	80	s
Beijing	69	50	c	68	46	s
Berlin	64	37	t	50	40	c
Brussels	55	38	c	55	41	c
Buenos Aires	65	54	r	73	51	s
Dubai	95	78	s	97	77	s
Dublin	52	38	c	54	43	c
Edinburgh	53	42	c	53	44	c
Frankfurt	66	40	t	56	41	c
Geneva	73	43	t	60	39	sh
Havana	84	65	s	84	66	s
Hong Kong	83	75	r	81	69	c
Istanbul	59	44	s	62	47	s
Jakarta	90	77	t	90	76	t
Jerusalem	71	55	pc	77	62	c
Johannesburg	75	55	pc	72	54	t
London	58	41	pc	60	44	c
Madrid	78	49	s	79	46	s
Manila	96	78	pc	95	76	s
Melbourne	60	55	sh	65	51	pc
Mexico City	82	54	pc	80	52	pc
Milan	75	51	s	76	51	pc
Moscow	51	42	c	59	42	pc
Mumbai	96	80	pc	97	82	pc
Paris	63	41	c	60	41	pc
Rio de Janeiro	88	75	pc	88	74	s
Riyadh	101	76	s	100	75	s
Rome	69	48	s	68	47	pc
San Juan	83	74	sh	84	73	t
Seoul	70	48	pc	64	43	pc
Shanghai	58	52	sh	60	47	c
Singapore	88	79	c	88	78	t
Sydney	65	60	sh	72	62	pc
Taipei	91	74	pc	79	64	sh
Tokyo	58	48	pc	56	53	r
Toronto	71	56	t	68	40	c
Vancouver	52	39	sh	53	40	pc
Warsaw	69	44	s	51	35	pc
Zurich	73	43	t	57	36	c

The WSJ Daily Crossword | Edited by Mike Shenk



DRINK UP! | By Dan Fisher

Across

1 Removed the outer layer of
6 Head of a crime syndicate
10 Tortoise's rival in a race
14 Tusk material
15 Yoked animals
16 Mil. school
17 CUP
20 "Life of Pi" director's first name
21 Egyptian serpents
22 Out of sight
23 Half: Prefix
25 Animal skin
26 TUMBLER
32 Running shoes brand
33 The Police or Green Day
34 Gridiron kick
36 Cologne conjunction
37 Portly
38 Early auto
39 Wine barrel sediment
41 Clue
42 Don Draper, for one
44 STEIN
47 Folk stories
48 Newspaper columnist's piece
49 Having a sickly complexion
52 Pay for a hand
54 Lass
57 MUG
60 Molecule component
61 Has a mortgage, say
62 Made dove sounds
63 Valentine's flower
64 Sources of some electricity
65 Ferber and Buchanan

Down

1 Fillable bread
2 Stratford's river
3 Cavalry member under Teddy Roosevelt's command
4 Make mistakes
5 Real go-getters
6 Provide with free tickets
7 Chopping tools
8 Signing need
9 Precisely
10 Convertible's opposite
11 Corrosive stuff
12 Tear down
13 Genesis setting
18 "Like that's gonna happen!"
19 Caplet's kin
24 List-shortening abbr.
25 Nevada tribe
26 Colleague of John, George and Ringo
27 Good ___ (repaired)
28 Duds
29 Plug piece
30 Old grouch
31 Massage
35 Muscle quality
37 Forest of Nottinghamshire
40 "What was I thinking?"
42 Free from worry
43 Rap's Dr. ___
45 Horn output
46 Campus mil. org.
49 Prepare for a fight
50 Singing voice
51 Vientiane's country
52 "Um, pardon me..."
53 Loch of fame
55 Vicinity
56 Young fellows
58 Bygone airline
59 Fashionable, 50 years ago

▶ Solve this puzzle online and discuss it at **WSJ.com/Puzzles.**

Previous Puzzle's Solution

Y	A	Y	A	S		S	L	Y		S	T	O	W	S
A	L	A	M	O		L	E	E		T	U	N	I	C
M	A	K	E	P	L	A	I	N		A	R	E	N	A
			C	H	I	N	A		I	N	F	A	C	T
B	A	T	H	I	N	G		U	R	N		L	E	S
I	N	H	E	A	T		S	P	A	I	N			
P	I	E				L	O	S	T	C	A	U	S	E
E	S	T	A		T	H	R	E	E		P	R	O	D
D	E	A	R	H	E	A	R	T				B	U	G
			P	A	N	S	Y		I	N	C	A	S	E
M	I	O		B	O	A		S	C	O	R	N	E	D
I	N	P	A	I	N		S	C	E	N	E			
A	D	A	P	T		S	T	A	R	F	A	C	E	T
T	U	L	S	A		E	A	R		A	S	O	N	E
A	S	S	E	T		A	G	E		T	E	N	S	E

The contest answer is LURE. The four answers beginning with the word IN indicate a letter that has been taken in by the second word of the four longest Across answers (the L of MAKE PLAIN is IN PAIN; the U of LOST CAUSE is IN CASE, the R of DEAR HEART is IN HEAT, the E of STAR FACET is IN FACT). Those letters spell the contest answer.

OPINION

When to Sell? Look at the HQ

By Andy Kessler

Rising above the San Francisco skyline, a few short blocks from where Mel Brooks filmed the Hitchcock "Vertigo" spoof "High Anxiety," is the 1.6-million-square-foot Salesforce Tower, soon to be the company's new headquarters and the second-tallest building west of the Mississippi. As the stock market reaches dizzying heights, my thoughts turn to the toughest decision for investors: when to sell a stock.

Wall Street's most successful players get ahead of the news, understand a CEO's mind, and figure out where the company is going. To do this, I often use what I call the "HQ Indicator." It's for those playing long ball, not day traders, but it is simple. When a company announces it is moving its executives into a lavish palace, it's often time to get out.

Consider the Frank Gehry-designed IAC Building in Manhattan, completed in 2007. It's the deconstructivist-style headquarters for InterActiveCorp, owners of CollegeHumor and Tinder. I find it ugly. And IAC stock deconstructed itself, going from around $40 in 2007 to under $15 two years later, though it has since rebounded.

Or the $1.7 billion Time Warner Center overlooking New York's Central Park. Opened in October 2003, it's a "city within a building." Time Warner's stock was $45 at the time, hit $68 in January 2007 and then dropped to $17 two years later. It didn't get above $45 again until 2012.

Why does the HQ Indicator work? Investors in public companies have no control and are at the whims of management. Are a company's leaders frugal, or do they spend shareholders' money like drunken sailors? Are they modest or do

> If a company moves to lavish headquarters, it's often time for investors to get out.

they have the hubris that leads to an edifice in honor of the CEO's greatness and legacy? Will management be tempted to rush to fill the huge swaths of new empty headquarters space, often taking on questionable businesses?

In 2002 Bear Stearns moved into 383 Madison Ave., which covered a full New York City block. It was an early warning. A lot of the office space went into mortgage origination, packaging, collateralization and trading. The stock hit $159 in 2007. By March 2008, J.P. Morgan bought Bear Stearns in a fire sale for $2 a share, though the price later rose to $10.

In 1984 the postmodern AT&T "Chippendale" Building opened at 550 Madison Ave. AT&T almost immediately got into a premodern price war with MCI and Sprint over long-distance telephone rates. Eight years later AT&T was out, and Sony moved in. But AT&T isn't done. It has a pending merger with Time Warner, though its leaders need to be careful: Time Warner Center comes with the deal too.

This shouldn't be an investor's only filter. Consider the gilded neo-Gothic Woolworth Building. It was completed in 1912, and F.W. Woolworth's five-and-dime stores had a nice run until the 1980s. The building is now luxury condos, but your grandpa would have lost a ton if he got out before the world wars. Still, this is the exception that proves the rule.

Think about the New York Times. After almost 100 years on West 43rd Street, a location so iconic that Times Square is named after the paper, management decided to move everyone into a more lavish setting. In 2003 construction started on the Eighth Avenue location, when the stock was around $45. The daily took occupancy in 2007 with its stock about half the old price. It's now selling for around $14. The HQ Indicator at its finest.

Not coincidentally, the two companies that did the most damage to the New York Times seemed to finesse the trend. Facebook moved in 2011 into the million-square-foot former headquarters of Sun Microsystems in Menlo Park, Calif. It looked so much like a prison it was nicknamed Sun Quentin. Facebook has since built a Frank Gehry-designed annex across the street. It is so low-key that the only remarkable features are the trees on the roof.

Similarly, Google never built a headquarters. In 2003 it took over what would be renamed the Googleplex from Silicon Graphics. The latter company's stock peaked within nanoseconds of signing a lease for the Mountain View, Calif., campus it never occupied. Meanwhile, the stocks of Google and Facebook keep heading toward the ionosphere.

But wait: Google filed plans in Mountain View for a transparent scalloped canopy over 600,000 square feet of office space. It will include a public "Green Loop" through the first of four domes. "We aim to blur the distinction between our buildings and nature," the company said at the time. Uh-oh. And then there's that Apple spaceship down the road in Cupertino.

Mr. Kessler, a former hedge-fund manager, is the author of "Eat People" (Portfolio, 2011).

Ecuador's Dubious Election

AMERICAS
By Mary Anastasia O'Grady

The special-operations unit of the Ecuadorean national police raided the Quito office of polling firm Cedatos on Friday, hauling away computers and documents and arresting two employees.

The company is one of the country's oldest and most reputable independent pollsters. But it's in trouble with President Rafael Correa, because in the April 2 runoff presidential election its exit poll gave opposition-party candidate Guillermo Lasso 53% of the vote and Mr. Correa's handpicked candidate Lenín Moreno only 47%.

The Cedatos result differed from than that of the Correa-controlled national electoral council (CNE), which pronounced Mr. Moreno the winner. It would be easy to resolve this dispute if the CNE would make its records public. Instead Mr. Correa has unleashed a crackdown on those whose findings do not conform to his will.

On Friday special-ops police also raided an advertising company in Guayaquil that worked for the Lasso campaign. In a further act of intimidation, a group of some 40 police also went looking for Mr. Lasso on Friday.

These developments have fueled Ecuadorean suspicions that Mr. Moreno's triumph was achieved through vote tampering. Thousands in cities around the country went to the streets last week protesting the lack of transparency in the ballot count. They want a full recount, and without it Mr. Moreno's presidential legitimacy will remain in doubt.

Mr. Lasso has refused to concede. Yet his options for recourse are almost nonexistent. Inside the country, every institution charged with ensuring a fair vote is controlled by Mr. Correa. Most of the rest of the world doesn't care. Those who do, back the strongman.

The Monday after election day, the observer mission of the Organization of American States—headed by Leonel Fernández, a leftist former president of the Dominican Republic—endorsed the Correa narrative that Mr. Moreno had won. The OAS told Mr. Lasso to take his complaints to the Correa-controlled electoral appeals tribunal. The U.S. State Department said something similar.

That advice is a bad joke. Mr. Correa has been president since 2007. He runs the country's largest media empire and controls the legislature, the judiciary, the top command of the army, and the national police. All members of the CNE have links to his government or his party, the PAIS Alliance. The head of the electoral appeals tribunal is the brother of Mr. Correa's attorney general.

Mr. Moreno freely used government resources to campaign and played dirty. Fake Lasso ads in which he promised to privatize health care popped up on city buses, though Mr. Lasso had made no such proposal. With government control of more than 20 mass-media organizations, including television and radio stations, newspapers and magazines, Mr. Moreno blanketed the nation with his message.

> The government raids a polling firm whose findings belie the official results.

The government often interrupted programming on channels not owned by the state to run campaign spots.

The European Union observed Ecuador's 2009 presidential election and issued a report critical of Mr. Correa's use of government resources and power to influence the outcome. This time around the CNE blocked an EU observer mission.

The Cedatos exit poll showing Mr. Lasso with a comfortable lead was only one reason his supporters were optimistic on election night. With 82.22% of valid votes counted at the provincial level, the CNE's website showed Mr. Lasso leading, 50.47% to 49.53%. The Lasso campaign says it was getting the same results.

Then the CNE website went down. A half-hour later, when it came back, Mr. Moreno had surged ahead, 51.1% to 48.9%.

Lasso poll watchers made copies of signed tally sheets before they were sent to the CNE. The Lasso campaign has compared this original data with the tally sheets that the CNE used to pronounce Mr. Moreno the winner. A Lasso press conference on Wednesday provided evidence of numerous irregularities and statistical anomalies uncovered in this analysis. One example: Where the Lasso column indicated a majority of votes on the original document, the copy used by the CNE showed Mr. Moreno with those votes.

The Lasso campaign claims it has found thousands of examples of fraud, which if reversed would alter the outcome of the contest. Mr. Lasso also told CNN en Español on April 3 that simply totaling the raw data his campaign got from the CNE gives him the presidency.

The CNE was supposed to hire an independent monitor to count votes at representative polling stations and produce a "quick count," which allows for a winner to be named on election night. But that monitoring group admitted last week that it didn't do any real counting. All it did was total votes from numbers the CNE sent it.

To steal an election, a government needs unchecked power at home and willing foreign dupes. Mr. Correa has both at his disposal. After a decade of abuse, Ecuadoreans are justified in their demands for a full recount.

Write to O'Grady@wsj.com.

The Oak That Shaded George Washington

By Oanh Ngo Usadi

Basking Ridge, N.J.

In a few weeks, my town will bid farewell to its eldest resident, departing this world at age 600. Or 550 or 500—no one knows for sure. The great white oak standing beside the Presbyterian Church in the center of town is one of the oldest of its kind in North America.

Even before the announcement last fall that the ailing tree could not be saved, visitors had been arriving in steady streams to gaze at the barren branches, trimmed and truncated—the remains of a once-massive canopy shading the tombstones of 35 Revolutionary War veterans.

It's strange that a tree could elicit feelings normally reserved for a loved one. But that's exactly the way many think of the great oak: as a beloved figure around which the town grew from a small log cabin built 300 years ago.

Hundreds of years before that, the Lenni-Lenape Indians lived in the oak's shadows. When colonists came in 1717 looking for a place to settle, the tree must have made a significant impression, because they let it grow. Felling the giant would have provided resources for the settlers. Instead, they constructed a church beside the tree's shade. More immigrants arrived—Scottish, Irish and English. George Washington and his men, en route to battle, rested under the oak's branches. The tree was there for the dawn of a new nation.

Beneath the gnarly bark, the oak's longevity warps one's sense of a lifetime and reminds us that we are all passersby in this land. And yet, inside our small town, a sense of belonging grows with time. Ten years ago, when my family moved here, we were often greeted with: "You're from Texas?" The question was reminiscent of one I had heard 30 years earlier: "You're from Vietnam?" Just as my refugee family would eventually find a foothold in a new country, my young, fully American family discovered our place in a new town by sharing in its aspirations and contributing to its successes.

As each wave of immigrants builds on the work of those who came before, the community invariably evolves. What endures are our core values:

> My town grew up with the centuries-old tree. Soon it will be gone.

humility, hard work, and tolerance. The result is a land that grows materially wealthier and culturally more diverse.

Through it all the oak stood steadfast, seemingly immortal. Over the years, the town had doted on the aging tree, nursing it back to health after storms, droughts and diseases. But life is precarious, particularly for a 600-year-old. Emerging from winter last year, the oak sprouted leaves only in the lower branches, leaving a gaping hole at the top of its crown. Experts sought to reverse the decline, but it became clear the tree couldn't be saved.

In time, the sense of loss in Basking Ridge turned to talk of renewal. Soon a 25-foot baby white oak, which had grown from the great oak's acorns, will be transplanted on the church grounds. After that, the town will finally cut down the great patriarch. Its remaining 6-foot-wide stump and nearby young progeny remind us that all valued institutions—from a town symbol thought to have defied age to a nation and community, founded and enriched by immigrants—require thoughtful cultivation and renewal from citizens.

In another 600 years, perhaps the new oak will still stand guard in an undoubtedly different landscape. But the essence of the community will thrive if its citizens cultivate deep-rooted values.

Ms. Ngo Usadi is writing a memoir on her experience as an immigrant from Vietnam.

BOOKSHELF | By Fred R. Shapiro

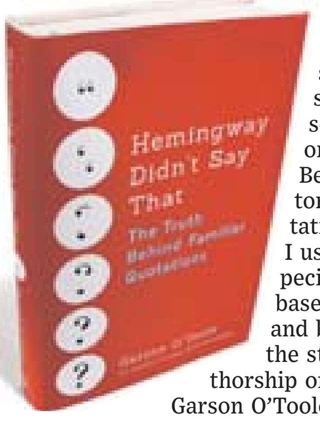
Things You Know That Ain't So

Hemingway Didn't Say That

By Garson O'Toole
(Little A, 383 pages, $24.95)

If you hear that "Mark Twain said" something, the one thing you can be pretty sure of is that Mark Twain never said it. Famous quotations become famous because, for many people, they have an irresistible allure. Yet their wording, their meaning and, particularly, their origins have often been fictionalized by the popular mind or careless quoters or people with an ax to grind. We may be inspired, comforted, amused or educated by quotes, and if the quote is put into the mouth of a celebrated sage like Twain, so much the better. We impress ourselves or others with the borrowed wisdom of the sage.

Thousands of quotation books have been published through the centuries. The more high-end ones, such as "The Oxford Dictionary of Quotations" and "Bartlett's Familiar Quotations," do some research on the sources of their quotes and sometimes show that Twain or Abraham Lincoln or Yogi Berra was not the real originator. In "The Yale Book of Quotations" (2006), which I edited, I used innovative techniques, especially searching full-text databases of historical newspapers and books to disprove many of the standard stories about the authorship of famous quotations.



Garson O'Toole's extensive and brilliant investigations follow the same path. It all began with a blog item looking into the origins of the supposed Chinese saying, "May you live in interesting times," which Mr. O'Toole traced back to 1944. I left a comment pointing out an earlier citation. A few years later he was inspired to create the Quote Investigator website, which has grown to include well more than a million words of authoritative, entertaining quote-sleuthing and become the go-to place on the internet for journalists and savvy people all over the world who are interested in the truth behind familiar quotations.

"The Truth Behind Familiar Quotations" is indeed the subtitle of Mr. O'Toole's fascinating book, "Hemingway Didn't Say That," in which the author analyzes the causes and mechanisms of misquotation, illustrating them through dozens of examples, each of which tells a compelling story of error corrected by scholarship.

One of Mr. O'Toole's best mini-essays treats the quip "Writing about music is like dancing about architecture." This is usually attributed to singer-songwriter Elvis Costello. Mr. O'Toole, however, doggedly tracks the saying back to a 1979 rock-music magazine that credited actor-comedian-musician Martin Mull. Even more impressively, the Quote Investigator makes splendid use of online database searches to find precursor expressions as early as 1918, when the New Republic printed: "Writing about music is as illogical as singing about economics."

> 'Now I know why nobody ever comes here; it's too crowded' quipped a Wisconsin rag in 1941. Yogi Berra was only 16 years old.

Another entry typical of Mr. O'Toole's assiduous work is "Nobody goes there anymore; it's too crowded." This line is one of the most renowned Yogi Berra-isms, or rather pseudo-Yogi-Berra-isms. Mr. O'Toole, again employing online searching, points out that "Now I know why nobody ever comes here; it's too crowded" appeared in the Racine (Wis.) Journal Times on Sept. 8, 1941. (Berra was only 16 years old at that time.) Even earlier, the Daily People (New York) ran an item in its Dec. 7, 1907, issue: "Oh, don't go there on Saturday; it's so frightfully crowded! Nobody goes there then!"

Much effort has been expended by many researchers to demonstrate that the statement "the only thing necessary for the triumph of evil is that good men do nothing" was coined by Edmund Burke. The closest formulation anyone has found in Burke's writings is: "When bad men combine, the good must associate." Mr. O'Toole shows that the earliest example of the popular phraseology, and the earliest attribution to Burke, did not rear its head until 1920, when an English temperance crusader named R. Murray Hyslop used the words at a church conference. (The Hyslop citation was first brought to light by independent scholar Barry Popik.)

The quotation referred to in this book's title is the answer Hemingway supposedly gave after he bet he could write a six-word short story. The six words were: "For sale: baby shoes, never worn." The anecdote has become the embodiment of the compressed literary genre known as "flash fiction." Mr. O'Toole, in a tour de force of detective work, shows that the footwear first turns up as a suggested title ("Little Shoes, Never Worn") in an article about how to write short stories. No link to Hemingway can be found before 1989. On the other hand, Mr. O'Toole unearths multiple instances of similar exceptionally terse tales about unused infant footwear or carriages, beginning in 1906.

Other quotations in "Hemingway Didn't Say That" include such well-known ones as "Behind every great fortune there is a crime" (Balzac, but not quite); "Genius is 1% inspiration and 99% perspiration" (truly Edison, though sometimes he said 2% inspiration); "An eye for an eye will make the whole world blind" (a false Gandhi quote); "You can get much further with a kind word and a gun than with a kind word alone" (ersatz Al Capone); "Life is what happens to you while you're busy making other plans" (John Lennon was not the first to say it); and "If your only tool is a hammer, then every problem looks like a nail" (as always, don't believe anyone who says it's Twain). Mr. O'Toole sheds light on each quote that he discusses; it seems that he does not include an entry unless he has made original discoveries about it.

The internet has propagated misinformation about quotations more quickly and widely than has ever before been possible. Social-media memes, email signatures and sloppy websites present a seemingly insurmountable assault. But the internet can also yield solutions to the challenge of finding historical truth. Online collections of texts provide extraordinarily powerful tools for research, and Mr. O'Toole is a beacon of accuracy who should inspire all readers who prefer their facts real rather than phony.

Mr. Shapiro is the editor of "The Yale Book of Quotations."

OPINION

REVIEW & OUTLOOK

Reviving Repeal and Replace

Republicans left Washington on Friday without a health-care deal, despite renewed negotiations after last month's fiasco and a burst of White House diplomacy. Perhaps the two-week recess will be a cooling-off period and we hope the House's factions can agree on a deal. If they can't, then at least we'll learn who's responsible for defeat.

The GOP is running out of time as insurance markets deteriorate.

After the Freedom Caucus killed the original health bill in March, the talks resumed, not least for practical and political imperatives. President Trump and Republicans campaigned on repeal and replace, and the President at least wants to keep his word. The ObamaCare exchanges are also fragile and precarious, and consumers harmed by rising premiums and declining choices are likely to blame the party in power.

But the divide between conservatives and centrists hasn't narrowed. Last week, in part to create the appearance of progress, the House added an amendment on "invisible risk sharing" that would help bring down premiums by absorbing high-cost patients. The compromise was worked out by the Freedom Caucus's David Schweikert of Arizona and Tom MacArthur of New Jersey, who is more moderate.

These talks are constructive, though the larger question is whether most of the Freedom Caucus members want a bill they can back or are merely trying to shift the blame for failure. They say they'll support a bill that repeals, or creates a state waiver to avoid, the ObamaCare mandates that prohibit insurers from denying coverage or charging more to patients based on pre-existing conditions. The Freedom Caucus is right that these mandates drive up the cost of insurance, but the moderates understandably don't want to have a debate about how much to soak the sickest patients.

One reason is that this fight is largely pointless. True, the House bill doesn't repeal the "community rating" that limits how much premiums can vary among consumers, but it does relax it enough to be effective repeal. Under ObamaCare, the costliest plan can be no more than three times as expensive as the cheapest, known as a 3 to 1 rating band. The House bill moves to a 5 to 1 band, which is above the true cost of care.

Average health spending among 64-year-old people is about 4.8 times as high as spending among 21-year-olds, according to the Society of Actuaries. The highest estimate of how much premiums varied before ObamaCare is 6 to 1, according to a liberal Georgetown outlet. So however you slice it, a 5 to 1 band is an improvement.

Meanwhile, Health and Human Services Secretary Tom Price already possesses the legal waiver authority to return regulatory power to the states whose Governors want to experiment with ObamaCare alternatives. Better to encode these changes in law because there will be another Democratic President, but successful policies are hard to take back.

The fury over such small differences suggests that some Freedom Caucus opposition is more cynical than sincere. Do its members want to appear to negotiate in good faith but insist on changes that centrists can't accept, so they can then accuse centrists of killing the reform revival? It wouldn't be the first time.

Republicans don't have much time left to act and the policy uncertainty will soon influence business decisions and insurance markets. Insurers are designing and pricing their 2018 products for state approval in June and July. ObamaCare is a money pit for most of the industry, and insurers may decide to cut their losses and depart. These decisions tend to happen in a quick cascade.

For a preview, look to Iowa. Wellmark Blue Cross Blue Shield, the state's largest insurer, recently withdrew from the individual insurance market after losing about $90 million over three years. Aetna followed. These exits mean that only five of Iowa's 99 counties in 2018 will be served by two insurers, Medica and Gundersen. The other 94 will have the choice of Medica or nothing, and even Medica says it "needs to carefully consider its options" in Iowa and may quit too.

Republicans can blame ObamaCare and Democrats for this debacle, and they're right on the policy merits. But as a political matter they're in charge and have the power to do something. The default liberal response to ObamaCare's implosion will be to open Medicaid to everyone who can't buy coverage at any price because no one will sell it. Republicans will have no answer except a bill they've shown they don't have the votes to pass.

House leaders say they'll recall their members from the recess if the votes emerge to pass a bill, and perhaps there's still hope for health-care reform. But first Republicans have to decide if they can accept progress that is short of perfection. If they can't, then they'll blow their best, and maybe only, shot at repealing and replacing a failing entitlement. And maybe lose their majority in 2018.

Palm Sunday Massacre

This is Easter season for Christians around the world, and so the Coptic Christians of Egypt gathered their families to attend Palm Sunday services that begin what is known as Holy Week. They settled in for some quiet reflection, but a bomb planted under a seat exploded and destroyed lives and families in a moment.

Why can't Egypt's government protect its Christian minority?

So it went Sunday in Tanta, Egypt, where a bomb in a church killed some 29 worshipers and wounded another 69, according to media reports. A suicide bomber also killed at least 18 and wounded 40 as he blew himself up as police blocked him from entering Saint Mark's Orthodox Cathedral in Alexandria, not far from Tanta. Police said they defused a second bomb they found on the cathedral grounds.

Islamic State claimed credit for both massacres, as it likes to do whether its minions were responsible or not. But the killings were the devil's work, another case of the expanding jihadist campaign against Egypt's Christian minority. Coptic Pope Tawadros had finished leading Palm Sunday services when the bomber struck at Saint Mark's.

Egyptian President Abdel Fattah Al Sisi denounced the attacks, but they raise more questions about his government's competence in protecting the Copts. The jihadist assaults have become as regular as Easter or Christmas. Three policemen lost their lives trying to stop the bomber, but Egypt's intelligence and security services appear to be on the back foot against the Islamic State's Egyptian affiliate, Sinai Province. Copts make up about 10% of Egypt's 92 million people, but many are looking to emigrate amid the jihadist terror wave.

The attacks also cast doubt on Mr. Sisi's ability to protect Pope Francis when he visits Egypt later this month. The pope is a prime target as Islamists attempt to foment sectarian religious conflict. President Trump welcomed Mr. Sisi to the White House last week as a partner in the war against Islamic extremism, but that partnership needs to include protecting Egypt's Christian minority.

Trump Demotes the ABA

President Trump fulfilled a major campaign promise with the confirmation of Supreme Court nominee Neil Gorsuch on Friday, and here's a bonus: The White House has also booted the American Bar Association from its privileged status as the semiofficial vetter of judicial nominees.

The lawyers guild doesn't deserve special judicial vetting status.

White House counsel Donald McGahn informed the ABA recently that it will no longer receive special early access to the identities of nominees. Bravo. The lawyers guild has never deserved its exalted political status, and its vetters would have eventually undermined a Donald Trump nominee at a crucial political moment.

The press corps is treating the decision like another case of weird Trump exceptionalism, but George W. Bush also demoted the ABA from vetting his nominees, and for good reason. A 2001 study in the Journal of Law and Politics by Northwestern University Professor James Lindgren found that the ABA rated President Bill Clinton's nominees much more highly than it had George H.W. Bush's.

Nominees who were already judges fared similarly but among nominees who were not already judges, Mr. Lindgren wrote, "Clinton nominees fared strikingly better than Bush nominees. For example, without judicial experience, 65% of Clinton appointees were unanimously rated well qualified, while only 17% of the Bush appointees were so rated."

Mr. Lindgren doesn't say it but we will: This is almost surely a result of political bias. The ABA will give some conservatives like Judge Gorsuch its top rating. But the ABA tilts left and, all other things equal, its vetters give higher grades to the nominees of liberal Presidents—especially at crucial political moments.

Some readers may recall how the ABA sandbagged Supreme Court nominees Robert Bork and Clarence Thomas. The ABA gave Bork a "well qualified" rating but four members of its 12-member Committee on the Federal Judiciary dissented to say he was "not qualified." Yet Judge Bork was one of the most influential legal minds of his era who helped the judiciary rethink antitrust law, among other things. A few years later the ABA rated Justice Thomas as merely "qualified," with two members voting "not qualified." Democrats used the ABA ratings as excuses to oppose both men.

The ABA is still free to say what it wants about a nominee, as is everybody else. But there's no good reason it should have premier status. Dwight Eisenhower gave the ABA that status to give his nominees a political boost, but these days the ABA's imprimatur mainly blesses a conformist elite. Outsiders aren't welcome, and young conservatives join the Federalist Society. The ABA's main bias is in favor of people like themselves, and that's reason enough to revoke its special vetting role.

LETTERS TO THE EDITOR

Gresham's Law of Bad Internet Journalism

In "Fake News and the Digital Duopoly" (op-ed, April 5), Robert Thomson describes the effect of a kind of Gresham's Law of Media: Bad "journalism" drives out good journalism.

Google and Facebook want the controversy to focus on the placement of ads near objectionable content, rather than on the often disgusting and hateful content itself. Their claims that they're taking the First Amendment high road by not banning or censoring things such as live streams of sexual assaults or incendiary hate speech ring very hollow.

Old media, such as The Wall Street Journal, which Mr. Thomson's company, News Corp, owns, every day exercise the responsible editorial judgment that Gresham's Law is relentlessly eroding in the online world. Most of the trash that somehow qualifies as news online would never be allowed to be expressed or presented on a college campus, for example. But it's perfectly fine to show bomb-building instructions on the "new" media—as long as it doesn't run near an equally hypocritical big company's advertisement.

Steve Napoli
Hilton Head Island, S.C.

The internet and all of its utilities are nothing but an extension of the office rumor mill and grapevine. What's exceptional is that successful commercial firms would pay to be arbitrarily exposed on You-Tube, Facebook and Google. Let it and them go!

Serious journalism is alive and well in spite of it all. Just check out the Journal's website.

Al Hatheway
Pasadena, Calif.

The problem arises from the fact that all "sources" are now equal, and the sorters have arcanely determined what comes out on the top of the page.

Frank Gonzalez
Canton, Ohio

Suit: Yale Tramples Freedom and Basic Rights

Regarding Peter Berkowitz's "A Lawsuit Accuses Yale of Censoring Even Inoffensive Ideas" (op-ed, April 3): George Orwell's 1949 novel "1984" depicts a future England where a dictatorial state controls all aspects of the lives of its citizens, even spying on them through their television sets. "Wrong Thought" was a crime resulting in imprisonment and even death. Yale University, as alleged in a recently filed lawsuit, *[John] Doe v. Yale*, not only filed a flimsy Title IX sexual-assault claim against Mr. Doe, but initiated a sexual-assault investigation even when he wrote a class paper arguing that rape was wrong on philosophical grounds. It is "1984" and beyond at Yale University as even inoffensive speech is suppressed and the First Amendment is trashed when a student is told to shut up and subjected to discipline for speaking his mind.

David P. Carter
Seminole, Fla.


MICHAEL MARSLAND/YALE UNIVERSITY
Yale gargoyle illustrates policy.

One elephant in the room regarding the Education Department's systematic abrogation of the legal rights of students accused of serious misbehavior is the university's determination to show the Education Department that it means business regarding Title IX enforcement. This "elephant" could have a significant effect on the process, although nothing will be said about it during the course of the proceedings. Under current rules, the panel of judges and the prosecutors are both representing Yale's interests. The accused should face a disinterested panel of judges, as in any fair trial.

With all of the obstacles facing him, here's hoping that at the end of all this Mr. Doe can change his name to Mr. Dough.

Terrance J. Mullin, Yale '66
Coral Gables, Fla.

More Refineries Must Be Part of U.S. Energy System

Regarding Mark P. Mills's "Saudi Arabia Puts U.S. Energy Producers to a Test—and They Ace It" (op-ed, March 28): Sadly, American policy makers are focused on the wrong thing when it comes to petroleum. For the benefit of American consumers and the nation as a whole, the emphasis should not be so much on petroleum production but rather on building new refineries across the nation that produce the variety of refined petroleum products the country consumes. It's absurd to run the world's largest economy on a petroleum refinery system that is so vulnerable that if a couple refineries stop producing for any reason, it effects the entire nation.

I would like to see the Trump administration sweep aside the regulatory and permitting impediments that have resulted in nary a refinery built in America the last few decades. That weakness needs to be addressed for all the right reasons.

Kevin A. Capps
Corona del Mar, Calif.

This New Orleans Statue Of a Southern Hero Is Safe

Danny Heitman places the famous equestrian statue of Andrew Jackson in the context of the continuing debates about monuments and remembrance ("Amid Toppled Confederate Statues, Andrew Jackson Stands Tall," Cross Country, March 25). He mentions three additional castings located in Nashville, Jacksonville, Fla., and Lafayette Park near the White House. The pedestal of the New Orleans statue may be unique, however. Prominently displayed is Jackson's famous quote "the Union must and shall be preserved," offered as part of an extended toast at an official banquet in South Carolina during the "Nullification Crisis" in the 1830s. Under Union occupation during the Civil War, Gen. Benjamin Butler ordered Jackson's quote to be chiseled onto the pedestal. With this forced embellishment, the Jackson statue in New Orleans now illustrates an entire era of American history.

Bill Kuttner
Boston

Suspense Builds as LPGA Golf Becomes Interactive TV

The previous weekend's inane ruling involving Lexi Thompson could help the waning popularity of LPGA and PGA events ("That Crazy Golf Ruling: Fair or Too Much?," Sports, April 4). These organizations can add overnight suspense to a game once played in daylight. It will be like a playoff without players. The LPGA will be able to announce the weekend winners on, say, Monday in prime time after reviewing the emails from couch potatoes. Golf fans who might be wasting Monday evening watching other sports (where the outcome is determined by participants) can now bite their nails in eager anticipation of the announcement of Sunday's real winner as determined by, who else, themselves.

Mark Hoffman
Sarasota, Fla.

The President Nominates But the Senate Confirms

Regarding "Senate Face-Off Could Upend Vote Rules" (page one, April 4), the Constitution does grant the president the right to pick Supreme Court justices, but that right is only to nominate a justice. President Obama did that. The Senate has the right to confirm the nominee, to reject the nominee or to take no action on the nominee. Even if the Senate had acted on nominee Merrick Garland, it wouldn't have confirmed him. Claims that the seat was stolen fly in the face of the Senate's constitutional role.

Marc Greendorfer
Danville, Calif.

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Pepper ... And Salt

THE WALL STREET JOURNAL

"Don't think of this as an audit. Look at this as a time of enlightening financial introspection."

Sweden Blacklists an Antiabortion Midwife

By Sohrab Ahmari

Uppsala, Sweden

Ellinor Grimmark didn't set out to wage a campaign. In 2007 the 40-year-old mother of two quit her catering job to become a midwife. She studied for years, dreaming of bringing life into the world. But Ms. Grimmark was professionally blacklisted in Sweden for her opposition to abortion. Now she is at the center of a yearslong legal dispute whose outcome will have implications for freedom of conscience in Sweden and across Europe.

Ellinor Grimmark found the 'opinion corridor' was too narrow to make room for her Christian faith.

Despite a reputation for stellar health care, Sweden faces an acute midwife shortage. Eighty percent of the county councils that run local hospitals reported having trouble recruiting midwives last year. An older cohort is retiring faster than its members can be replaced, and the perception that midwives are overworked dampens enthusiasm for the profession.

Local governments in many areas provide prospective midwives with a monthly stipend while they complete their certification. Jönköping County, in southern Sweden, agreed to pay Ms. Grimmark $1,900 a month during the year-and-half she studied.

Ms. Grimmark, a devout Christian, knew that some midwives participate in abortions, but she assumed that hospitals would offer conscience carve-outs for practitioners like her. "There is so much to do as a midwife," she says in an interview at her lawyer's office. "So I just thought, 'OK, that's one part, but I will do everything else.' "

In one sense, her intuition was correct. A 2007 study from Umeå University found that 35% of Swedish midwives had never been involved with abortions during their careers, while another 23% hadn't in the previous two years. Only late-term abortions are carried out in birth wards, where she wanted to work, and these are rare and always planned ahead.

But Ms. Grimmark underestimated the authorities' determination to root out antiabortion sentiment. In spring 2013, with one term left in her studies, she asked supervisors at the hospital where she planned to work to accommodate her conscience rights.

She received a furious call from one manager. "How could you even think of becoming a midwife with these opinions?" Ms. Grimmark recalls the manager screaming. "What would you do if a patient who'd had an abortion came to you bleeding?" Ms. Grimmark tried to answer that she would help a woman in that condition, but the voice on the phone kept screaming. Ms. Grimmark was told she wasn't welcome. A few days later a text message informed her that her stipend would be cut off.

One other hospital denied her employment over her views, while still another made an offer, only to backtrack. One even offered counseling to help her come to terms with abortion.

ZINA SAUNDERS

Concerned that her skills would atrophy, she accepted a midwife job in neighboring Norway, where hospitals accommodate abortion objectors. She commuted four hours each way, she says, "and I just hated leaving my children."

Ms. Grimmark has delivered nearly 200 babies in Norway. She and her husband recently moved there to save her the rough commute. She says her Norwegian colleagues, many of whom ardently support abortion rights, are puzzled by her treatment in Sweden.

In Nordic countries, and Sweden especially, elite institutions create what political scientists call "opinion corridors," setting the parameters of debate. Ms. Grimmark was locked out of the opinion corridor on medical freedom of conscience.

When she sued the Jönköping council in 2014, claiming religious discrimination and violation of her freedom of conscience, she became a public enemy.

Speaking at a panel on Islamist extremism in 2015, Mona Sahlin, a prominent politician and former government antiterror coordinator, argued that "those who refuse to perform abortions are in my opinion extreme religious practitioners" not unlike jihadists.

In January a TV segment framed Ms. Grimmark as part of "a global wave of oppression against women." On another TV panel the same month, feminist writer Cissi Wallin mused, "Those who are against abortion now, can't we abort them—retroactively?" Another panelist replied, "Yes, a really great idea!" The others chuckled.

During the trial, in the fall of 2015, an attorney for the defendants asked one of Ms. Grimmark's would-be hospital directors, Christina Gunnervik, if it would be possible for someone "who stands for these opinions and is willing to express them publicly" to work at her hospital, even temporarily. Ms. Gunnervik responded: "Unthinkable. Completely unthinkable!" Attorneys for the county council declined to comment.

The trial court in November 2015 ruled against Ms. Grimmark, despite legislative history showing that Sweden's 1974 abortion law protects freedom of conscience. Under the law abortions may be performed only by medical doctors, suggesting that its drafters never contemplated midwives as abortion providers. An appellate tribunal is expected to rule on Ms. Grimmark's appeal this week. If it upholds the lower court, she will then have recourse to the European Court of Human Rights, where the weight of European law favors her argument.

The Council of Europe has repeatedly condemned discrimination against health workers "because of a refusal to perform, accommodate, assist or submit to an abortion." Sweden is also required to safeguard the "freedom of thought, conscience and religion" under the European Convention on Human Rights.

States are allowed to restrict freedom of conscience in limited situations, but only for legitimate purposes and using means that are proportionate and necessary in a democratic society. Swedish hospitals, Ms. Grimmark's attorneys argue, fail both tests.

Norway and Denmark manage to protect both abortion rights and freedom of conscience, and that hasn't triggered a women's health crisis in either country. Even some Swedish midwives enjoy freedom of conscience under informal arrangements that have been grandfathered in.

"They still think they are putting women first by not giving me a job," Ms. Grimmark says. "We have Swedish mothers giving birth in Norway because they know they will have a midwife there. In Sweden, you don't know. We've had mothers dying because they didn't have midwives. It's crazy. It's like Africa—but it's Sweden."

Mr. Ahmari is a Journal editorial writer in London.

Saving Lives Is the First Imperative in the Opioid Epidemic

By Sally Satel

America's opioid problem has turned into a full-blown emergency now that illicit fentanyl and related synthetic drugs are turning up regularly on our streets. This fentanyl, made in China and trafficked through Mexico, is 25 to 50 times as potent as heroin. One derivation, carfentanil, is a tranquilizer for large animals that's a staggering 1,000 to 5,000 times as powerful.

Adding synthetic opioids to heroin is a cheap way to make it stronger—and more deadly. A user can die with the needle still in his arm, the syringe partly full. Traffickers also press these drugs into pills that they sell as OxyContin and Xanax. Most victims of synthetic opioids don't even realize what they are taking. But they are driving the soaring rate of overdose—a total of 33,091 deaths in 2015, according to the Centers for Disease Control and Prevention.

Hence the ascendance of a philosophy known as "harm reduction," which puts first the goal of reducing opioid-related death and disease. Cutting drug use can come second, but only if the user desires it. As an addiction psychiatrist, I believe that harm reduction and outreach to addicts have a necessary place in addressing the opioid crisis. But as such policies proliferate—including some that used to be inconceivable, such as providing facilities where drug users can safely inject—Americans shouldn't lose sight of the virtues of coerced treatment and accountability.

What does harm reduction look like? One example is Maryland's Overdose Survivor Outreach Program. After an overdose survivor arrives in the emergency room, he is paired with a "recovery coach," a specially trained former addict. Coaches try to link patients to treatment centers. Generally this means counseling along with one of three options: methadone; another opioid replacement called buprenorphine, which is less dangerous if taken in excess; or an opioid blocker called naltrexone. Overdose survivors who don't want treatment are given naloxone, a fast-acting opioid antidote. Coaches also stay in touch after patients leave the ER, helping with court obligations and social services.

Similar programs operate across the country. In Chillicothe, Ohio, police try to connect addicts to treatment by visiting the home of each person in the county who overdoses. In Gloucester, Mass., heroin users can walk into the police station, hand over their drugs, and walk into treatment within hours, without arrest or charges. It's called the Angel Program. Macomb County, Mich., has something similar called Hope Not Handcuffs.

Another idea gaining traction is to provide "safe consumption sites," hygienic booths where people can inject their own drugs in the presence of nurses who can administer oxygen and naloxone if needed. No one who goes to a safe consumption site is forced into treatment to quit using, since the priority is reducing risk.

Formerly inconceivable ideas—like providing drug users a safe place to inject—are gaining traction.

In Canada, staffers at Vancouver's consumption site urge patrons to go into treatment, but they also distribute clean needles to reduce the spread of viruses such as HIV and hepatitis C. Naloxone kits are on hand in case of overdose. One study found that opening the site has reduced overdose deaths in the area, and more than one analysis showed reduced injection in places like public bathrooms, where someone can overdose undiscovered and die.

There are no consumption sites in the U.S., but in January the board of health in King County, Wash., endorsed the creation of two in the Seattle area. A bill in the California Assembly would allow cities to establish safe consumption sites. Politicians, physicians and public-health officials have called for them in Baltimore; Boston; Burlington, Vt.; Ithaca, N.Y.; New York City; Philadelphia and San Francisco. Drug-war-weary police officers and harm reductionists would rather see addicts opt for treatment and lasting recovery, but they'll settle for fewer deaths.

When all else fails, handcuffs can help, too. A problem with treatment is that addicts often stay with the program only for brief periods. Dropout rates within 24 weeks of admission can run above 50%, according to the National Institute on Drug Abuse. Courts can provide unique leverage. Many drug users are involved in addiction-related crime such as shoplifting, prescription forgery and burglary. Shielding them from the criminal-justice system often is not in society's best interests—or theirs.

Drug courts, for example, keep offender-patients in treatment through immediately delivered sanctions (e.g., a night in jail) and incentives (e.g., looser supervision). Upon successful completion of a 12- to 18-month program, many courts erase the criminal record. This seems to work. The National Association of Drug Court Professionals reports that 75% of drug court graduates nationwide "remain arrest-free at least two years after leaving the program."

What's more, if the carrot-and-stick method used by drug courts is scrupulously applied, treatment may not always be necessary. This approach, called "swift, certain and fair," has been successful with methamphetamine addicts in Hawaii and alcoholics in South Dakota. Some courts in Massachusetts and New Hampshire have now adopted it with opioid addicts. I predict that the combination of anti-addiction medication plus "swift, certain, and fair" will be especially effective.

With synthetic drugs similar to fentanyl turbocharging the opioid problem, the immediate focus should be on keeping people safe and alive. But for those revived by antidotes and still in a spiral of self-destruction, the criminal-justice system may be the ultimate therapeutic safety net.

Dr. Satel is a psychiatrist specializing in addiction and a resident scholar at the American Enterprise Institute.

A Trump Nomination Shows He's Serious About Deregulation

By Susan Dudley

President Trump on Friday reinforced how serious he is about reforming the regulatory state by nominating Neomi Rao to head the Office of Information and Regulatory Affairs. The OIRA administrator, or "regulatory czar," is the ultimate policy wonk. Ms. Rao, a respected legal scholar with experience in all three branches of government, is ideally suited to the job.

OIRA, which operates within the president's Office of Management and Budget, may be the most important office you've never heard of. Its staff of fewer than 50 career professionals reviews the regulatory, information-collection and statistical activities of federal agencies. That may not sound exciting, but regulation is one of the most direct and powerful ways by which a president can advance his policies.

President Obama used regulation to get around Congress in pursuit of initiatives on climate change, immigration, worker pay and more. President Trump has promised to reverse those regulations and directed agencies to eliminate two old rules for every new one they issue.

OIRA allows the president to manage the regulatory authority that Congress has delegated to the executive branch. By some estimates regulations cost Americans more than $2 trillion a year, and every president since Reagan has recognized that letting agencies make policy without White House oversight would be like giving them a blank check on their budgets.

The next OIRA administrator will enforce Mr. Trump's executive order that agencies eliminate costly regulations while identifying those that still provide significant net benefits. That will require principled and pragmatic leadership, and Ms. Rao has the experience, intellect and character for the job. She is an associate professor at George Mason University's Antonin Scalia Law School, where she founded and directs the Center for the Study of the Administrative State. She directs a committee on regulatory policy for the American Bar Association. In addition to a sharp legal mind, Ms. Rao brings an openness to different perspectives and an ability to manage the competing demands of regulatory policy.

I served as OIRA administrator for the last two years of the George W. Bush administration and, like many others who held the position, consider it one of the best jobs in government. If confirmed, Ms. Rao will be involved in a dizzying range of issues and work with senior appointees across the government to implement important policies that affect people's daily lives.

The president picks a law professor to lead the most important office you've never heard of.

First, she will be responsible for examining regulatory actions from a neutral, analytical perspective. Regulatory agencies are susceptible to special-interest pressures; OIRA's role is to step back and focus on the broader public interest. Presidents for more than 35 years have asked OIRA to review new regulations before they are published to ensure they are necessary and that they are likely to do more good than harm. The procedures and principles that guide that review have remained remarkably consistent across presidents of different parties for almost four decades.

Second, OIRA coordinates among federal agencies to minimize conflict and duplication, providing a cross-cutting perspective that combats what Justice Stephen Breyer has called agencies' "tunnel vision." The administrator often serves as a neutral arbiter to resolve disputes between an agency pursuing its regulatory objectives and other departments. Here Ms. Rao's government experience and judicial temperament will come in handy.

Third, Ms. Rao will be responsible for ensuring that agency actions are consistent with the law and the president's policies. Her legal scholarship and expertise will be invaluable as she works to make sure agencies respect the boundaries of delegated authority. She will also need to anticipate litigation over specific actions, as well as broader policies, such as the president's one-in-two-out regulatory executive order.

Regulatory oversight is important and, unsurprisingly, not always welcomed by the agencies or the special interests that want to use the administrative state for their own advantage. As the Senate Homeland Security and Governmental Affairs Committee takes up Ms. Rao's nomination, it should appreciate the strong qualifications, experience and dignity she will bring to this important position.

Ms. Dudley is director of the George Washington University Regulatory Studies Center. She served as administrator of the U.S. Office of Information and Regulatory Affairs, 2007-09.

THE WALL STREET JOURNAL.
PUBLISHED SINCE 1889 BY DOW JONES & COMPANY

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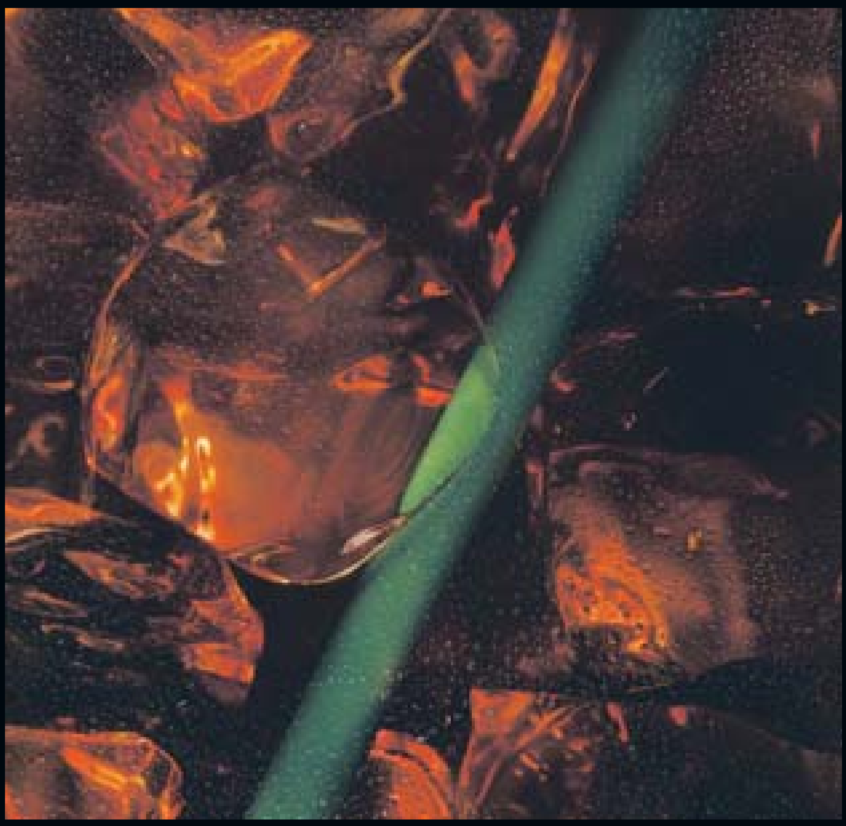

TECHNOLOGY: GOOGLE PAYS WOMEN LESS THAN MEN, U.S. FINDS B4

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Mondelez Turning Page on CEO

By Annie Gasparro, Joann S. Lublin and David Benoit

Mondelez International Inc. is preparing to look for a successor to its chief executive, Irene Rosenfeld, as the snack giant faces pressure from restive shareholders and the broad shift to healthier eating habits.

The maker of Oreo cookies, Trident gum and Ritz crackers has retained executive-search firm **Heidrick & Struggles International** Inc. to help with the transfer of power, and its board recently has discussed external candidates who could replace Ms. Rosenfeld, people familiar with the matter said.

Heidrick & Struggles hasn't yet been asked to interview prospects, and succession timing is up to Ms. Rosenfeld, who is also chairman, some of the people said.

Irene Rosenfeld

Ms. Rosenfeld, who has run Mondelez or its predecessor since 2006 and turns 64 next month, said in an interview in late February she had no current plans to leave her post. She noted that Mondelez had no mandatory retirement age and said she was focused on running the company and doing what was best for shareholders.

A spokesman said Friday: "We have succession plans in place for all executives. That's simply good corporate governance."

Like others in the food industry, Mondelez is contending with economic turmoil in emerging markets and other factors such as currency fluctuations—in addition to consumers' urge to eat more nutritious foods. Revenue fell more than 12% in 2016.

A lagging share price has sparked unrest among some Mondelez investors. Two major shareholder activists—Nelson Peltz and William Ackman—own big stakes and have urged Mondelez to take steps to improve profit margins, which trail those of its peers.

Mondelez, which has a market value of nearly $70 billion, last year sought to buy Hershey Co. in a deal worth more than $25 billion that would have added marquee brands and global scale. But Mondelez walked away after Hershey rebuffed its advances.

Mondelez is also now the subject of speculation about a possible takeover attempt by a big rival. Kraft Heinz Co., backed by 3G Capital Partners LP and Warren Buffett, has

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Labor Markets Heat Up When Online Retailers Come to Town

ANDREW CULLEN FOR THE WALL STREET JOURNAL

INSIDE THE BOX: Warehouse workers are becoming scarce as fulfillment centers spring up to support a thriving online-retail industry. Competition has grown to the point that some operators have begun offering perks such as flexible work schedules and gift cards. This Redlands, Calif., facility handles orders for Zara and others. B5

Retirement Rule Delayed, but Impact Isn't

By Michael Wursthorn

Some brokerages are forging ahead with a new retirement-savings rule even though the Trump administration has postponed—and could cancel—its implementation.

The fiduciary rule was set to take effect Monday, but the Labor Department has officially delayed it for 60 days starting April 7. In that time, the department can revise it, rescind it or request another delay.

The rule would have required brokers who oversee $3 trillion in tax-advantaged retirement savings to act in their clients' best interest. That is a stricter standard than many brokerages were using. After the rule was unveiled in April 2016, some brokerages moved clients from commission-based accounts that could run afoul of the rule to fee-only accounts.

Among firms that disclosed their plans after the fiduciary rule was announced, Merrill Lynch—Bank of America Corp.'s wealth-management unit—and J.P. Morgan Chase & Co. say they are still moving most clients to fee-based accounts. A J.P. Morgan spokesman said the bank would push back its deadline to track the Labor Department's actions. Other brokerages including Morgan Stanley and Edward Jones have said they would keep some previously announced changes, such as lower commission charges and some sales restrictions.

"Firms have been constantly revising their strategy to keep up with the latest potential options looked at by the Department of Labor," said Bharat Sawhney, a managing director focused on wealth and investment management at consulting firm Gartland & Mellina Group. "But the damage has already been done."

Thomas Powers, 75 years old, was faced with the following choice: move his assets to a fee-based account at Merrill Lynch or close out his individual retirement account and move to a self-directed commission-based brokerage account. "What's their motivation for the fee?" said Mr. Powers, a former marketing professional in Chautauqua, N.Y.

Mr. Powers was told soon after Merrill made its fiduciary-compliance plans known in October that he would have to move to a fee-based account if he wanted to keep his broker and access to Merrill's investment research. Mr. Powers for years had paid commissions for the stocks and bonds he directed his Merrill broker to buy in his IRA.

Mr. Powers wanted to retain access to research but didn't want to pay 1% of assets annually, a typical fee for such an account and told his broker he would move his funds to a rival brokerage. That fee would eat into his savings and significantly

Please see RULE page B8

Chinese Banks Lift Overseas Lending

By Chuin-Wei Yap

BEIJING—Big Chinese banks are lending record volumes abroad in a bid to tap new growth, helped by state-backed ambitions to build infrastructure around the world.

For banks, the timing of one of President Xi Jinping's showpiece initiatives—known as "One Belt, One Road"—is fortuitous: Loans to finance hundreds of projects along ancient trade routes promise oases of profitability amid faltering returns at home.

For the first time, three of the country's four largest lenders last year posted larger increases in overseas lending than in domestic corporate loans. The expansion, believed to have largely been funneled to Chinese companies, comes as Chinese banks try to carve out a bigger presence in some of the world's priciest business districts, financially as well as physically: Bank of China Ltd. last year moved its U.S. headquarters to an about 460-foot-tall glass tower in Midtown Manhattan.

The overseas financing boom is so far confined to a few state-owned banking majors, often called upon to help along policies such as the strategic push to expand China's influence via infrastructure building.

Bank of China, the fourth-biggest Chinese lender by assets, was the top originator of overseas corporate loans last year, with 1.7 trillion yuan ($246.2 billion) in such lending, an 11% rise from 2015.

It was the first time its rise in new overseas loans, at 166.2 billion yuan, outstripped the increase in domestic corporate loans, at 94.6 billion yuan. Bank of China has always had the biggest overseas-loan portfolio among Chinese commercial lenders; the bank last month said it was "exploring deeply the 'blue sea,'" a Chinese term sometimes used to mean rich market potential.

Industrial & Commercial Bank of China Ltd. and China Construction Bank Corp., China's No. 1 and No. 2 lenders, are quickly catching up, posting even larger percentage increases in overseas loans with volumes that for the first time exceeded one trillion yuan last year. The third-largest, Agricultural Bank of China Ltd., is more heavily focused on the domestic market.

—Grace Zhu contributed to this article.

Startups: Their Risks Are Open to All Investors

KEYWORDS
CHRISTOPHER MIMS

When **Oculus VR** sold to Facebook for $2 billion in 2014, some asked: What if the people who backed the virtual-reality startup two years earlier on the crowdfunding site Kickstarter had received shares instead of T-shirts or VR headsets?

They might have seen $100 turn into $14,000, says Richard Swart, chief strategy officer of NextGen Crowdfunding.

Until the past year or two, the Oculus approach to crowdfunding was the only one available to everyday investors who aren't wealthy. Federal law prohibited Kickstarter and similar platforms from offering shares to backers, so startups doled out merchandise or other perks instead.

But the Securities and Exchange Commission recently finalized rules based on the 2012 Jumpstart Our Business Startups (JOBS) Act, creating an opportunity for so-called equity crowdfunding, which companies like Mr. Swart's are eager to promote.

An Oculus-like success story is what the equity crowdfunding industry needs in order to take off, proponents say. However, most of the deals investors are buying into so far suggest such an outcome is unlikely anytime soon.

Worse, it seems as though many investors will be unlikely to see any return on their investments at all: Some companies appear to be using this funding mechanism as a last resort, having been passed over by professional investors.

Last week, Ronco Brands—the company founded by Ron Popeil, of Veg-O-Matic and Pocket Fisherman fame—announced its intention to file for what is colloquially known as a "mini IPO." Permitted since June 2015, these are public offerings of tradeable stock, but the companies can raise only up to $50 million.

Ronco has 22 employees, $17 million in debt, 2015 rev-

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BUSINESS & FINANCE

Auto-Emissions Fight Looms Anew

BY MIKE SPECTOR

Auto executives descend on New York's annual auto show this week amid cooling demand for new cars and trucks. But getting buyers to open their wallets could be a breeze compared with the emissions battle the executives face in the Empire State.

New York is one of a dozen states that follow California's vehicle-emissions standards, which are set separately from Environmental Protection Agency regulations. The states make up roughly 40% of the U.S. car market.

THE WEEK AHEAD

New York and California officials bristled when the Trump administration, after weeks of industry lobbying, reopened a review of stringent federal emissions standards that are aligned with their rules. They have criticized auto makers for running to the White House for relief and suggested they will wage legal battles to keep their regulations strict.

"The Trump administration's attempts to roll back readily achievable vehicle emission standards is a dangerous attack on the decades of progress we've made in cleaning up our air," said New York Attorney General Eric Schneiderman in a statement. States have clear rights to adopt stricter pollution standards and New York "won't hesitate to fight back" against efforts to undermine them, he said.

Auto makers want to relax federal rules, saying that low gasoline prices are pushing consumers toward fuel-thirsty pickup trucks and sport-utility vehicles that now account for 60% of U.S. sales. That makes it harder to sell electric cars and other more-expensive cleaner technologies that help car makers meet gas-mileage standards, they say.

Car companies toe a careful line at auto shows: They are trying to woo buyers while also impressing regulators or investors who want to see progressive technology, even as manufacturers lobby against government rules meant to speed their adoption. Once primarily a showcase for fresh sheet metal, they have increasingly become displays for futuristic rides, such as self-driving cars years away from hitting dealerships.

Among this year's moonshots: **Honda Motor** Co. is showcasing its Clarity electric car and BMW AG's iPerformance plug-in hybrid vehicle lineup will also be displayed.

New York's exposition at the sprawling Javits Center is the first major U.S. car show since the Trump administration reopened a review of federal targets that require auto makers sell vehicles averaging 54.5 miles a gallon, or 40 mpg in real-world driving, by 2025. California sets its own standards under a waiver from the EPA, and most of the states that align with it went for Democrat Hillary Clinton in the November presidential election.

"California's not alone," said Margo Oge, who headed the EPA's transportation and air-quality office for 18 years until 2012. "Industry and this administration must work with California. They have no choice."

New York has joined California as part of a broader resistance to President Donald Trump's effort to reverse the Obama administration's climate-change agenda. The Democratic governors of both states in March vowed to exceed targets for curbing carbon pollution from utilities after Mr. Trump signed an executive order aimed at undoing former President Barack Obama's Clean Power Plan.

California in March upheld its own vehicle-emissions standards, which emulate federal targets and start climbing sharply in five years, furthering the potential of a future showdown.

In a March 23 letter to White House Economic Council Director Gary Cohn, auto makers signaled they were hoping to avoid a confrontation.

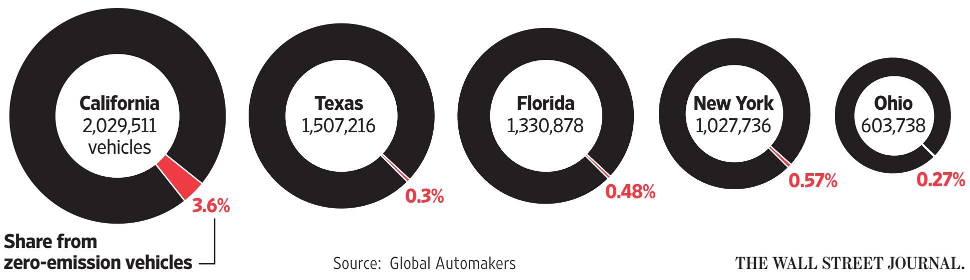
"We were pleased to see that the White House indicated a desire to bring all relevant stakeholders, including California, to the table in a genuine, serious and constructive effort to build consensus," wrote Mitch Bainwol, head of a Washington industry lobbying group. Auto makers want to keep California on board with U.S. rules, avoiding different standards across state lines.

—Jim Carlton contributed to this article.

Low Charge

California and New York opposed the Trump administration reopening a review of U.S. vehicle-emissions standards. But so-called zero-emission vehicles—including electric and fuel-cell cars—aren't hot sellers.

Total new vehicle sales for 2016 in large U.S. car markets



Source: Global Automakers THE WALL STREET JOURNAL.

CEO

Continued from the prior page

been hunting for an acquisition. Its $143 billion bid in February for Anglo-Dutch consumer giant **Unilever** PLC was rejected, stoking long-running speculation that Kraft Heinz could approach Mondelez next.

Ms. Rosenfeld received $16.7 million in total compensation last year. As chief executive of what was then Kraft Foods Inc., she orchestrated the 2010 acquisition of British confectioner Cadbury PLC for about £12 billion (about $19 billion then), then in 2012 split the resulting company in two.

Snack foods such as Oreo Cookies and Trident Gum stayed with Mondelez. U.S.-focused brands like Oscar Mayer deli meat and Jell-O pudding went with Kraft Foods Group Inc., which later merged with H.J. Heinz Co.

Since the split, Mondelez's cumulative shareholder return is 77%, compared with a 94% gain for the S&P 500 Packaged Foods & Meats index, according to FactSet. Mondelez has returned some $14.8 billion in dividends and stock repurchases since the split.

Ms. Rosenfeld has guided the company through a cost-cutting effort, closing or selling more than 40 factories in the past four years. That has helped boost the company's adjusted operating margin to 15.3% in 2016 from 12% in 2013.

Finding a successor with global experience is critical for the Deerfield, Ill., company, which relies on foreign markets for most of its $26 billion in annual sales, analysts and recruiters said.

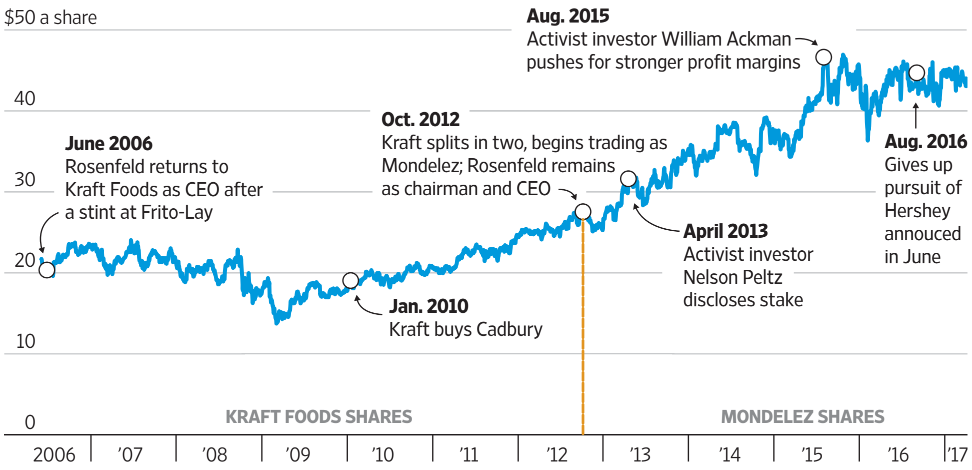
The board could seek a replacement for Ms. Rosenfeld within Mondelez's ranks, or look to tap a senior official from another company, the people said. An independent director of Mondelez is also a possibility for the next chief executive. Among Mondelez's current executives, possible successors include Tim Cofer, chief growth officer, and chief financial officer Brian Gladden, the people said.

Adding to the complexity for Mondelez is disagreement among investors about the focus of the company.

Ali Miremadi, a fund manager at GAM Holding AG, which owns a small stake in Mondelez among roughly $120 billion under management, said he wanted the company to focus more on boosting sales than profit margins. "I'd like to see it be a better-run growth company, but I'm not frustrated," he said.

Action-Packed Tenure

Irene Rosenfeld, 63, is chief executive of Mondelez International and has run the company or its predecessor since 2006. Since she was named chief executive, shares have more than doubled.



Sources: WSJ Market Data Group; WSJ staff reports THE WALL STREET JOURNAL.

CEO Made Moves Over Past Decade

Irene Rosenfeld is chief executive of **Mondelez International** Inc. and has run the company or its predecessor since 2006. Some milestones:

1981: Ms. Rosenfeld joins General Foods, which would later be merged with Kraft Foods

2004: Ms. Rosenfeld leaves Kraft to be chairman & CEO of Frito-Lay, a unit of PepsiCo.

2006: Ms. Rosenfeld returns to Kraft Foods as CEO

2010: Kraft buys Cadbury

2012: Kraft splits in two, creating Kraft Foods and Mondelez International. Ms. Rosenfeld remains as CEO and chairman of Mondelez, the global snacking giant

2013: Activist investor Nelson Peltz discloses a stake in Mondelez, vying for a merger with PepsiCo's food business

2014: Mr. Peltz joins Ms. Rosenfeld on Mondelez's board and agrees to stop pushing for Pepsi deal

2014: Mondelez announces that it will separate its coffee business in a joint venture with D.E. Master Blenders

2015: Activist investor William Ackman takes on Mondelez, pushing for stronger profit margins

2016: Mondelez attempts to buy Hershey but is rejected

2016: Mondelez says it has stopped pursuit of Hershey

'Smurfs' Debut Places Third at Box Office

COLUMBIA PICTURES/EVERETT COLLECTION

'Smurfs: The Lost Village' lagged behind other family films.

Associated Press

LOS ANGELES—The Smurfs are feeling a little blue this weekend.

The third installment in Sony's animated series, "Smurfs: The Lost Village," made its box-office debut in third place, with $14 million—far behind family-friendly holdovers "The Boss Baby" and "Beauty and the Beast," according to studio estimates Sunday.

Featuring the voices of Demi Lovato and Joe Manganiello, "Smurfs," which reportedly cost $60 million to make, hasn't charmed critics either. Its earnings were worse than the 2013 opening of "Smurfs 2," which went on to gross $347.5 million world-wide despite a $17.5 million debut and a heftier $105 million price tag.

But the fate of the third "Smurfs" isn't necessarily sealed, says ComScore's senior media analyst, Paul Dergarabedian.

"There are other revenue streams for films like this," Mr. Dergarabedian said, noting international profits and home video potential that could recoup production costs.

In first place, "The Boss Baby" added $26.3 million in its second weekend in theaters, bringing its North American total to $89.4 million. Sufficient buzz and the benefit of voice star Alec Baldwin's popular portrayal of President Donald Trump on "Saturday Night Live" likely helped the film succeed, Mr. Dergarabedian said.

Meanwhile, "Beauty and the Beast" earned $25 million to take second place at the box office. In four weeks, Disney's live-action fairy tale has brought in $432.3 million domestically.

While family films dominated, moviegoers had other options on a relatively quiet weekend. The tepidly reviewed buddy comedy "Going in Style," starring Morgan Freeman, Michael Caine and Alan Arkin, opened in fourth place, with $12.5 million.

The faith-based drama "The Case for Christ" also launched with $3.9 million from 1,174 theaters.

In limited release, the Chris Evans drama "Gifted" took in $476,000 from 56 theaters, while the World War II drama "Their Finest" grossed $77,000 from four screens in New York and Los Angeles.

The relative quiet at the box office is ending soon. "The Fate of the Furious," the eighth installment in "The Fast and the Furious" franchise, speeds into theaters next weekend, followed by "Guardians of the Galaxy Vol. 2" a few weeks later.

"There are a lot of box-office heavyweights looming on the horizon," Mr. Dergarabedian said.

Estimated Box-Office Figures, Through Sunday

	FILM	DISTRIBUTOR	SALES, IN MILLIONS: WEEKEND*	CUMULATIVE	% CHANGE
1.	The Boss Baby	Twentieth Century Fox	$26.3	$89.4	-48%
2.	Beauty and the Beast	Disney	$25.0	$432.3	-45%
3.	Smurfs: The Lost Village	Sony	$14.0	$14.0	—
4.	Going in Style	Warner Bros.	$12.5	$12.5	—
5.	Ghost in the Shell	Paramount	$7.4	$31.6	-61%

*Friday, Saturday and Sunday Source: comScore

Space Rivalry Pressures Prices

Boeing and Lockheed, facing Musk and Bezos, discuss deep discount for NASA

By Andy Pasztor

GENE BLEVINS/LA DAILY NEWS/ZUMA PRESS

NASA recovery team members examine a model of Orion craft in Arizona last month. NASA likely faces flat or declining budgets.

COLORADO SPRINGS, Colo.—Before NASA's Orion exploration capsule has had its first full-blown test flight, **Boeing** Co. and **Lockheed Martin** Corp. already are talking about slashing roughly 50% off the price of later versions of the spacecraft and its heavy-lift rocket.

The unusual cost-cutting push so early in the program, spelled out by officials from both companies at a conference here, reflects new financial and policy challenges confronting the National Aeronautics and Space Administration and its two largest contractors.

The agency likely faces flat or declining budgets for at least the next few years, even as funding needs for these and other big-ticket development programs persist and perhaps even climb.

The result is that Lockheed Martin, the prime contractor for Orion, and Boeing, which heads up the team developing a powerful rocket called the Space Launch System, are seeking to fend off rivals and shore up congressional and public support by emphasizing projections of aggressive cost reductions in future years.

Orion's immediate challenges include potential extra costs if NASA and the White House opt to put astronauts on the first test flight. The initial schedule called for a 2018 mission without a crew, followed by one in 2021 carrying astronauts. But to show more dramatic progress, NASA and Lockheed appear to be leaning toward accelerating certain work to allow two astronauts to be on board for the first demonstration flight that is targeted for 2019.

Over roughly the same time frame, Elon Musk's **Space Exploration Technologies** Corp. and **Blue Origin** LLC run by **Amazon.com** Inc. Chairman Jeff Bezos are proposing privately funded cargo and crewed missions beyond Earth's orbit, some targeting the moon and even Mars.

Those commercially funded trips are slated to cost just a fraction of the roughly $1.6 billion NASA is committed to pay for the first or second Orion demonstration flight. Orion's champions aim to show that subsequent flights of their deep-space vehicle would be considerably less expensive.

Jim Chilton, president of Boeing's network and space systems, told reporters that managers for the SLS rocket "are trying to get good economics into the production system" by relying on increased automation, which translates into fewer workers on the factory floor.

Reflecting large upfront engineering and development costs, NASA has estimated that early SLS flights are likely to cost roughly $1 billion apiece. But Boeing has an internal target of eventually reducing recurrent launch costs to about half that, according to company and industry officials familiar with the details.

Costs for big aerospace programs typically drop following the development phase, though savings in this case will be harder than usual to achieve because the production volume will be so low—NASA anticipates a single Orion launch annually. Signaling cost concerns, the agency last fall made a preliminary request for the industry to propose less-expensive alternatives, potentially using different hardware.

SLS is slated to be the most powerful rocket ever built, designed to weigh more than 5.5 million pounds and stand taller than the Statue of Liberty. In the ultimate version, it is intended to carry more than 130 tons into orbit with thrust equivalent to the power of roughly 30 Boeing 747 jumbo jets. "No other system currently in development can do that," said Peter McGrath, another senior Boeing official.

SpaceX and Blue Origin have said they plan to build even more powerful rockets than SLS. But those concepts are nowhere near production or testing.

Mike Hawes, a veteran former NASA official who now runs the Orion program for Lockheed Martin, said in an interview that his target is reducing the capsule's eventual per-flight cost to less than $300 million from today's roughly $600 million figure.

Lockheed Fights Sticker Shock

One of the biggest questions affecting recurrent costs is whether NASA will allow capsules to be reused after fiery returns to Earth that by design will erode Orion's heat shield, said Mike Hawes, who runs the Orion program for **Lockheed Martin**. Lockheed Martin envisions reusing crew seats, avionics and other portions of the spacecraft, he said.

To determine whether the structure can fly again, he said the first capsules would carry sensors to gauge stresses and loads. The team is also considering "a lot more 3-D printing" to cut costs, he said. Engineers were able to make the crew module simpler by reducing the number of pieces to seven from more than 33, he added.

In contracts with suppliers for the simplified parts, he said, "we've cut the cost of those by roughly 50%."

Truckers Knight And Swift To Merge

By Paul Page

Swift Transportation Co. is merging with **Knight Transportation** Inc. in a stock swap that would combine two of the biggest operators in a wide-ranging U.S. trucking sector, which together are worth more than $5 billion.

As part of the deal, to be announced Monday, each Swift share would be converted into 0.72 share of the new entity through a reverse stock split. Knight shares would be exchanged one-for-one. Swift shareholders would own 54% of the new company, with Knight holders owning the rest.

The new group is to be named **Knight-Swift Transportation Holdings** Inc. and each company's brands and operations would remain distinct. The deal values Swift shares at $22.07, about a 10% premium to their closing price Friday.

Swift's market value stood at $2.7 billion Friday and Knight's at $2.5 billion.

Swift is the fifth-largest trucking company in the U.S. in terms of revenue and Knight is 22nd, according to industry researchers SJ Consulting Group—behind competitors including **United Parcel Service** Inc. and **FedEx** Corp.

Swift and Knight, both based in Phoenix, are among the top carriers in the highly fragmented market for truckload services, in which customers including retailers and manufacturers buy space on entire trucks for long transport runs, typically more than 500 miles.

The deal would be the biggest acquisition in the trucking business since **XPO Logistics** Inc. agreed to buy Con-way Inc. for $3 billion in 2015.

China Firm Proposes Takeover Of CWT

By Jake Maxwell Watts And P.R. Venkat

SINGAPORE—Chinese conglomerate **HNA Group** Co. said it had made an offer to buy all the shares of Singapore-listed logistics and warehousing firm **CWT** Ltd., the latest in a series of deals by the Chinese company.

HNA said Sunday its proposed acquisition of CWT would see the Singapore company benefit from China's "Belt and Road Initiative," an ambitious infrastructure investment plan spanning much of the globe.

CWT said in a statement that HNA had offered 2.33 Singapore dollars (US$1.66) a share, a premium of nearly 13% above its last traded price since it went on a trading halt Thursday. That offer price would value CWT at nearly S$1.4 billion.

The offer for CWT is the latest in a series of purchases by HNA, one of China's most-aggressive buyers, as it expands its travel-to-property empire beyond the country's borders. Last month, The Wall Street Journal reported that HNA was seeking to acquire a stake in Swiss airport retailer Dufry AG, which is valued at $7.6 billion.

The Chinese conglomerate has also made recent purchases in the financial and property sectors, including a deal to buy a stake in OM Asset Management PLC, an arm of U.K. insurer Old Mutual PLC, for about $446 million.

CWT, founded in 1970, provides commodity logistics, freight logistics and warehousing services. It also has a division that specializes in the trading of nonferrous ores and precious metals, as well as an engineering and financial-services division. As of the end of last year, CWT Group managed 10.3 million square feet of owned and leased warehousing space in Singapore.

Nigerian Oil Deal Was Worry at Shell

By *Sarah Kent* in London And *Eric Sylvers* in Milan

Royal Dutch Shell PLC's top executives last year were worried that a controversial Nigerian oil deal may have violated a U.S. Justice Department agreement with the Anglo-Dutch oil giant and would spark an American probe, according to a recorded phone call between the firm's chief executive and top finance officer at the time.

The company is already under investigation in Italy, Nigeria and the Netherlands for a $1.3 billion deal in 2011 with Italian oil firm **Eni** SpA and the Nigerian government for a lucrative Atlantic Ocean oil license known as OPL 245, according to Italian court documents, Nigerian public records and a statement from the Dutch prosecutor. The controversial oil bloc is believed to contain billions of barrels of crude.

Recorded call between Shell executives offers closer look at Nigeria bribery investigation.

The Justice Department declined to comment.

Italian prosecutors are pursuing criminal charges against Shell and Eni, saying in court records the companies knew the deal's proceeds would be used to pay bribes in Nigeria. Shell and Eni said Friday they paid the Nigerian government for the oil bloc but didn't believe the money would ultimately be used for bribes. Court documents allege the money went to various executives and Nigerian government officials.

The phone call between Shell CEO Ben van Beurden and then-CFO Simon Henry opens a rare window into the private conversations of the company's top executives and reveals how the Nigeria bribery investigation has become a nagging worry. On the call, they say they are speaking just hours after Dutch police raided Shell's offices in The Hague in February 2016 as part of an investigation into the deal.

In response to questions about the call, a Shell spokesman said the company notified U.S. and U.K. authorities about the raid and subsequently turned over the results of its own internal investigation into the Nigerian oil deal to them. Shell said it is cooperating with authorities but doesn't believe there is a basis for the Italian prosecution. Shell didn't dispute the recording's authenticity.

On the call, Mr. van Beurden told Mr. Henry that the company's legal team conducting its own investigation had turned up "unhelpful email exchanges" with "loose chatter" from Shell employees about the Nigeria deal, according to a recording heard by The Wall Street Journal that was provided by a person in possession of the recording.

BuzzFeed reported the call on Sunday.

Later in the call, Mr. van Beurden said Shell concluded the U.S. wasn't involved in the Dutch raid.

Mr. van Beurden, who took over as CEO in 2014 and wasn't involved in the OPL 245 deal, expressed concern that his predecessors hadn't disclosed enough about the deal to the U.S. Justice Department. The Justice Department had already investigated Shell for Nigeria bribery allegations in a separate case and entered a deferred prosecution arrangement with the company in 2010 requiring a $30 million criminal settlement and adherence to what the Justice Department called "enhanced corporate compliance and reporting obligations."

The Dutch Public Prosecutor said Sunday it is working on a joint investigation with Italian authorities into whether Shell bribed Nigerian officials, but wouldn't comment on the Shell executives' conversation. Italian prosecutors didn't respond to requests for comment.

—Aruna Viswanatha contributed to this article.

A New Arms Race for Tech

Sector's heavy hitters spend heavily on data centers to power on-demand services

By Jay Greene

Just as oil-and-gas companies plow billions of dollars in searching for new energy reserves, big technology companies are spending lavishly on a global footprint of sophisticated computers to run every startup and corporate colossus's business in the cloud.

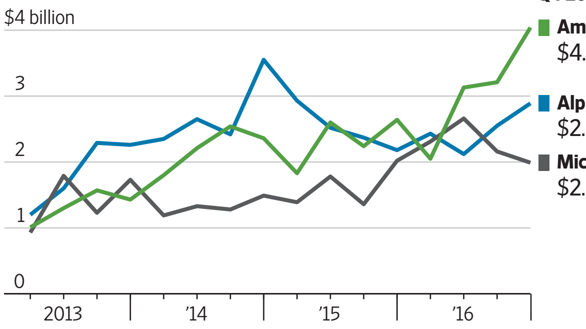
Amazon.com Inc. upped the ante this past week, announcing plans to plunk down a massive collection of data centers in Stockholm. It is the latest move in a high-stakes race to own the biggest piece of a market that is expected to reach into the hundreds of billions of dollars.

Amazon and its chief rivals—**Microsoft** Corp. and **Alphabet** Inc.'s Google—are aggressive players in hyperscale computing, which provides digital horsepower that scales quickly when needed in real time, such as when NFL fans crush a fantasy-sports site before kickoff.

Combined, Amazon, Microsoft and Alphabet doled out $31.54 billion in 2016 in capital expenditures and capital leases, according to company filings. That is up 22% from 2015.

Cloud Capital

The three giants of cloud infrastructure are spending lavishly to keep up with one another, and distance themselves from rivals.



*Amazon's spending includes property and equipment acquired under capital leases, a key way the company supplements its capital spending.
Source: the companies
THE WALL STREET JOURNAL.

Not every dollar is spent on data centers that deliver infrastructure as a service, but each company describes the cloud as a major investment area. Amazon, the leader in such web-based, on-demand resources, didn't disclose the cost of the new cluster of data centers in Stockholm, known in industry-speak as a "region." Analysts peg the price of a region at several hundred million dollars.

Investors are willing to tolerate the hefty tab, as they often do for energy exploration, or by telecommunications companies unfolding vast networks of fiber. That is because the potential payoff is big: a piece of the roughly $500 billion businesses spent last year on computing, storage, networking, database technology and more, according to research firm **Gartner** Inc.

That spending is shifting from customers' own servers to the cloud, and "being concentrated in the hands of a few companies," said Gartner analyst Ed Anderson.

The massive investment is creating a barrier for would-be rivals that would need to spend tens of billions of dollars to match the computing capacity Amazon, Microsoft and Google already have, Deutsche Bank Securities Inc. analyst Karl Keirstead said.

"They've created a powerful moat," he said.

One rival that isn't shying away: **Oracle** Corp. Last summer, the business-software maker unveiled cloud-infrastructure services it brashly said would challenge Amazon's dominance. But Oracle's spending on cloud infrastructure pales in comparison with that of Amazon, Microsoft and Google. In the four quarters through February, Oracle's capital spending, which includes data-center development, was $1.7 billion.

Oracle's senior vice president of product marketing, Steve Daheb, said capital expenditures don't paint a complete picture. He believes Oracle's infrastructure services outperform the industry giants, allowing the company to compete without spending as much on data centers.

"Dollars of capex in isolation are interesting but hardly conclusive," Mr. Daheb said in an email, adding that Oracle's spending is "exactly where we want it to be."

Oracle has plenty of catching up to do. In the most recent quarter, its infrastructure-as-a-service revenue grew by 17% to $178 million. Net sales at Amazon Web Services, composed largely of Amazon's infrastructure-as-a-service business, grew by 47% to $3.54 billion in its most recent quarter.

—Ted Greenwald contributed to this article.

Women at Google Are Paid Less Than Men, Investigation Finds

By Jack Nicas

An investigation of **Google** Inc. has found it systematically pays female employees less than their male counterparts, U.S. Department of Labor officials said, a claim that adds to allegations of gender bias in Silicon Valley.

The Labor Department found the gender-pay gap during a routine probe into whether Google, a federal contractor, is complying with laws that prohibit contractors from discriminating against applicants or employees.

The department is suing Google to compel the company to disclose more compensation data for its investigation. At a procedural hearing before a federal administrative law judge in San Francisco on Friday, Labor Department Regional Director Janette Wipper said the agency "found systemic compensation disparities against women pretty much across the entire workforce" at Google, according to the Guardian newspaper, which attended the hearing.

A Labor Department spokesman confirmed the testimony.

Google, a unit of **Alphabet** Inc., said in a statement that "we vehemently disagree with Ms. Wipper's claim," which it said it heard for the first time Friday. The company said the Labor Department hadn't shared the data or methodology it used, and Google's internal pay analysis found no gender gap.

The Labor Department's claims don't amount to formal charges, and Janet Herold, the department's regional solicitor, said its investigation is ongoing.

But, in an interview with the Guardian, Ms. Herold also said the department has received "compelling evidence of very significant discrimination against women in the most common positions at Google headquarters." The government's analysis indicates discrimination against women at Google "is quite extreme, even in this industry," the newspaper quoted her as saying.

The industry is now under scrutiny from the Labor Department for the issue.

The department sued software giant Oracle Corp. earlier this year for allegedly paying white male workers more than other employees.

Oracle said at the time of the suit that the complaint was politically motivated, based on false allegations, and without merit.

MIMS

Continued from page B1

enue of $9 million and auditors who have "raised substantial doubt" in securities filings about whether the company can continue to operate. Ronco's chief executive says the company needs to acquire enough capital to leverage its half-century-old brand and grow.

Then there's video-streaming site VidAngel, designed to allow viewers to skip objectionable content in Hollywood films. The company raised more than $10 million from 7,554 customers in December 2016. The mini IPO was pitched as a way to fund VidAngel's legal battle with movie studios that say the company is illegally streaming their movies. Soon after the fundraising round closed, a district court judge issued an injunction to shut down VidAngel's streaming of studio films.

Or take Elio Motors, maker of a three-wheel car and the first company to launch a mini IPO under the new rules, in November 2015. The company probably couldn't have survived without the $16.9 million it raised through equity crowdfunding, founder and chief executive Paul Elio says. It has helped open doors to bankers and traditional sources of private equity, he adds. None of them has committed to the additional $300 million the company says it needs to start production, however.

One of the highest-funded projects in Kickstarter history is The Coolest Cooler, which has raised more than $13 million on the site. Then it attempted in March 2016 to raise equity crowdfunding via the site CircleUp from accredited investors, or those with more than $200,000 in income or net worth of at least $1 million. This led to negative press, and the listing was pulled. The Coolest Cooler "weren't a fit for our platform," a CircleUp spokeswoman said. The startup, which didn't respond to requests for comment, still hasn't shipped coolers to all of its Kickstarter backers.

Mini IPOs are allowed by the JOBS Act's Regulation A+: Participants can raise up to $50 million, and the stock is immediately tradable. Another part of the JOBS Act, Regulation CF (for "crowdfunding"), allows companies to sell up to $1 million in shares which must be held for at least 12 months.

MINTAHA NESLIHAN EROGLU/ANADOLU AGENCY/GETTY IMAGES

Elio Motors' P5 on display. The maker of a three-wheel car launched a mini IPO in 2015.

Darren Marble, CEO of CrowdfundX, which markets equity crowdfunding deals including Elio's mini IPO, says he is worried about many of these offerings. "We probably reject 90% or 95% of the deals directed to us," he says. "I think the vast majority of [companies] choosing [mini IPOs] are inherently poor fits for this regulation."

Both sets of rules allow anyone, regardless of income, to invest. But Regulation CF has very stringent caps on the size of the investments, segmented by investors whose net worth or income is less than $100,000, and those whose income or net worth is higher. For Regulation A+, the cap is 10% of a person's net worth or income, whichever is greater.

"It's very early," says Slava Rubin, cofounder and chief business officer of crowdfunding site Indiegogo. Through a partnership with equity-crowdfunding platform MicroVentures, Indiegogo has been offering shares for less than a year.

To date, 11 equity-based projects have been fully funded, including an at-home beer-tap startup called Fizzics, a smart connected ball from Play Impossible, a movie called "The Field Guide to Evil" and a food truck that serves "seasonal" grilled-cheese sandwiches. The average investment on Indiegogo's equity platform is over $500, Mr. Rubin says.

The SEC has been careful—some critics say excessively careful—in crafting investor-protecting regulations around equity crowdfunding. But the fact that the rules are looser than conventional IPO regulations means there will be fraud, says Josh Brown, CEO of financial planning firm Ritholtz Wealth Management.

"I'm not against [these rules]," Mr. Brown says. "The problem is some [investors] are going to get f—ed. Without a doubt." Some Wall Street traders, he adds, call the JOBS Act the "Just Open Bucket Shops" Act, a reference to the fraudulent brokerage firms whose high-pressure sales tactics were in part responsible for the stock market crash of 1929 and the formation of the SEC.

It's clear that the original intention of the JOBS act—to encourage formation and growth of new businesses in a world in which the stock market is actually shrinking—was a good one. What isn't yet clear, and won't be clear for some time, is whether everyday investors will be savvy enough to sort the good deals from the bad.

The government shouldn't "set loose a new generation of wolves of Wall Street who can sell people stories and a dream and leave people holding the bag," Mr. Brown says.

Online Retailers Heat Up Local Labor Markets

Fulfillment centers offering flexible work schedules, gift cards to attract workers

By Jennifer Smith

Retailers and logistics companies have been opening warehouses at a record pace to ensure online orders reach customers as quickly as possible. Now they are struggling to find workers to staff them.

Amazon.com Inc., **Wal-Mart Stores** Inc. and other e-commerce giants rely on armies of "pickers" to grab items off warehouse shelves and prep them for shipment. For years they have drawn from a seemingly limitless pool of people willing to take these jobs, which can be grueling but require little training or education.

But with the unemployment rate close to a 10-year low, competition for warehouse workers is fueling the biggest wage gains inside warehouses in at least a decade.

Starting pay for warehouse workers rose 6% over the past year to $12.15 an hour in February, according to an analysis by ProLogistix, a logistics staffing firm. Hourly earnings rose 2.8% across all professions over the same period, according to the Labor Department's Bureau of Labor Statistics.

The warehouse-and-storage sector expanded dramatically as more people shop online, and accounted for 945,200 jobs in March, up 5.3% over the year-earlier period, according to seasonally adjusted Bureau of Labor Statistics data released Friday.

Warehouse workers typically earn a few dollars an hour above minimum wage, though minimum-wage laws in places such as California and Massachusetts could narrow the gap.

Booming sales mean e-commerce operations have to ship more items faster, and pay increases are imposing new costs. E-commerce fulfillment centers require two to three times as many workers as traditional warehouses, says CBRE Group Inc., a real-estate brokerage. It estimates a $1-an-hour wage increase can raise labor costs by more than $2 million a year at "big box" warehouses employing as many as 1,000 workers.

Many new facilities Amazon.com Inc. is opening around the country have 2,000 or more full-time employees, an Amazon spokeswoman said. The e-commerce giant, which has more than 90,000 full-time workers across its fulfillment network, said Thursday it plans to create 25,000 additional part-time warehouse jobs over the next year.

Rising labor costs are speeding up the pace of automation and influencing where new warehouses are built. And as poaching becomes a bigger threat, employers are trying to make picker jobs more attractive, with perks like employee barbecues and holiday breakfasts, as well as more flexible shifts.

It doesn't take much to lure workers away. "A guy who makes $10 an hour, you offer $10.25, he's going to leave," said Tom Landry, president of Allegiance Staffing, which supplies logistics and manufacturing workers. "That's another tank of gas."

Some warehouse operators are adding part-time positions or compressed shifts that pack 36 hours of work into three days, in hopes of luring students, working parents or retirees. Some firms are tapping local organizations and community colleges. Incentives deployed each fall for the holiday rush, like performance pay, are becoming more common year round.

"It's almost like peak [season] is never ending," said Meghan Henson, chief human resources officer at XPO Logistics Inc., which operates warehouses for large retailers like IKEA. "If a warehouse is going up down the block, we want to find out what they're paying."

Amazon.com and online furniture retailer Wayfair Inc. have opened warehouses near Cincinnati/Northern Kentucky International Airport. The delivery companies FedEx Corp., United Parcel Service Inc. and Deutsche Post AG's DHL also have operations in the area. Average pay in 2015 for freight and stock employees, such as warehouse pickers, in the Cincinnati metro area shot up to more than $14 an hour, according to the Bureau of Labor Statistics.

Finding enough workers "is certainly a concern," said Dan Tobergte, chief executive of Northern Kentucky Tri-ED, a regional economic development agency. "We've got pretty low unemployment in the area," he said, and the population isn't "growing as fast as the jobs are."

Competition for labor is intense in areas such as Southern California's Inland Empire and central Pennsylvania, within a day's reach of millions of consumers. Demand is heating up in Midwestern cities like Indianapolis and St. Louis, according to commercial real-estate services firm JLL.

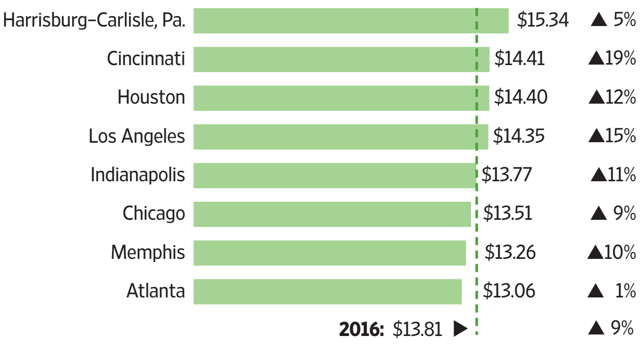
Radial, which handles e-commerce fulfillment for retailers like Kate Spade & Co. and DSW Inc., increased wages at eight U.S. locations in December, including raises of between 5% and 7% at a facility in Redlands, Calif.

ANDREW CULLEN FOR THE WALL STREET JOURNAL

Radial's Redlands, Calif., distribution center handles fulfillment for online retailers such as Zara.

Rising Pay

Warehouse wages have jumped in many cities.



*Average hourly wage earned by workers who move freight, stock or other materials by hand

Sources: CBRE Group; Labor Department

THE WALL STREET JOURNAL.

Warehouse Workers Enjoy Gains in Pay On Labor Shortage

Warehouse wages are climbing in key U.S. logistics markets from Houston to Los Angeles.

A boom in warehouse openings to handle surging online sales has intensified demand for labor in transportation hubs like Chicago and markets promising consumers delivery in two days or less.

The suburbs of Columbus, Ohio, contain warehouses operated by **Wal-Mart Stores** Inc., **Lululemon Athletica** Inc. and Deutsche Post AG's **DHL**, among others. Last year, **Amazon.com** Inc. opened two fulfillment centers in the region employing 4,000 people, a spokeswoman said.

Similar clusters have sprung up outside Indianapolis. In 2016, the average hourly wage there for freight and stock employees such as warehouse pickers rose 6.9%, to $13.77, according to the Bureau of Labor Statistics.

Aurora, Colo., has some 25,000 warehouse jobs, with about 1,800 more expected to come online this year as Amazon.com and others open facilities in the area, said Wendy Mitchell, chief executive of the Aurora Economic Development Council.

To fill them, the council is working with employers to host job fairs early on, Ms. Mitchell said. "Most of these guys need to be online and fully staffed up by August to make that Christmas rush...There's going to be major competition."

—Jennifer Smith and Brian Baskin

LOGISTICS REPORT

WSJ .COM **For more analysis on supply-chain issues via a daily newsletter, go to** wsj.com/logistics.

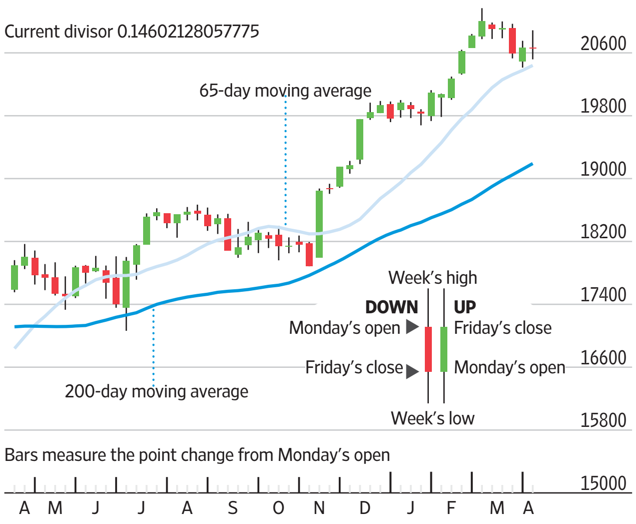
MARKETS DIGEST

Dow Jones Industrial Average

20656.10 ▼7.12, or 0.03% last week

High, low, open and close for each of the past 52 weeks

	Last	Year ago
Trailing P/E ratio *	21.07	17.96
P/E estimate *	17.70	16.70
Dividend yield	2.36	2.61
All-time high	21115.55, 03/01/17	

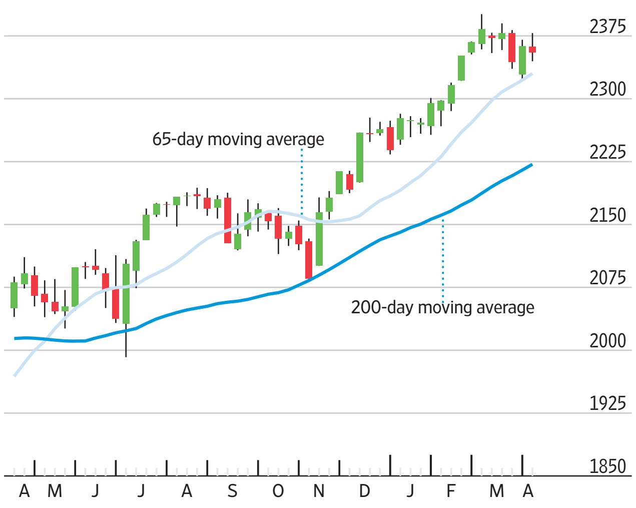


S&P 500 Index

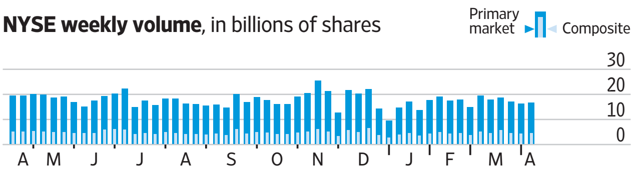
2355.54 ▼7.18, or 0.30% last week

High, low, open and close for each of the past 52 weeks

	Last	Year ago
Trailing P/E ratio *	24.63	23.62
P/E estimate *	18.32	17.41
Dividend yield	1.97	2.20
All-time high:	2395.96, 03/01/17	



NYSE weekly volume, in billions of shares



* P/E data based on as-reported earnings from Birinyi Associates Inc.

Financial Flashback

The Wall Street Journal, April 10, 1990

Exxon Corp. and its Exxon Shipping Co. unit pleaded innocent to indictments charging them with violating federal laws in the nation's worst oil spill a year ago.

Major U.S. Stock-Market Indexes

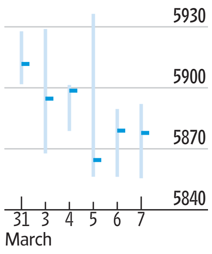
	Latest Week High	Low	Close	Net chg	% chg	52-Week Low	Close (●)	High	% chg	YTD % chg	3-yr. ann.
Dow Jones											
Industrial Average	20887.50	20517.82	20656.10	-7.12	-0.03	17140.24		21115.55	17.5	4.5	8.3
Transportation Avg	9210.93	9048.23	9104.81	-11.70	-0.13	7093.40		9593.95	17.7	0.7	6.8
Utility Average	706.06	691.11	699.22	1.94	0.28	625.44		720.45	5.9	6.0	9.7
Total Stock Market	24636.43	24304.69	24403.22	-105.10	-0.43	20583.16		24868.78	16.0	4.8	8.0
Barron's 400	629.28	613.47	619.35	-8.80	-1.40	491.89		635.07	21.4	2.9	6.9
Nasdaq Stock Market											
Nasdaq Composite	5936.39	5855.51	5877.81	-33.93	-0.57	4594.44		5914.34	21.2	9.2	12.9
Nasdaq 100	5479.86	5400.08	5418.37	-17.86	-0.33	4201.05		5440.41	21.1	11.4	15.6
Standard & Poor's											
500 Index	2378.36	2344.73	2355.54	-7.18	-0.30	2000.54		2395.96	15.0	5.2	8.5
MidCap 400	1723.82	1691.18	1706.38	-13.27	-0.77	1416.66		1758.27	19.6	2.8	8.3
SmallCap 600	845.10	818.08	827.49	-16.68	-1.98	670.90		862.21	23.1	-1.2	8.1
Other Indexes											
Russell 2000	1388.74	1349.34	1364.56	-21.36	-1.54	1089.65		1413.64	24.4	0.5	6.3
NYSE Composite	11560.82	11394.34	11445.58	-47.27	-0.41	9973.54		11661.22	13.1	3.5	3.2
Value Line	521.18	511.15	514.90	-5.40	-1.04	435.06		529.13	15.6	1.7	2.1
NYSE Arca Biotech	3595.59	3429.28	3477.34	-88.68	-2.49	2818.70		3642.3	10.2	13.1	11.5
NYSE Arca Pharma	512.66	505.67	507.21	-1.64	-0.32	463.78		554.66	-0.3	5.3	1.2
KBW Bank	92.98	89.90	90.91	-1.14	-1.24	60.27		99.33	45.8	-1.0	8.8
PHLX§ Gold/Silver	88.19	83.74	86.12	2.36	2.81	73.03		112.86	16.4	9.2	-2.5
PHLX§ Oil Service	173.88	166.51	168.58	-1.18	-0.69	148.37		192.66	9.1	-8.3	-16.0
PHLX§ Semiconductor	1014.74	984.94	999.35	-12.05	-1.19	630.77		1012.29	48.9	10.2	20.3
CBOE Volatility	13.59	10.90	12.87	0.50	4.04	10.58		25.76	-16.2	-8.3	-6.2

§Philadelphia Stock Exchange

Sources: SIX Financial Information; WSJ Market Data Group

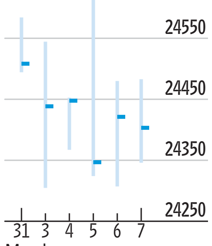
Nasdaq Composite

▼ 33.93, or -0.57% last week



DJ US TSM

▼ 105.10, or -0.43% last week



International Stock Indexes

Region/Country	Index	Latest Week Close	% chg	52-Week Range Low	Close	High	YTD % chg
World	The Global Dow	2680.49	-0.43	2197.91		2704.60	5.9
	DJ Global Index	345.74	-0.36	293.27		348.71	6.0
	DJ Global ex U.S.	228.98	-0.35	194.95		232.07	7.0
	Global Dow Euro	2377.27	0.30	1885.53		2398.98	5.2
DJ TSM	Global	3558.61	-0.39	3015.61		3589.89	5.9
	Global ex U.S.	2312.71	-0.34	1969.71		2343.58	7.0
	Developed ex U.S.	2238.36	-0.63	1921.04		2275.06	5.9
	Global Small-Cap	4849.47	-0.57	4057.70		4889.45	4.9
	Global Large-Cap	3375.21	-0.36	2866.49		3405.53	6.1
Americas	DJ Americas	568.27	-0.27	480.83		577.52	5.2
Brazil	Sao Paulo Bovespa	64593.10	-0.60	48471.71		69052.03	7.2
Canada	S&P/TSX Comp	15667.13	0.77	13396.73		15922.37	2.5
Mexico	IPC All-Share	49343.64	1.65	44282.03		49343.64	8.1
Chile	Santiago IPSA	3773.34	2.19	3054.30		3780.51	17.1
Europe	Stoxx Europe 600	381.26	0.03	308.75		381.26	5.5
	Stoxx Europe 50	3163.46	0.09	2636.71		3163.46	5.1
Eurozone	Euro Stoxx	373.87	-0.00	288.98		373.88	6.7
	Euro Stoxx 50	3495.80	-0.15	2697.44		3500.93	6.2
Belgium	Bel-20	3819.44	0.06	3141.13		3820.80	5.9
France	CAC 40	5135.28	0.25	3984.72		5135.28	5.6
Germany	DAX	12225.06	-0.71	9268.66		12312.87	6.5
Israel	Tel Aviv	1400.30	0.21	1382.34		1502.66	-4.8
Italy	FTSE MIB	20300.06	-0.94	15104		20493	5.5
Netherlands	AEX	518.70	0.42	411.62		518.70	7.4
Spain	IBEX 35	10529.00	0.63	7645.5		10529.0	12.6
Sweden	SX All Share	560.81	-0.38	445.00		563.92	4.9
Switzerland	Swiss Market	8640.91	-0.21	7593.20		8704.39	5.1
U.K.	FTSE 100	7349.37	0.36	5923.53		7429.81	2.9
Asia-Pacific	DJ Asia-Pacific TSM	1542.81	-0.31	1324.15		1569.47	8.4
Australia	S&P/ASX 200	5862.50	-0.04	4931.5		5896.2	3.5
China	Shanghai Composite	3286.62	1.99	2806.91		3286.62	5.9
Hong Kong	Hang Seng	24267.30	0.65	19694.33		24593.12	10.3
India	S&P BSE Sensex	29706.61	0.29	24673.84		29974.24	11.6
Japan	Nikkei Stock Avg	18664.63	-1.29	14952.02		19633.75	-2.4
Singapore	Straits Times	3177.27	0.07	2729.85		3187.51	10.3
South Korea	Kospi	2151.73	-0.39	1925.24		2178.38	6.2
Taiwan	Weighted	9873.37	0.63	8053.69		9972.49	6.7

Source: SIX Financial Information; WSJ Market Data Group

Commodities and Currencies

	Last Week Close	Net chg	%Chg	YTD % chg
DJ Commodity	570.22	4.57	0.81	0.52
TR/CC CRB Index	187.11	1.22	0.66	-2.81
Crude oil, $ per barrel	52.24	1.64	3.24	-2.76
Natural gas, $/MMBtu	3.261	0.071	2.23	-12.43
Gold, $ per troy oz.	1254.30	7.00	0.56	9.07
U.S. Dollar Index	101.13	0.57	0.57	-1.06
WSJ Dollar Index	90.93	0.55	0.61	-2.16
Euro, per dollar	0.9442	0.0058	0.61	-0.67
Yen, per dollar	111.10	-0.29	-0.26	-5.05
U.K. pound, in dollars	1.24	-0.02	-1.39	0.23

	52-Week Low	Close (●)	High	%Chg
DJ Commodity	476.34		589.81	19.71
TR/CC CRB Index	171.04		195.82	9.39
Crude oil, $ per barrel	39.51		54.45	31.52
Natural gas, $/MMBtu	1.90		3.93	63.87
Gold, $ per troy oz.	1127.80		1364.90	0.95
U.S. Dollar Index	92.57		103.25	7.37
WSJ Dollar Index	84.64		93.56	5.50
Euro, per dollar	0.87		0.96	7.63
Yen, per dollar	99.88		118.18	2.81
U.K. pound, in dollars	1.20		1.49	-12.42

New to the Market
Public Offerings of Stock

IPOs in the U.S. Market

Initial public offerings of stock expected this week; might include some offerings, U.S. and foreign, open to institutional investors only via the Rule 144a market; deal amounts are for the U.S. market only

Expected pricing date	Filed	Issuer/business	Symbol/ primary exchange	Shares (mil.)	Pricing Range($) Low/High	Bookrunner(s)
4/10	2/6	Azul Airline.	AZUL4 Intl	72.0	19.00/ 23.00	Citi, Itau BBA, DB, Banco do Brasil, Bradesco BBI, JPM, Raymond James, Grupo Safra, Santander
4/11	3/16	Netshoes (Cayman) Software-E-Commerce company engaged with sports clothing.	NETS N	8.3	18.00/ 20.00	GS, JPM, Bradesco BBI, Allen & Co, Jefferies
4/11	2/17	Vantage Energy Acquisition Blank check company.	VEACU Nq	40.0	10.00/ 10.00	Citi, Credit Suisse, GS
4/12	3/17	Cadence Bancorp Bank holding company	CADE N	7.5	19.00/ 21.00	GS, JPM, Sandler O'Neill & Prtnrs, Stifel
4/12	3/9	Tocagen Biopharmaceutical co. that discovers, develops and commercializes cancer treatments.	TOCA Nq	7.3	10.00/ 12.00	Leerink Prtnrs, Evercore Partnrs, Stifel
4/12	3/7	Warrior Met Coal Coal mining company.	HCC N	16.7	17.00/ 19.00	Credit Suisse, Citi, MS
4/12	3/13	Yext Develops and provides software for companies to manage their digital presence.	YEXT N	10.5	8.00/ 10.00	MS, JPM, RBC Cptl Mkts

Lockup Expirations

Below, companies whose officers and other insiders will become eligible to sell shares in their newly public companies for the first time. Such sales can move the stock's price.

Lockup expiration	Issue date	Issuer	Symbol	Offer price($)	Offer amt ($ mil.)	Through Friday (%)	Lockup provision
April 11	Oct. 13, '16	Mammoth Energy Services	TUSK	15.00	116.3	41.4	180 days
April 16	Oct. 18, '16	Crispr Therapeutics	CRSP	14.00	62.0	37.8	180 days

Sources: Dealogic; WSJ Market Data Group

IPO Scorecard

Performance of IPOs, most-recent listed first

Company SYMBOL IPO date/Offer price	Friday's close ($)	% Chg From Offer price	1st-day close
Okta **OKTA** April 7/$17.00	23.51	38.3	...
Elevate Credit **ELVT** April 6/$6.50	7.40	13.8	-4.6
Schneider National **SNDR** April 6/$19.00	19.00	...	...
Hess Midstream Ptnrs LP **HESM** April 5/$23.00	25.89	12.6	1.1
Alteryx **AYX** March 24/$14.00	16.69	19.2	7.7
Valeritas **VLRX** March 23/$10.00	6.13	-38.7	-13.9
MuleSoft **MULE** March 17/$17.00	23.30	37.1	-5.9
ProPetro Holding **PUMP** March 17/$14.00	13.80	-1.4	-4.8
Canada Goose Hldgs **GOOS** March 16/$12.63	16.75	32.6	4.2
Ardagh Grp **ARD** March 15/$19.00	21.86	15.1	-4.6

Sources: WSJ Market Data Group; FactSet Research Systems

Other Stock Offerings

Secondaries and follow-ons expected this week in the U.S. market

Expected	Issuer/Business	Symbol/ Primary exchange	Amount ($mil.)	Friday's price ($)	Bookrunner(s)
April 10	Stewardship Financial Finance	SSFN Nq	15.7	8.25	Sandler O'Neill & Prtnrs

Off the Shelf

"Shelf registrations" allow a company to prepare a stock or bond for sale, without selling the whole issue at once. Corporations sell as conditions become favorable. Here are the shelf sales, or takedowns, over the last week:

Issuer/Industry	Takedown date/ Registration date	Deal value ($ mil.)	Registration (mil.)	Bookrunner(s)
Codexis Healthcare	April 7 / Dec. 9,'16	$20.0	$80.0	Jefferies
C&J Energy Services Oil & Gas	April 6 / March 7,'17	$227.5	$2,249.5	Citi, Credit Suisse, MS
FibroGen Healthcare	April 6 / March 1,'17	$120.0	...	Leerink Prtnrs, Stifel
AngioDynamics Healthcare	April 6 / Aug. 15,'13	$38.1	$110.8	Barclays
Synacor Computers & Electronics	April 6 / Nov. 14,'16	$20.0	$40.0	Canaccord Genuity, Needham & Co
Banco Santander (Brasil) Finance	April 5 / March 28,'17	$646.8		BofA ML, Credit Suisse, Santander
Winnebago Industries Auto/Truck	April 5 / Jan. 20,'17	$61.5	$148.2	MS
Stellus Capital Investment Finance	April 5 / Feb. 21,'17	$38.8	$200.0	Raymond James & Assoc, Stifel
New Mountain Finance Finance	April 4 / Aug. 18,'16	$73.0	$50.0	WFS, MS, GS, Stifel

Public and Private Borrowing

Treasurys

Monday, April 10

Auction of 13-week & 26-week bills; announced on Apr.6; settles on Apr.13

Auction of five-year notes; announced on Apr.6; settles on Apr.17

Wednesday, April 12

Auction of 30-year bonds; announced on Apr.6; settles on Apr.17

Tuesday, April 11

Auction of 10-year notes; announced on Apr.6; settles on Apr.17

Auction of four-week bills; announced on Apr.10; settles on Apr.13

Public and Municipal Finance

Deals of $150 million or more expected this week

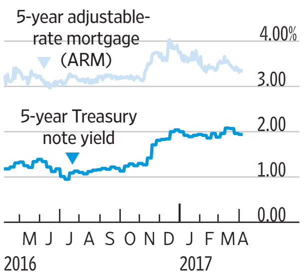
Sale	Final maturity	Issuer	Total ($mil.)	Rating Fitch	Moody's	S&P	Bookrunner/ Bond Counsel(s)
April 11	Feb. 15, 2047	Howard County -Maryland	358.8	AAA	Aaa	AAA	Preliminary/ McKennon Shelton&Henn
April 11	Feb. 1, 2029	NYC Transitional Finance Auth	300.0	N.R.	N.R.	N.R.	Preliminary/ Norton Rose Fulbright
April 11	May 1, 2037	Ohio	300.0	AA+	Aa1	AA+	Preliminary/ Squire Patton Boggs LLP
April 12	Aug. 1, 2030	California	635.6	AA-	Aa3	AA-	Preliminary/ Orrick H & S
April 12	prelim.	California City-California	635.6	N.R.	N.R.	N.R.	Preliminary/ Orrick H & S
April 12	Aug. 1, 2046	Los Angeles (Arcadia) USD	188.9	N.R.	Aa1	AA	Preliminary/ Parker & Covert
April 14	prelim.	Miami-Dade Health Facs Auth	150.0	N.R.	N.R.	N.R.	J P Morgan Securities LLC/—
April 14	prelim.	NYC Transitional Finance Auth	800.0	N.R.	N.R.	N.R.	RBC Cptl Mkt/—

Source: Thomson Reuters/Ipreo

Consumer Rates and Returns to Investor

U.S. consumer rates

A consumer rate against its benchmark over the past year



Selected rates

Five-year ARM, Rate

Bankrate.com avg†:	3.34%
Third Federal Savings and Loan Cleveland, OH	2.79% 844-245-1150
Florence Savings Bank Florence, MA	2.88% 800-644-8261
Foxboro Federal Savings Foxboro, MA	2.88% (877) 369-3331
Family Federal Savings Fitchburg, MA	2.99% (978) 353-0000
Langley Federal Credit Union Newport News, VA	3.00% 800-826-7490

Interest rate	Yield/Rate (%) Last	Week ago	52-Week Range (%) Low	High	3-yr chg (pct pts)
Federal-funds rate target	0.75-1.00	0.75-1.00	0.25	1.00	0.75
Prime rate*	4.00	4.00	3.50	4.00	0.75
Libor, 3-month	1.16	1.15	0.62	1.16	0.93
Money market, annual yield	0.34	0.32	0.22	0.34	-0.07
Five-year CD, annual yield	1.30	1.29	1.17	1.30	-0.09
30-year mortgage, fixed†	4.06	4.13	3.43	4.33	-0.41
15-year mortgage, fixed†	3.28	3.33	2.70	3.50	-0.21
Jumbo mortgages, $424,100-plus†	4.62	4.69	4.02	4.88	-0.15
Five-year adj mortgage (ARM)†	3.34	3.36	2.97	4.03	-0.32
New-car loan, 48-month	3.36	3.36	2.87	3.36	0.41
HELOC, $30,000	4.88	4.86	4.57	4.96	0.05

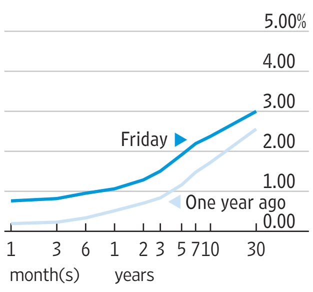
Bankrate.com rates based on survey of over 4,800 online banks. *Base rate posted by 70% of the nation's largest banks. † Excludes closing costs.

Sources: SIX Financial Information; WSJ Market Data Group; Bankrate.com

Benchmark Yields and Rates

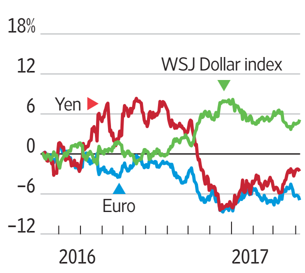
Treasury yield curve

Yield to maturity of current bills, notes and bonds



Forex Race

Yen, euro vs. dollar; dollar vs. major U.S. trading partners



Sources: Ryan ALM; Tullett Prebon; WSJ Market Data Group

Corporate Borrowing Rates and Yields

Bond total return index	Yield (%) Last	Wk ago	Spread +/- Treasurys, in basis pts, 52-wk Range Last	Low	High	Total Return 52-wk	3-yr
10-yr Treasury, Ryan ALM	2.375	2.396				-4.12	3.06
DJ Corporate	3.171	3.198				1.59	3.64
Aggregate, Barclays Capital	2.610	2.610	44	41	57	0.13	2.63
High Yield 100, Merrill Lynch	5.388	5.490	349	316	575	13.302	3.250
Fixed-Rate MBS, Barclays	2.890	2.910	27	10	33	0.22	2.62
Muni Master, Merrill	2.080	2.147	12	-6	12	-0.349	2.975
EMBI Global, J.P. Morgan	5.643	5.700	327	322	405	9.332	5.681

Sources: J.P. Morgan; Ryan ALM; S&P Dow Jones Indices; Barclays Capital; Merrill Lynch

CLOSED-END FUNDS

Listed are the 300 largest closed-end funds as measured by assets.

Closed-end funds sell a limited number of shares and invest the proceeds in securities. Unlike open-end funds, closed-ends generally do not buy their shares back from investors who wish to cash in their holdings. Instead, fund shares trade on a stock exchange.
a-The NAV and market price are ex dividend. **b**-The NAV is fully diluted. **c**-NAV is as of Thursday's close. **d**-NAV is as of Wednesday's close. **e**-NAV assumes rights offering is fully subscribed. **f**-Rights offering in process. **g**-Rights offering announced. **h**-Lipper data has been adjusted for rights offering. **j**-Rights offering has expired, but Lipper data not yet adjusted. **l**-NAV as of previous day. o-Tender offer in process. **v**-NAV is converted at the commercial Rand rate. **w**-Convertible Note-NAV (not market) conversion value. **y**-NAV and market price are in Canadian dollars. NA signifies that the information is not available or not applicable. NS signifies fund not in existence of entire period.
12 month yield is computed by dividing income dividends paid (during the previous twelve months for periods ending at month-end or during the previous fifty-two weeks for periods ending at any time other than month-end) by the latest month-end market price adjusted for capital gains distributions.

Source: Lipper

Friday, April 7, 2017

Fund (SYM)	NAV	Close	Prem /Disc	52 wk Ttl Ret
General Equity Funds				
Adams Divers Equity Fd **ADX**	16.34	13.77	-15.7	17.9
Boulder Growth & Income **BIF**	11.33	9.34	-17.6	26.1
Central Securities **CET**	29.02	24.02	-17.2	32.6
CohSteer Opprtnty Fd **FOF**	13.65	12.63	-7.5	27.7
Cornerstone Strategic **CLM**	13.44	16.42	+22.2	34.4
EtnVnc TaxAdvDiv **EVT**	22.32	21.30	-4.6	22.0
Gabelli Dividend & Incm **GDV**	22.78	20.84	-8.5	24.5
Gabelli Equity Trust **GAB**	6.04	5.94	-1.7	26.9
Genl American Investors **GAM**	39.77	33.67	-15.3	21.7
HnckJohn TxAdv **HTD**	26.33	24.64	-6.4	14.5
Liberty All-Star Equity **USA**	6.41	5.50	-14.2	20.8
Royce Micro-Cap **RMT**	9.56	8.32	-13.0	31.1
Royce Value Trust **RVT**	15.96	14.04	-12.0	33.9
Source Capital **SOR**	42.34	37.54	-11.3	7.2
Tri-Continental **TY**	26.92	23.17	-13.9	22.0
Specialized Equity Funds				
Adams Natural Rscs Fd **PEO**	23.13	19.66	-15.0	15.0
AllnzGI NFJ Div Interest **NFJ**	14.61	13.04	-10.7	19.0
AlpnGlblPrProp **AWP**	6.67	5.88	-11.8	20.6
ASA Gold & Prec Metals **ASA**	14.11	12.36	-12.4	9.4
BlkRk Enh Cap Inco **CII**		14.34	NA	14.8
BlkRk Engy Res Tr **BGR**		13.94	NA	15.2
BlackRock Enh Eq Div Tr **BDJ**		8.49	NA	22.1
Blackrock Global Trust **BOE**		12.57	NA	16.6
BlkRk Health Sci **BME**		34.22	NA	0.4
BlkRk Intl Grwth&Inco **BGY**		5.85	NA	9.8
BlackRck Rscs Comm Str Tr **BCX**		8.75	NA	32.2
BlackRock Science & Tech **BST**		21.11	NA	39.6
BlackRock Utility & Infr **BUI**		20.68	NA	26.1
CBREClarionGlblRlEstIncm **IGR**	8.71	7.57	-13.1	6.6
Central Fund of Canada **CEF**	13.94	12.80	-8.2	5.5
ClearBridge Amer Engy **CBA**	10.89	9.91	-9.0	61.4
ClearBridge Engy MLP Fd **CEM**	17.64	17.24	-2.3	44.1
Clearbridge Engy MLP Opp **EMO**	14.76	13.76	-6.8	37.7
Clearbridge Engy MLP TR **CTR**	14.82	13.82	-6.7	51.0
Cohen & Steers Infr Fd **UTF**	24.08	21.93	-8.9	25.0
C&S MLP Incm & Engy Opp **MIE**	12.82	11.46	-10.6	57.1
Cohen & Steers Qual Inc **RQI**	13.59	12.80	-5.8	12.9
CohnStrsPfdInco **RNP**	22.31	19.69	-11.7	13.4
Cohen & Steers TR **RFI**	13.50	12.53	-7.2	4.2
CLSeligmn Prem Tech Gr Fd **STK**	19.87	21.20	+6.7	34.3
Divers Real Asset Incm Fd **DRA**	19.11	17.45	-8.7	21.9
Duff & Phelps **DNP**	9.96	10.82	+8.6	16.1
Duff&PhelpsGblUtilIncFd **DPG**	18.91	16.47	-12.9	16.7
Eaton Vance Eqty Inco Fd **EOI**	14.08	13.17	-6.5	10.7
Eaton Vance Eqty Inco II **EOS**	14.51	13.61	-6.2	13.5
EtnVncRskMngd **ETJ**	9.99	9.20	-7.9	9.4
Etn Vnc Tax Mgd Buy-Write **ETB**	15.73	16.32	+3.8	8.6
Eaton Vance BuyWrite Opp **ETV**	14.31	15.18	+6.1	13.7
Eaton Vance Tax-Mng Div **ETY**	11.68	11.10	-5.0	16.8
Eaton Vance Tax-Mngd Opp **ETW**	11.02	10.96	-0.5	18.0
EtnVncTxMngGlDvEqInc **EXG**	9.11	8.69	-4.6	12.7
Fiduciary/Clymr Opp Fd **FMO**	15.35	15.55	+1.3	62.9
FT Energy Inc & Growth Fd **FEN**	26.42	27.53	+4.2	32.5
FstTrEnhEqtIncFd **FFA**	15.84	14.49	-8.5	22.4
First Tr Engy Infr Fd **FIF**	20.17	19.19	-4.9	37.2
First Tr MLP & Engy Incm **FEI**	15.91	16.46	+3.5	35.3
Gabelli Utility Tr **GUT**	5.55	6.92	+24.7	27.0
GAMCOGlblGoldNatRscs&Inc **GGN**	5.76	5.70	-1.0	14.2
Goldman Sachs MLP Inc Opp **GMZ**	11.68	10.85	-7.1	53.1
Goldman Sachs MLP Energy **GER**	8.64	8.10	-6.3	64.3
John Hancock Finl Opps Fd **BTO**	33.80	34.16	+1.1	54.9
Kayne Anderson Engy TR Fd **KYE**		12.88	NA	77.0
Kayne Anderson MLP Invt **KYN**		21.50	NA	52.7
Kayne Andrsn Midstr Engy **KMF**		16.67	NA	67.6
Macquarie Glbl Infrstrctr **MGU**	26.26	23.11	-12.0	26.2
Neuberger Berman MLP Incm **NML**	11.24	10.20	-9.3	71.7
Neubrgr Brm Rl Est Sec Fd **NRO**	6.00	5.43	-9.5	16.9
Nuveen Dow 30 Dynamic **DIAX**	16.91	15.91	-5.9	21.8
Nuveen Diversified Div **JDD**	12.72	11.99	-5.7	24.7
Nuveen Engy MLP Fd **JMF**	13.99	14.05	+0.4	57.1
Nuv NASDAQ 100 Dyn Over **QQQX**	20.42	20.72	+1.5	20.7
Nuveen Real Est Incm Fd **JRS**	11.52	11.23	-2.5	13.2
Nuv S&P 500 Dyn Overwrite **SPXX**		15.17	NA	21.5
Nuveen S&P 500 Buy-Write **BXMX**	13.77	13.47	-2.2	12.9
Reaves Utility Fund **UTG**	33.88	33.31	-1.7	24.2
Salient Midstream & MLP **SMM**	14.85	13.37	-10.0	88.1
Tekla Hlthcr Investors **HQH**	24.85	24.60	-1.0	8.9
Tekla Healthcare Opps Fd **THQ**	18.88	17.41	-7.8	15.2
Tekla Life Sciences **HQL**	20.38	19.58	-3.9	14.7
Tekla World Hlthcr Fd **THW**	15.31	14.35	-6.3	10.7
Tortoise Engy Ind Fd **NDP**	15.95	16.70	+4.7	61.9
Tortoise Energy **TYG**	31.48	34.80	+10.5	52.7
Tortoise MLP Fund **NTG**	20.70	20.53	-0.8	39.4
Tortoise Pipeline & Engy **TTP**	23.80	21.53	-9.5	61.0
Voya Gl Equity Div **IGD**	7.98	7.27	-8.9	22.2
Income Preferred Stock Funds				
Calamos Strat Fd **CSQ**		11.19	NA	30.2
Cohen & Steers Dur Pfd **LDP**	26.43	25.67	-2.9	18.6
Cohen & Strs Sel Prf Inco **PSF**	26.98	27.05	+0.3	16.4
FT Interm Duration Pfd **FPF**	24.08	23.57	-2.1	14.3
Flaherty & Crumrine Dyn **DFP**	25.63	24.89	-2.9	16.4
Flaherty & Crumrine Pfd **FFC**	19.69	20.69	+5.1	12.4
John Hancock Pfd Income **HPI**	21.96	21.69	-1.2	8.9
John Hancock Pfd II **HPF**	21.69	21.28	-1.9	9.8
John Hancock Pfd Inc III **HPS**	19.30	18.69	-3.2	7.1
JHancock Pr Div **PDT**	16.15	15.95	-1.2	14.1
LMP Cap & Inco Fd **SCD**	15.94	14.35	-10.0	29.1
Nuveen Preferred & Incm **JPI**	25.11	24.21	-3.6	11.4
Nuveen Pfd Incm Opps Fd **JPC**	10.57	9.90	-6.3	14.1
Nuveen Pfd Secs Incm Fd **JPS**	9.92	9.68	-2.4	17.0
TCW Strategic Income Fund **TSI**	5.86	5.40	-7.9	9.2
Virtus Global Dividend **ZTR**		12.04	NA	15.3
Convertible Sec's. Funds				
AdvntClymrFd **AVK**	17.18	15.43	-10.2	25.7
AllianzGI Conv & Incm **NCV**	6.73	6.86	+1.9	41.1
AllianzGI Conv & Incm II **NCZ**	6.02	6.12	+1.7	41.3
AllianzGI Equity & Conv **NIE**	21.64	19.35	-10.6	17.8
Calamos Conv Hi Inco Fd **CHY**		11.21	NA	22.3
Calamos **CHI**		10.92	NA	30.6
World Equity Funds				
Alpine Tot Dyn Div **AOD**	9.37	8.28	-11.6	24.1
Calamos Glbl Dyn Inc **CHW**		7.87	NA	28.3
Cdn Genl Inv **CGI**	29.10	20.50	-29.6	25.3
China Fund **CHN**	19.26	17.29	-10.2	23.1
Clough Global Opp Fd **GLO**		10.30	NA	22.8
EtnVncTxAdvGblDiv **ETG**	16.69	15.63	-6.4	18.9
EatonVance TxAdv Opport **ETO**	22.97	22.84	-0.6	17.7
First Trust Dynamic Eur **FDEU**	18.48	17.10	-7.5	18.8
India Fund **IFN**	28.68	25.85	-9.9	26.2
Japan Sml Cap **JOF**	12.00	10.66	-11.2	23.8
Korea Fund **KF**	41.11	36.77	-10.6	15.8
Mexico Fund **MXF**	18.86	16.75	-11.2	1.5
MS China a Shr Fd **CAF**	23.09	19.46	-15.7	19.5
MS Emerging Fund **MSF**	16.98	14.95	-12.0	16.4
MS India Invest **IIF**	35.89	32.85	-8.5	41.3
New Germany Fund **GF**	16.66	14.86	-10.8	15.9
Swiss Helvetia Fund **SWZ**	12.59	11.55	-8.3	16.4
Templeton Dragon **TDF**	21.15	19.06	-9.9	24.1
Templeton Emerging **EMF**	15.70	14.25	-9.2	38.9
Voya Infr Indls & Matls **IDE**	15.42	14.59	-5.4	37.3
Wells Fargo Gl Div Opp **EOD**		5.83	NA	9.6

Fund (SYM)	NAV	Close	Prem /Disc	12 Mo Yld
U.S. Mortgage Bond Funds				
BlackRock Income Trust **BKT**	6.76	6.23	-7.8	5.1
Nuveen Mtg Opp Term Fd **JLS**	25.78	24.64	-4.4	5.5
Investment Grade Bond Funds				
Blackrock Core Bond Tr **BHK**	14.46	13.60	-5.9	5.9
BlkRk Credit Alloc Incm **BTZ**	14.57	13.20	-9.4	6.6
John Hancock Income Secs **JHS**	15.22	14.18	-6.8	6.0
MFS Inc Tr **MIN**	4.62	4.35	-6.0	9.2
WstAstClymr InfLnkd Fd **WIW**	12.61	11.18	-11.3	3.5
WstAssetClymr InflLnk Sec **WIA**	12.83	11.45	-10.8	3.3
Loan Participation Funds				
Apollo Sr Fltg Rate Fd **AFT**	18.15	17.41	-4.1	7.0
BlackRock FR Incm Strat **FRA**	15.02	14.28	-4.9	5.6
Blkrk FltRt InTr **BGT**	14.51	14.38	-0.9	5.3
BlackstoneGSO Strat Cred **BGB**	NA	15.96	NA	8.4
Blackstone GSO Sr Float **BSL**	NA	18.01	NA	6.4
Eagle Point Credit **ECC**	NA	21.32	NA	9.5
Eaton Vance FR Incm Tr **EFT**	15.54	15.04	-3.2	5.8
EatonVnc SrFltRate **EFR**	15.21	14.87	-2.2	6.0
Eaton Vance Sr Incm Tr **EVF**	7.17	6.74	-6.0	5.8
First Trust Sr FR Fd II **FCT**	14.20	13.53	-4.7	6.0
Invesco Credit Opps Fund **VTA**	13.15	12.13	-7.8	7.2
Invesco Senior Income Tr **VVR**	4.92	4.62	-6.1	6.2
Nuveen Credit Strt Inc Fd **JQC**	9.42	8.76	-7.0	7.1
NuvFloatRteInco Fd **JFR**	11.83	11.40	-3.6	6.6
Nuv Float Rte Opp Fd **JRO**	11.79	11.69	-0.8	6.8
Nuveen Senior Income Fund **NSL**	7.01	6.85	-2.3	6.6
Pioneer Floating Rate Tr **PHD**	12.60	12.34	-2.1	5.9
Voya Prime Rate Trust **PPR**	5.75	5.38	-6.4	5.9
High Yield Bond Funds				
AllianceBernstein Glbl **AWF**	13.84	12.57	-9.2	7.5
Barings Glbl Short Dur HY **BGH**	21.39	19.77	-7.6	9.3
BlackRock Corp Hi Yd Fd **HYT**	12.14	11.01	-9.3	8.1
BlkRk Debt Strat Fd **DSU**	12.65	11.59	-8.4	6.5
BlackRockDurInco Tr **BLW**	16.89	15.62	-7.5	9.4
Brookfield Real Assets **RA**	25.65	NA	NA	NS
Credit Suisse High Yld **DHY**	2.77	2.72	-1.8	10.4
DoubleLine Incm Solutions **DSL**	NA	20.35	NA	8.9
Dreyfus Hi Yd Strat Fd **DHF**	3.57	3.41	-4.5	9.5
Fst Tr Hi Inc Lg/Shrt Fd **FSD**	17.97	16.75	-6.8	6.7
Guggenheim Strat Opps Fd **GOF**	19.70	20.64	+4.8	10.7
Ivy High Income Opps Fund **IVH**	16.32	15.28	-6.4	9.9
Neuberger Berman HYS **NHS**	13.44	11.88	-11.6	8.0
NexPoint Credit Strat Fd **NHF**	25.01	23.04	-7.9	11.7
Nuveen Gl Hi Incm Fd **JGH**	18.43	16.46	-10.7	9.1
Nuveen High Incm Dec18 **JHA**	10.15	10.11	-0.4	5.8
Nuveen High Incm Dec19 **JHD**	10.30	10.27	-0.3	NS
Nuveen Hi Incm Nov 2021 **JHB**	10.11	10.05	-0.6	NS
Pioneer High Income Trust **PHT**	10.72	9.97	-7.0	9.8
Prud Gl Shrt Dur Hi Yd **GHY**	16.57	15.04	-9.2	8.3
Prudentl Sh Dur Hi Yd Fd **ISD**	16.80	15.36	-8.6	8.2
Wells Fargo Incm Opps Fd **EAD**	NA	8.48	NA	9.6
Wstrn Asset Glbl Hi Inco **EHI**	NA	10.11	NA	10.7
Wstrn Asset High Inco II **HIX**	7.75	7.27	-6.2	9.7
Wstrn Asset Opp Fd **HIO**	NA	5.11	NA	8.0
West Asst HY Def Opp Fd **HYI**	NA	15.39	NA	8.3
Other Domestic Taxable Bond Funds				
Apollo Tactical Incm Fd **AIF**	17.51	16.47	-5.9	9.0
Ares Dynamic Credit Alloc **ARDC**	NA	15.94	NA	7.8
Barings Corp Investors **MCI**	NA	15.30	NA	5.8
BlackRock Multi-Sector IT **BIT**	18.98	17.46	-8.0	11.0
BlackRock Taxable Mun Bd **BBN**	22.75	22.59	-0.7	7.0
Doubleline Oppor Credit **DBL**	NA	23.84	NA	8.4
Duff & Phelps Utl & Cp Bd **DUC**	9.91	9.23	-6.9	6.5
EtnVncLtdFd **EVV**	NA	13.91	NA	8.0
Franklin Ltd Duration IT **FTF**	NA	11.98	NA	7.7
Guggenheim Taxable Muni **GBAB**	23.14	22.25	-3.8	7.0
John Hancock Investors **JHI**	18.30	17.11	-6.5	7.8
KKR Income Opps Fund **KIO**	NA	NA	NA	9.3
MFS Charter **MCR**	9.42	8.64	-8.3	8.6
MFS Multimkt **MMT**	6.72	6.13	-8.8	8.7
Nuveen Build Am Bd Fd **NBB**	21.43	20.90	-2.5	6.1
PIMCO Corporate & Incm **PTY**	NA	15.79	NA	11.0
PIMCO Corporate & Incm **PCN**	NA	16.16	NA	11.0
PIMCO HiInco **PHK**	NA	8.73	NA	13.7
PIMCO Inco Str Fd **PFL**	NA	11.30	NA	9.6
PIMCO Incm Strategy Fd II **PFN**	NA	10.23	NA	9.5
Putnam Mas Inco **PIM**	5.04	4.71	-6.5	6.6
Putnam Premier Income Tr **PPT**	5.57	5.26	-5.6	5.8
Wells Fargo Multi-Sector **ERC**	NA	13.36	NA	8.5
World Income Funds				
Abeerden Asia-Pacific **FAX**	5.48	4.97	-9.3	7.3
Etn Vnc Short Dur Fd **EVG**	NA	14.08	NA	7.6
Legg Mason BW Glbl Incm **BWG**	14.73	12.85	-12.8	8.7
MS EmMktDomDebt **EDD**	8.62	7.64	-11.4	9.3
MS Emerging Mkts Debt **MSD**	10.86	9.44	-13.1	6.6
PIMCO Dynamic Credit **PCI**	NA	21.40	NA	12.1
PIMCO Dynamic Income Fund **PDI**	NA	28.99	NA	14.2
PIMCO Income Opportunity **PKO**	NA	25.37	NA	10.5
PIMCO Strat Income Fund **RCS**	NA	9.69	NA	9.9
Stone Harbor Em Mkts Fd **EDF**	14.87	16.22	+9.1	13.2
Templeton Emerging **TEI**	12.95	11.25	-13.1	6.2
Templeton Global **GIM**	7.65	6.67	-12.8	6.8
Wstrn Asset Gl Def Opp Fd **GDO**	18.89	17.51	-7.3	7.8
National Muni Bond Funds				
AllianceBrnstn NtlMun **AFB**	14.65	13.45	-8.2	5.0
Blackrock Invest **BKN**	15.39	14.70	-4.5	5.8
BlackRock Mun 2030 Target **BTT**	23.17	22.73	-1.9	4.2
BlackRock Municipal Trust **BFK**	14.26	14.14	-0.8	6.1
BlackRockMuni **BLE**	14.96	15.14	+1.2	6.0
BlackRockMuni Tr **BYM**	14.96	14.04	-6.1	5.7
BlkRk MuniAssets Fd **MUA**	14.07	14.41	+2.4	4.9
BlkRk Munienhanced **MEN**	11.80	11.68	-1.0	5.8
BlkRk MuniHldgs Inv **MFL**	14.68	14.37	-2.1	5.9
BlkRk MuniHldgs Qlty II **MUE**	14.08	13.28	-5.7	5.8
BlkRk MuniHldgs **MHD**	16.88	16.63	-1.5	5.9
BlkRk MuniVest **MVF**	9.66	9.66	0.0	6.2
BlkRk MuniVest II **MVT**	15.22	15.31	+0.6	6.2
BlkRk MuniYield **MYD**	14.73	14.67	-0.4	6.0
BlkRk MuniYld Quality **MQY**	15.58	15.04	-3.5	5.8
BlkRk MuniYld Qlty II **MQT**	13.70	12.87	-6.1	5.9
BlRkMunyIdQltyIII **MYI**	14.27	14.03	-1.7	5.9
Deutsche Mun Income Tr **KTF**	12.62	13.47	+6.7	6.3
Dreyfus Mun Bd Infr Fd **DMB**	13.81	13.07	-5.4	5.5
Dreyfus Municipal Income **DMF**	9.31	9.10	-2.3	5.6
Dreyfus Strat Muni Bond **DSM**	8.39	8.41	+0.2	6.0
Dreyfus Strategic Munis **LEO**	8.61	8.75	+1.6	6.0
Eaton Vance Mun Bd Fd **EIM**	13.61	12.57	-7.6	5.3
Eaton Vance Mun Income **EVN**	13.16	12.96	-1.5	5.6
EV National Municipal Opp **EOT**	21.79	21.65	-0.6	4.7
Invesco Adv Mun Incm II **VKI**	12.10	11.28	-6.8	6.3
Invesco Mun Incm Opps Tr **OIA**	7.51	7.66	+2.0	5.3
Invesco Mun Opportunity **VMO**	13.49	13.16	-2.4	6.4
Invesco Municipal Trust **VKQ**	13.46	12.58	-6.5	6.1
Invesco Qlty Mun Inco **IQI**	13.50	12.48	-7.6	6.0
Invesco Inv Grade Muni **VGM**	13.97	13.02	-6.8	6.1
Invesco Value Mun Incm Tr **IIM**	16.06	14.82	-7.7	5.3
MainStay DefinedTerm **MMD**	19.74	19.40	-1.7	5.7
MFS Munl Inco **MFM**	7.30	7.07	-3.2	5.4
Nuveen AMT-Free Mun Value **NUW**	16.82	16.97	+0.9	4.4
Nuveen AMT-Free Quality **NEA**	14.76	13.37	-9.4	5.6
Nuveen AMT-Free Mun **NVG**	15.84	14.71	-7.1	6.0
Nuveen Mun Credit Incm Fd **NZF**	15.51	14.51	-6.4	6.2
Nuveen Enhncd Mun Val Fd **NEV**	14.86	14.15	-4.8	6.3
Nuveen Intermed Dur Mun **NID**	13.50	13.07	-3.2	5.2
NuveenMuniIncoOpp Fd **NMZ**	13.08	13.21	+1.0	6.5
Nuveen Muni Value Fund **NUV**	10.14	9.79	-3.5	3.9
Nuveen Qual Mun Incm Fd **NAD**	15.09	13.73	-9.0	6.0
Nuveen Sel Tax Free **NXP**	15.07	14.16	-6.0	3.9
Nuveen Sel TF **NXQ**	14.55	13.58	-6.7	3.8
PIMCO MuniFd **PMF**	NA	13.29	NA	7.0
Pimco Muni Inc II **PML**	NA	12.82	NA	6.2
PIMCO Muni Inc III **PMX**	NA	11.43	NA	6.5
Pioneer Mun Hi Inc Adv Tr **MAV**	11.94	11.12	-6.9	6.6
Pioneer Mun Hi Incm Tr **MHI**	12.76	11.74	-8.0	6.1
Putnam Tr **PMM**	7.81	7.36	-5.8	5.8
Putnam Muni Opportunities **PMO**	12.99	12.18	-6.2	5.7
Wstrn Asset Mngd Muni **MMU**	13.81	13.77	-0.3	5.6
Western Asset Mun Tr Fund **MTT**	21.43	22.10	+3.1	4.8
Single State Muni Bond				
BlackRock CA Municipal Tr **BFZ**	15.16	14.29	-5.7	5.6
BlkRk MuniHldgs CA Qlty **MUC**	15.35	14.17	-7.7	5.2
Blkrck MunHI NJ Qlty **MUJ**	15.27	14.29	-6.4	5.7
BlRk MuHldg NY Qlty **MHN**	14.59	13.63	-6.6	5.2
BlkRk MuniYld CA Fd **MYC**	15.34	14.84	-3.3	5.6
BlkRk MuniYld CA Quality **MCA**	15.51	14.71	-5.2	5.3
BlkRk MuniYld MI Qlty **MIY**	15.26	13.71	-10.2	5.7
BlkRk MuniYld NJ Fd **MYJ**	15.63	15.41	-1.4	5.8
BlRk Muyld NY Qlty **MYN**	13.99	13.04	-6.8	5.1
Eaton Vance CA Mun Bd **EVM**	12.36	11.46	-7.3	5.5
Invesco CA Value Mun Incm **VCV**	13.37	12.37	-7.5	5.4
Invesco PA Value Mun Incm **VPV**	13.92	12.26	-11.9	5.6
Invesco Inv Grade NY Muni **VTN**	14.50	13.51	-6.8	5.5
Nuveen CA AMT-Free Qual **NKX**	15.46	14.70	-4.9	5.6
Nuveen CA Muni Value **NCA**	10.30	10.10	-1.9	4.3
Nuveen CA Quality Muni **NAC**	15.42	14.50	-6.0	5.9
Nuveen MD Qual Muni **NMY**	14.35	12.75	-11.1	5.2
Nuveen MI Qual Muni **NUM**	15.21	13.36	-12.2	5.3
Nuveen NC Qual Muni **NNC**	14.75	13.09	-11.3	4.3
Nuveen NJ Qual Muni **NXJ**	15.35	13.41	-12.6	5.6
Nuveen NY AMT-Free **NRK**	14.34	13.01	-9.3	5.1
Nuveen NY Qual Muni **NAN**	14.95	13.65	-8.7	5.5
Nuveen OH Qual Muni **NUO**	16.44	14.86	-9.6	5.0
Nuveen PA Qual Muni **NQP**	14.91	13.20	-11.5	5.6
Nuveen VA Qual Muni **NPV**	14.18	13.06	-7.9	4.7
PIMCO California Muni **PCQ**	NA	16.57	NA	5.6
PIMCO California Mun II **PCK**	NA	9.90	NA	5.9

Fund (SYM)	NAV	Close	Prem /Disc	52 wk Ttl Ret
General Equity Funds				
Specialized Equity Funds				
Griffin Inst Access RE:M	NA	NA	NA	NS
NexPointRlEstStrat;A	21.12	NA	NA	NS
NexPointRlEstStrat;C	21.07	NA	NA	NS
NexPointRlEstStrat;Z	21.08	NA	NA	NS
Resource RE Div Inc:A	10.24	NA	NA	13.1
Resource RE Div Inc:C	10.23	NA	NA	12.3
Resource RE Div Inc:D	10.39	NA	NA	12.6
Resource RE Div Inc:I	10.66	NA	NA	11.7
Resource RE Div Inc:T	10.21	NA	NA	12.3
Resource RE Div Inc:U	10.24	NA	NA	13.1
Resource RE Div Inc:W	10.39	NA	NA	12.7
SharesPost 100	25.33	NA	NA	0.5
Tot Inc+ RE:A	28.91	NA	NA	6.1
Tot Inc+ RE:C	28.28	NA	NA	5.3
Tot Inc+ RE:I	29.19	NA	NA	6.3
Versus Cap MMgr RE Inc:F	27.59	NA	NA	5.7
Versus Cap MMgr RE Inc:I	27.66	NA	NA	6.0
Wildermuth Endwmnt Str	12.10	NA	NA	15.0
Wildermuth Endwmnt S:C	12.00	NA	NA	14.1
Income Preferred Stock Funds				
MultiStrat Gro & Inc:A	15.63	NA	NA	7.7
MultiStrat Gro & Inc:C	15.37	NA	NA	6.9
MultiStrat Gro & Inc:I	15.81	NA	NA	8.5
MultiStrat Gro & Inc:L	15.45	NA	NA	7.1
Convertible Sec's. Funds				
Calmos Dyn Conv and Inc **CCD**	NA	19.30	NA	NA
World Equity Funds				
BMO LGM Front ME	9.51	NA	NA	17.1

Fund (SYM)	NAV	Close	Prem /Disc	12 Mo Yld
U.S. Mortgage Bond Funds				
Vertical Capital Income	12.49	NA	NA	2.9
Loan Participation Funds				
504 Fund	9.77	NA	NA	3.3
FedProj&TrFinanceTender	NA	NA	NA	NS
Invesco Sr Loan A	6.67	NA	NA	4.7
Invesco Sr Loan B	6.67	NA	NA	4.7
Invesco Sr Loan C	6.68	NA	NA	4.0
Invesco Sr Loan IB	6.67	NA	NA	4.9
Invesco Sr Loan IC	6.67	NA	NA	4.8
Invesco Sr Loan Y	6.67	NA	NA	4.9
RiverNorth MP Lending **RMPLX**	NA	NA	NA	NS
Voya Senior Income:A	12.78	NA	NA	5.4
Voya Senior Income:B	12.71	NA	NA	4.9
Voya Senior Income:C	12.75	NA	NA	4.9
Voya Senior Income:I	12.74	NA	NA	5.7
Voya Senior Income:W	12.79	NA	NA	5.6
High Yield Bond Funds				
PIMCO Flexible Cr I;Inst	NA	NA	NA	NS
PionrILSInterval	10.40	NA	NA	9.7
WA Middle Mkt Dbt	782.35	NA	NA	8.1
WA Middle Mkt Inc **WMF**	NA	NA	NA	8.2
Other Domestic Taxable Bond Funds				
Capstone Church Capital	11.52	NA	NA	0.8
CION Ares Dvsfd Crdt Fd	NA	NA	NA	NS
GL Beyond Income	4.18	NA	NA	NE
Palmer Square Opp Income	19.12	NA	NA	6.5
Resource Credit Inc:A	11.17	NA	NA	6.3
Resource Credit Inc:C	11.29	NA	NA	5.6
Resource Credit Inc:D	11.15	NA	NA	5.8
Resource Credit Inc:I	11.20	NA	NA	6.5
Resource Credit Inc:T	11.14	NA	NA	5.6
Resource Credit Inc:U	11.17	NA	NA	6.3
Resource Credit Inc:W	11.16	NA	NA	6.0

Insider-Trading Spotlight

Trading by 'insiders' of a corporation, such as a company's CEO, vice president or director, potentially conveys new information about the prospects of a company. Insiders are required to report large trades to the SEC within two business days. Here's a look at the biggest individual trades by insiders, based on data received by Thomson Financial on April 7, and year-to-date stock performance of the company

KEY: B: beneficial owner of more than 10% of a security class **CB:** chairman **CEO:** chief executive officer **CFO:** chief financial officer **CO:** chief operating officer **D:** director **DO:** director and beneficial owner **GC:** general counsel **H:** officer, director and beneficial owner **I:** indirect transaction filed through a trust, insider spouse, minor child or other **O:** officer **OD:** officer and director **P:** president **UT:** unknown **VP:** vice president Excludes pure options transactions

Biggest weekly individual trades

Based on reports filed with regulators this past week

Date(s)	Company	Symbol	Insider	Title	No. of shrs in trans (000s)	Price range ($) in transaction	$ Value (000s)	Close ($)	Ytd (%)
Buyers									
Mar. 30	Campbell Soup	CPB	B. Dorrance	DOI	916	57.34	52,510	56.41	-6.7
Mar. 29-31	LB Foster	FSTR	B. Vizi	DOI	72	12.27-13.07	919	13.30	-2.2
Apr. 4	G-III Apparel Group	GIII	M. Goldfarb	CEO	33	22.16	728	24.43	-17.4
Apr. 3			M. Goldfarb	CEO	7	21.99	150		
Mar. 30	Panhandle Oil & Gas	PHX	P. Blanchard	CEO	15	19.50	283	19.60	-16.8
Mar. 31	Washington Prime Group	WPG	L. Conforti	CEO	29	8.68	249	8.64	-17.0
Mar. 31	Ducommun	DCO	S. Oswald	CEO	7	29.03	203	28.75	12.5
Mar. 9	Babcock & Wilcox Enterprises	BW	E. Ferland	CEO	20	9.62	192	9.12	-45.0
Mar. 31	Tiptree	TIPT	J. Ilany	CEOI	25	7.25-7.40	185	6.95	13.0
Mar. 29-30			J. Ilany	CEOI	19	7.00-7.25	137		
Mar. 31	Sysco	SYY	D. Brutto	D	3	51.94	130	51.79	-6.5
Mar. 29-30	TransAtlantic Petroleum	TAT	N. Mitchell	CEO	80*	1.30-1.31	104	1.47	32.4
Apr. 3	Alliqua BioMedical	ALQA	D. Johnson	CEO	250	.40	100	0.46	-22.0
Apr. 3	Salesforce.com	CRM	S. Wojcicki	D	1	82.70	100	84.38	23.3
Mar. 31	Cidara Therapeutics	CDTX	J. Stein	CEO	13	7.75	100	7.20	-30.8
Mar. 31			K. Forrest	O	13	7.75	97		
Apr. 3-5	Tandy Leather Factory	TLF	J. Pappas	DI	9	8.10-8.20	76	8.20	1.2
Mar. 30	Ramco-Gershenson Properties Trust	RPT	D. Gershenson	CEO	5	13.87	69	13.81	-16.7
Sellers									
Mar. 31	VMware	VMW	M. Dell	CBI	2,699	92.14	248,705	92.33	17.3
Mar. 31			E. Durban	DI	2,699	92.14	248,705		
Mar. 2	Regency Centers	REG	C. Katzman	HI	2,800	68.45	191,660	66.07	-4.2
Mar. 30-31	Facebook	FB	M. Zuckerberg	CEOI	369	142.29-142.94	52,499	140.78	22.4
Mar. 30			S. Sandberg	COI	273	140.37-142.90	38,518		
Mar. 31	Credit Acceptance	CACC	J. Watson	BI	200	198.00	39,600	193.99	-10.8
Mar. 31-Apr. 4	HD Supply Holdings	HDS	J. Deangelo	CEO	712	40.27-41.28	29,057	40.04	-5.8
Mar. 29-30			J. Deangelo	CEO	600	40.39-41.09	24,442		
Apr. 4	Take-Two Interactive Software	TTWO	K. Slatoff	PI	387	57.98	22,453	58.47	18.6
Apr. 4			H. Zelnick	CEOI	387	57.98	22,453		
Mar. 10-14	Public Storage	PSA	R. Havner	CEOI	83	218.95-220.05	18,220	223.60	0.04
Apr. 3	Oracle	ORCL	M. Hurd	CEO	350	44.84	15,695	44.29	15.2
Mar. 30			J. Fowler	O	250	44.66	11,164		
Apr. 5	e.l.f. Beauty	ELF	T. Amin	CEO	593	25.85	15,324	27.11	-6.3
Mar. 30	NVIDIA	NVDA	A. Puri	O	134	108.53	14,493	100.33	-6.0
Mar. 13	Chevron	CVX	J. Watson	CEO	125	110.30	13,788	108.86	-7.5
Apr. 3	ServiceNow	NOW	F. Slootman	D	150	86.18-87.91	12,984	86.02	15.7
Apr. 3	HP Inc	HPQ	C. Lesjak	CFO	720	17.60	12,666	17.37	17.0

* Half the transactions were indirect ** Two day transaction
p - Pink Sheets

Buying and selling by sector

Based on actual transaction dates in reports received this past week

Sector	Buying	Selling	Sector	Buying	Selling
Basic Industries	231,840	9,889,289	Finance	303,414	94,573,209
Business services	0	6,131,960	Health care	16,222	50,697,836
Capital goods	0	0	Industrial	212,781	32,429,904
Consumer durables	0	14,641,752	Media	0	3,846,014
Consumer nondurables	899,583	20,792,369	Technology	119,895	158,631,412
Consumer services	151,900	73,189,540	Transportation	42,233	3,206,936
Energy	330,000	17,293,957	Utilities	42,889	2,585,585

Sources: Thomson Financial; WSJ Market Data Group

Borrowing Benchmarks | WSJ.com/bonds
Money Rates

April 7, 2017

Key annual interest rates paid to borrow or lend money in U.S. and international markets. Rates below are a guide to general levels but don't always represent actual transactions.

Inflation	Feb. index level	Chg From (%) Jan. '17	Feb. '16
U.S. consumer price index			
All items	**243.603**	0.31	2.7
Core	**251.143**	0.42	2.2

International rates	Latest	Week ago	52-Week High	Low
Prime rates				
U.S.	**4.00**	4.00	4.00	3.50
Canada	**2.70**	2.70	2.70	2.70
Japan	**1.475**	1.475	1.475	1.475
Policy Rates				
Euro zone	**0.00**	0.00	0.00	0.00
Switzerland	**0.50**	0.50	0.50	0.50
Britain	**0.25**	0.25	0.50	0.25
Australia	**1.50**	1.50	2.00	1.50
Overnight repurchase				
U.S.	**0.91**	0.90	1.30	0.15
U.S. government rates				
Discount				
	1.50	1.50	1.50	1.00
Federal funds				
Effective rate	**0.9200**	0.8400	0.9300	0.3200
High	**1.0625**	1.0625	1.0625	0.5600
Low	**0.7500**	0.7300	0.8000	0.2000
Bid	**0.9100**	0.8100	0.9300	0.2000
Offer	**0.9200**	0.8200	1.0000	0.2600
Treasury bill auction				
4 weeks	**0.760**	0.745	0.770	0.160
13 weeks	**0.790**	0.780	0.790	0.220
26 weeks	**0.910**	0.905	0.910	0.340

	Latest	Week ago	52-WEEK High	Low
Secondary market				
Fannie Mae				
30-year mortgage yields				
30 days	**3.568**	3.677	3.865	2.806
60 days	**3.599**	3.708	3.899	2.832
Other short-term rates				
Call money				
	2.75	2.75	2.75	2.25
Commercial paper				
30 to 270 days	**n.q.**	...	...	...
Commercial paper (AA financial)				
90 days	**0.95**	1.02	1.06	0.47
Euro commercial paper				
30 day	**n.q.**	n.q.	n.q.	n.q.
Two month	**n.q.**	n.q.	n.q.	n.q.
Three month	**n.q.**	n.q.	n.q.	n.q.
Four month	**n.q.**	n.q.	n.q.	n.q.
Five month	**n.q.**	n.q.	n.q.	n.q.
Six month	**n.q.**	n.q.	n.q.	n.q.

	Latest	Week ago	52-WEEK High	Low
Libor				
One month	**0.99000**	0.98278	0.99000	0.43275
Three month	**1.15761**	1.14956	1.15761	0.62360
Six month	**1.42961**	1.42322	1.43822	0.88685
One year	**1.79900**	1.80178	1.82761	1.19570
Euro Libor				
One month	**-0.397**	-0.392	-0.339	-0.401
Three month	**-0.358**	-0.358	-0.260	-0.361
Six month	**-0.254**	-0.250	-0.147	-0.254
One year	**-0.131**	-0.122	-0.026	-0.131
Euro interbank offered rate (Euribor)				
One month	**-0.373**	-0.373	-0.339	-0.374
Three month	**-0.330**	-0.329	-0.248	-0.330
Six month	**-0.241**	-0.241	-0.133	-0.244
One year	**-0.116**	-0.109	-0.010	-0.116

	Latest	Value Traded	52-Week High	Low
DTCC GCF Repo Index				
Treasury	**0.897**	54.970	1.266	0.244
MBS	**0.908**	77.050	1.328	0.257

	Settle	Change	Open Interest	Implied Rate
DTCC GCF Repo Index Futures				
Treasury Apr	**99.155**	unch.	7036	0.845
Treasury May	**99.170**	0.005	4499	0.830
Treasury Jun	**99.055**	0.005	1406	0.945

Notes on data:
U.S. prime rate is effective March 16, 2017. **Discount rate** is effective March 16, 2017. **U.S. prime rate** is the base rate on corporate loans posted by at least 70% of the 10 largest U.S. banks; **Other prime rates** aren't directly comparable; lending practices vary widely by location; **DTCC GCF Repo Index** is Depository Trust & Clearing Corp.'s weighted average for overnight trades in applicable CUSIPs. Value traded is in billions of U.S. dollars. **Futures on the DTCC GCF Repo Index** are traded on NYSE Liffe US.

Sources: Federal Reserve; Bureau of Labor Statistics; DTCC; SIX Financial Information; General Electric Capital Corp.; Tullett Prebon Information, Ltd.

MARKETS & FINANCE

China Probes Chief Insurance Regulator

Statement from anticorruption agency notes suspected 'serious violations'

BY CHAO DENG AND BRIAN SPEGELE

BEIJING—China's anticorruption agency announced Sunday an investigation of the country's top insurance regulator amid growing concern in some parts of the government that industry oversight has been lax.

A statement from the Communist Party's Central Commission for Discipline Inspection didn't give details on why Xiang Junbo, chairman of the China Insurance Regulatory Commission, was being probed. It said he was suspected of "serious violations" of party discipline, a phrase typically used to denote graft.

The China Insurance Regulatory Commission didn't respond to a request for comment. Mr. Xiang couldn't be reached, and it wasn't known if he had a lawyer.

The investigation against Mr. Xiang had been rumored for some time and suggests the staying power of the anticorruption campaign championed by President Xi Jinping. Since rising to power in late 2012, Mr. Xi has targeted current and former leaders of government agencies, the military and state-owned enterprises. Many have been convicted and sentenced to lengthy prison terms, and the campaign has sown fear among officials and executives nationwide.

The probe into Mr. Xiang is particularly significant, breeding fresh uncertainty for China's insurance regulator, a key actor helping to ensure financial stability in the world's second-largest economy. Still, the investigation won't come as a total shock to China's insurance industry—which had more than $2 trillion in assets last year—where rumors have been circulating over Mr. Xiang's fate.

The investigation comes as Beijing contemplates how to better coordinate financial oversight between the central bank and banking, securities and insurance regulators. When Beijing appointed Guo Shuqing to head the China Banking Regulatory Commission in February, people familiar with the matter said the leadership was considering letting Mr. Guo oversee a potential merger between the banking and insurance regulators.

The probe of Xiang Junbo brings fresh uncertainty for China's insurance regulator.

The spotlight has been on China's insurance regulator and Mr. Xiang, 60 years old, since 2015, when domestic insurance companies began snapping up shares of listed firms across several sectors, including blue-chip names. A big reason for their spending spree was pressure to meet returns for highly lucrative investment products they began selling to ordinary investors.

China's insurance regulator stepped up oversight, although an earnest campaign to rein in insurers only came after the head of the China Securities Regulatory Commission drew attention to their activities.

In December, Liu Shiyu criticized what he termed as corporate raiders that were using "improperly sourced" funds to buy stakes in companies, in comments that were widely interpreted as directed against aggressive insurance firms. Mr. Xiang himself also called for insurers to get back to the basics of providing insurance products.

Later that month, the regulator intensified its crackdown on risky practices in the industry. It suspended Evergrande Life, the insurance unit of the country's largest property developer, from investing in stocks, accusing it of short-term trading that violated investment rules.

The insurance regulator also responded by proposing tighter rules on the shareholder structure of insurers, which analysts say would keep a check on any one controlling shareholder. It suggested that a single shareholder should be able to have a maximum 33% stake in an insurer, down from 51% previously, although the rule hasn't yet been implemented.

—Liyan Qi and Kersten Zhang contributed to this article.

CREDIT MARKETS

Treasury Prices Slide On a Volatile Friday

BY SAM GOLDFARB

U.S. government bonds pulled back Friday after rising sharply earlier in the session as demand for haven debt evaporated in the face of renewed focus on the Federal Reserve's plans to unwind its balance sheet.

After settling at 3 p.m. Thursday at 2.343%, the yield on the benchmark 10-year Treasury note endured a volatile 24 hours. Thursday evening news that the U.S. had delivered a missile strike against a Syrian air base sparked a flight to haven assets, sending the 10-year yield below 2.3%.

2.375%

Settlement yield Friday on the 10- year Treasury note

After rising above 2.3% overnight, it fell again following the release of a mixed jobs report. It then climbed as investors began to reassess the implication of both the jobs data and the missile strike and got a final boost when Federal Reserve Bank of New York President William Dudley reaffirmed that the Fed was getting closer to shrinking its balance sheet.

In the end, the yield settled at 2.375%, nearly 0.1 percentage point higher than its lowest point of the session and its highest close since the previous Friday, when it settled at 2.396%.

Yields rise when bond prices fall.

Speaking at the Princeton Club in New York, Mr. Dudley said that, while the Fed "has not made any formal decisions," it would likely begin to reduce its "balance sheet starting some time later this year or next year" in what would be "a very gradual process."

The comments closely matched what other Fed officials have said in recent weeks and came days after the release of the Fed's minutes for its March meeting, which showed that officials are generally in agreement on the issue.

Nevertheless, they were picked apart by bond traders, who seized on one remark from Mr. Dudley that a move to unwind the Fed's balance sheet would probably be accompanied by a "little" pause in raising interest rates. That, analysts said, caused bond yields to climb based on concerns that the Fed would take a more aggressive approach to tightening monetary policy, although officials, including Mr. Dudley, have generally stressed that they don't want to upset the markets.

"Part of the problem is you're hanging on literally every word from the Fed," and the risk is that "the market misinterprets them," said Aaron Kohli, interest-rate strategist at BMO Capital Markets.

COMMODITIES


GEORGE OURFALIAN/AGENCE FRANCE-PRESSE/GETTY IMAGES

Syrian government forces near Aleppo on Saturday. Syria isn't a major oil producer, but tensions there contributed to oil prices' rise.

Oil Rises After Syria Missile Strikes

Crude prices hit one-month highs Friday as U.S. missile strikes in Syria raised concerns that conflict in the oil-producing region could spread.

By Alison Sider, Sarah McFarlane and Jenny W. Hsu

Oil has been steadily rebounding from its 2017 lows in March. Both U.S. crude and Brent rose more than 3% this week, notching a second consecutive week of gains.

On Friday, U.S. crude futures settled up 54 cents, or 1.04%, at $52.24 a barrel on the New York Mercantile Exchange. Brent, the global benchmark, rose 35 cents, or 0.64%, to $55.24 a barrel on ICE Futures Europe. Both benchmarks settled at their highest level since March 7.

Oil prices shot up shortly after news that the U.S. military had launched nearly 60 Tomahawk missiles against a Syrian air base. Though Syria isn't a major oil producer, tensions in the Middle East often stoke prices.

Analysts at Tudor Pickering Holt & Co. said Syrian oil production amounts to "less than a thimbleful" of global capacity. But "the geopolitical calculus is increasingly complicated"—a risk that hasn't been reflected in oil prices recently.

Unless the strikes foment hostility between the U.S. and Russia, the impact on global crude supply will be minimal, said Alex Poon, vice president of Hong Kong-based brokerage firm Admis. "We don't expect Russia to respond with any aggressive reaction because Moscow was informed in advance of the strikes," he added.

Analysts warned that while the market may rise further on the increased geopolitical tensions, the move could be short-lived.

"I think as time goes on, the market will realize the fact that Syria is not a player in the world oil market," said Andy Lipow, president of Lipow Oil Associates in Houston. "The market is going to look ahead to other factors."

Many of those factors are looking bullish, said Mark Waggoner, president of Excel Futures. "People are looking at demand numbers for gasoline [with] the driving season coming up," he said, adding he expects crude prices could continue to tick higher.

Renewed optimism that major crude suppliers will extend their output cuts into the second half of the year has also bolstered oil prices in recent weeks. The Organization of the Petroleum Exporting Countries will meet at the end of May to decide whether to continue cuts initially meant only for the year's first six months.

—Dan Molinski contributed to this article

RULE

Continued from page B1

icantly increase his investment costs from what he was paying in commissions.

At a meeting several weeks later, Mr. Powers's broker offered a discounted annual fee of 0.3%, which would put Mr. Power's investment costs roughly in line with what he had been paying the past five years. Mr. Powers eventually agreed to move to a fee-based account.

Merrill hasn't determined how long those discounts will remain in place, a person familiar with the matter said.

Proponents of the rule say it protects retirement investors from conflicted advice that costs them $17 billion a year in extra expenses, creating a drag on returns. Opponents dispute those figures, saying that brokerages and insurers looking to comply with the regulation would pass along compliance and related costs to savers and potentially cut off customers with relatively small balances from some forms of professional advice.

Brokerage executives say the fees are justified because they have to provide a higher level of service by spending more time understanding a client's full financial situation. Andy Sieg, who took over Merrill in January, told brokers in March that Merrill's focus on fee-based accounts "allows us to manage conflicts of interest when advising our clients, gives our clients clarity and transparency around the fees we charge and facilitates a disciplined investment process."

Merrill boosted its fee-based assets by $18.9 billion in the fourth quarter. Merrill advises on $208 billion of fee-based IRA assets, more than half of the firm's total IRA assets.

Investors who use insurance brokers for retirement planning also face tough choices. Julie Anderson, a 57-year-old pastor who lives near Minneapolis, has relied on an insurance broker for years to provide advice and set her up with annuities to generate income in retirement. In the months after the rule was passed, she said her broker had become reluctant to give advice. Even as it became clear the rule would be delayed, the broker suggested she should seek help from someone else, she said.

The rule would have forced major changes to how insurance brokers work with retirement savers, in some cases limiting the advice and products they can sell.

Ms. Anderson said she is likely to turn to a financial adviser she learned of through her accountant for retirement advice, a move that will increase her investment costs. "It feels like a part-time job on top of dealing with everything else in my life," Ms. Anderson said. "This is all confusing."

Currencies

U.S.-dollar foreign-exchange rates in late New York trading

Country/currency	Fri in US$	Fri per US$	US$ vs, YTD chg (%)
Americas			
Argentina peso	.0652	15.3445	–3.3
Brazil real	.3179	3.1461	–3.3
Canada dollar	.7460	1.3406	–0.3
Chile peso	.001524	656.20	–2.0
Colombia peso	.0003494	2862.14	–4.7
Ecuador US dollar	1	1	unch
Mexico peso	.0536	18.6591	–10.0
Peru new sol	.3079	3.247	–3.1
Uruguay peso	.03512	28.4700	–3.0
Venezuela b. fuerte	.100150	9.9851	–0.1
Asia-Pacific			
Australian dollar	.7500	1.3333	–4.0
China yuan	.1448	6.9044	–0.6
Hong Kong dollar	.1287	7.7690	0.2
India rupee	.01556	64.270	–5.4
Indonesia rupiah	.0000750	13342	–1.4
Japan yen	.009001	111.10	–5.0
Kazakhstan tenge	.003193	313.19	–6.1
Macau pataca	.1247	8.0162	1.3
Malaysia ringgit	.2254	4.4365	–1.1
New Zealand dollar	.6935	1.4420	–0.1
Pakistan rupee	.00954	104.773	0.4
Philippines peso	.0201	49.775	0.3
Singapore dollar	.7116	1.4052	–2.9
South Korea won	.0008788	1137.89	–5.8
Sri Lanka rupee	.0065902	151.74	2.2
Taiwan dollar	.03267	30.607	–5.7
Thailand baht	.02889	34.610	–3.4

Country/currency	Fri in US$	Fri per US$	US$ vs, YTD chg (%)
Vietnam dong	.00004410	22675	–0.4
Europe			
Czech Rep. koruna	.03984	25.099	–2.3
Denmark krone	.1424	7.0210	–0.7
Euro area euro	1.0591	.9442	–0.7
Hungary forint	.003417	292.68	–0.5
Iceland krona	.008892	112.46	–0.4
Norway krone	.1155	8.6585	0.2
Poland zloty	.2507	3.9892	–4.7
Russia ruble	.01746	57.259	–6.5
Sweden krona	.1102	9.0716	–0.4
Switzerland franc	.9910	1.0091	–1.0
Turkey lira	.2680	3.7312	5.9
Ukraine hryvnia	.0371	26.9600	–0.5
UK pound	1.2374	.8081	–0.2
Middle East/Africa			
Bahrain dinar	2.6503	.3773	0.04
Egypt pound	.0556	17.9990	–0.7
Israel shekel	.2741	3.6489	–5.2
Kuwait dinar	3.2798	.3049	–0.2
Oman sul rial	2.5970	.3851	0.03
Qatar rial	.2747	3.641	0.01
Saudi Arabia riyal	.2667	3.7499	–0.02
South Africa rand	.0726	13.7733	0.6

	Close	Net Chg	% Chg	YTD % Chg
WSJ Dollar Index	90.93	0.36	0.40	–2.16

Sources: Tullett Prebon, WSJ Market Data Group

Nonvoting Rights Questioned

By Richard Teitelbaum

MICHAEL NAGLE/BLOOMBERG NEWS

FTSE Russell said it won't add Snap and others with nonvoting shares to benchmarks in June.

No vote, no index. FTSE Russell said it won't add **Snap** Inc. or other companies with nonvoting shares to its major stock benchmarks when it updates them in June.

CFO JOURNAL

The issue of voting rights is raising the ire of some shareholders' rights advocates because founders and executives often end up with far more votes than shares. That has put index firms in the spotlight.

FTSE Russell issued a statement last week in response to concerns about stocks with no voting rights, such as the Class A shares Snap sold in March. The firm plans to consult with investors and other stakeholders over the next few months about whether to include companies with no voting rights in its indexes.

Current index members with nonvoting shares could be affected depending on the feedback that FTSE Russell receives in its discussions. "It is possible that the future eligibility of existing securities, or the investment weighting assigned to them, may change," FTSE Russell said.

Changes could affect companies like **Alphabet** Inc. The technology giant's Class C shares, which carry no voting rights, are already included in various FTSE and Russell indexes, according to FactSet. So are its Class A shares, which do carry voting rights.

Alphabet is controlled by cofounders Larry Page and Sergey Brin and Executive Chairman Eric Schmidt through Class B shares that have 10 votes each.

"We as an index provider need to come to a decision on what the policy is," said FTSE Russell spokesman Tim Benedict. The firm said it plans to announce the results of its consultations in July.

Other companies with nonvoting share classes include **Under Armour** Inc. and **Zillow Group** Inc.

"It doesn't make sense to exclude companies that are well run," said Zillow finance chief Kathleen Philips, especially if there is no evidence that the lack of voting rights hurts performance.

Companies are generally eager to be included in a market index because doing so increases their investor base, according to Ben Johnson, director of exchange-traded fund research at Morningstar Inc. "From the point of view of Snap, I'm sure they are desperate to get on the other side of the velvet rope," he said.

Spokeswomen for Snap and Under Armour declined to comment. Alphabet didn't respond to an email and phone call.

Still, more nonvoting shares are in the pipeline. **IAC/InterActiveCorp.** shareholders approved a nonvoting share class last year, but the company said it won't issue stock until it resolves a lawsuit challenging the move. A company spokeswoman declined to comment.

Facebook Inc. last year proposed the issuance of a nonvoting class of stock and is also the subject of a lawsuit to prevent it from doing so. A Facebook spokeswoman declined to comment.

Big investors have begun to weigh in on the topic, since in many cases they are required to hold the stocks in an index.

"We are increasingly troubled by the rise of nonvoting and low-voting shares," said Arianna Stefanoni Sherlock, a spokeswoman for index-fund giant Vanguard Group in an email. "These structures contradict our fundamental belief that shareholders' economic interests and voting rights should be aligned."

Some governance experts caution against excluding companies from indexes based on voting rights, noting how the precipitous decline in stock listings over the past 20 years has diminished the pool accessible to investors.

"Recent regulations have discouraged many private companies from making their equity available to the public," said Lori Ryan, director of the Corporate Governance Institute at San Diego State University. "The ability to separate economic offerings from voting rights allows control-oriented founders to make shares available to the public."

FTSE Russell, which is owned by London Stock Exchange Group PLC, maintains thousands of major indexes under the FTSE and Russell names. They are used by asset managers and others to gauge performance and determine which securities go into certain exchange-traded funds. The company said more than $10 trillion is benchmarked to FTSE and Russell indexes.

Each year, FTSE Russell adds firms to its Russell indexes and removes them based on characteristics like market capitalization. The additions and deletions are disclosed starting in June. FTSE indexes are generally reviewed quarterly or semiannually.

FTSE Russell and rival MSCI Inc. excluded shares of Snap, parent of messaging app Snapchat, from accelerated inclusion in some of their broad stock-market indexes after the company's initial public offering because they failed to meet certain market criteria.

First Trust's ETFs Are Unsung Force

By Asjylyn Loder

Some of the biggest action in exchange-traded funds last month took place in two little-known First Trust ETFs.

The biggest trader? **First Trust Advisors** LP itself.

The trading was triggered by a rebalancing of the $2.5 billion **First Trust Dorsey Wright Focus 5 ETF**. The fund tracks a Dorsey, Wright & Associates index that analyzes recent market trends for signs of momentum, buying sectors and industries with the most substantial recent gains. It owns just five ETFs at a time, all picked from the First Trust lineup.

Last month, energy stocks dropped out of the index, while the banking sector gained favor, reflecting its postelection rally. The shift prompted the Dorsey Wright ETF to sell one First Trust ETF and buy another.

As a result, assets in a First Trust ETF that buys bank stocks swelled 34-fold in March to $910.6 million, marking the six-month-old fund as one of the most-successful recent launches in the ETF industry. During the month, **First Trust Energy AlphaDEX ETF**, which invests in energy companies, lost almost two-thirds of its assets.

Dorsey Wright, now a unit of Nasdaq Inc., has long been a favorite among investment advisers. Some follow its strategy without using the Dorsey Wright ETF, buying and selling the underlying First Trust ETFs themselves.

First Trust created the ETF in 2014 because customers wanted the popular Focus 5 strategy packaged into one product, said Ryan Issakainen, senior vice president and ETF strategist with First Trust. Bundling the ETFs saves investors the trouble of rebalancing themselves and offers some tax benefits. First Trust also offers a second Dorsey Wright ETF that makes many of the same trades.

But analysts have questioned the Dorsey Wright ETF for its high fees, market-roiling trades and subpar returns.

"There are significant benefits for First Trust for launching products that fit into this strategy, but some investors don't necessarily know what they're buying," said Todd Rosenbluth, director of ETF and mutual-fund research for CFRA, a consulting firm.

It has been one of First Trust's most successful ETFs. It is also one of its most expensive because First Trust charges investors both for the Dorsey Wright ETF and for the five First Trust ETFs it owns, pushing the total cost to $89 a year for every

Assets in a First Trust ETF that buys bank stocks swelled 34-fold in March.

$10,000 invested. The average investor in an index-tracking stock ETF pays $20, according to Morningstar.

The ETF's trading also stokes interest in First Trust's other ETFs. Its recent purchase of the First Trust Nasdaq Bank ETF made the new fund more appealing to investors who won't buy small, thinly traded products.

While funds of funds are common in the mutual-fund industry, they are relatively rare in ETFs, accounting for 191 U.S. funds with combined assets of $35 billion out of a $2.8 trillion market, according to XTF, a market-analytics firm. Some of the ETFs, especially leveraged equity funds, buy ETFs from several issuers while others invest only in in-house products.

—Chris Dieterich contributed to this article.

EQUITIES

AHEAD OF THE TAPE | Steven Russolillo

Nothing to Fear but Markets' Lack of Fear

Very little seems to spook financial markets these days. That itself is a cause for concern.

Last week alone, a subway blast in Russia killed several people, a truck drove into pedestrians in Stockholm and the U.S. military launched dozens of missiles at a Syrian air base.

Those three events normally would at least send some tremors through markets. Instead, stocks barely budged.

Traders for years have been conditioned not to overreact to geopolitical events. Dips following incidents such as the invasion of Crimea in 2014, the Paris terror attacks in 2015 and the Turkish coup attempt last year quickly turned into buying opportunities. The S&P 500 was higher after all three of them within five trading sessions.

But the latest reaction, or lack thereof, was even more pronounced last week. S&P 500 futures fell 16 points late Thursday night immediately after news broke of the U.S. missile attack. A few minutes after trading opened Friday morning, though, stocks were higher.

"Investors have developed a complacency toward these kinds of events," said Andrew Brenner, head of international fixed income for National Alliance Capital Markets. "When you see these movements, there just isn't any follow-through."

Much of that has to do with the current stage of the market cycle. Sam Stovall, chief investment strategist at CFRA Research, found investors are much more likely to shrug off these types of events in good times rather than bad.

In bull markets since World War II, 13 of these so-called market shocks have prompted the S&P 500 to drop about 5% on average, taking nine days to bottom, according to Mr. Stovall.

By comparison, other exogenous shocks have happened during bear markets, the S&P 500 has dropped 17% on average, with these pullbacks lasting about two months before bottoming.

This isn't to say that the recent calm will last forever. Students of market history know that periods of low volatility last until they don't.

And markets have been eerily quiet of late, with volatility at historically low levels. The CBOE's Volatility Index, the VIX, averaged 11.7 in the first quarter, the lowest start to a year in its history.

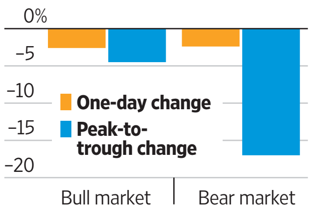
How Syria plays out and what role it has on financial markets is obviously unknown at this point. But when geopolitical turmoil arises, "investors shoot first and ask questions later," Mr. Stovall said. "And the question they often ask is 'Will this lead to recession?' If not, that's more reason to buy the dip."

In the ninth year of a bull market, there isn't much that fazes investors, geopolitics included. But it only takes one whopper of an exogenous shock to change that.

This time certainly won't be different.

Fear Factor

S&P 500 performance after 'market shocks,' one-day and peak-to-trough performances in bull and bear markets



Source: CFRA Research
THE WALL STREET JOURNAL.

60,700

The number of retail-industry jobs that have been lost in February and March, the largest two-month decline since late 2009

Incredible Shrinking Retail

It is no secret that brick-and-mortar retailers are under pressure from e-commerce giants such as **Amazon.com** Inc., but Friday's jobs report added further evidence that the squeeze is on.

MONEYBEAT

The U.S. retail industry shed 29,700 jobs in March and 31,000 in February, according to the Labor Department. The combined 60,700 two-month decline was the largest since 2009.

Monthly employer surveys can be noisy, particularly in retail, since stores tend to add seasonal workers around the holidays. Economists said that March's report also could be affected by the midmonth snowstorm.

The decline in traditional retail jobs is being partially offset by gains in other parts of the economy, but online retailers aren't hiring in nearly the same quantity to counter jobs being lost.

The shift favors online buying and could mean that January's peak for retail jobs, just under 16 million, could well mark the top. *—Chris Dietrich*

ONLINE

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THE TICKER | Market events coming this week

Monday

No major events are scheduled

Tuesday

Short-selling reports
Ratio, days of trading volume of current position, at March 15

NYSE	4.5
Nasdaq	4.3

Earnings expected*
Estimate/Year Ago($)

Bank of the Ozarks	**0.72**/0.57

Wednesday

Mort. bankers indexes

Purch., previous	up 1%
Refinan., prev.	down 4%

EIA status report
Previous change in stocks in millions of barrels

Crude oil	up 1.6
Gasoline	down 0.6
Distillates	down 0.5

Import-price index

Feb., prev.	up 0.2%
March, exp.	down 0.1%

Earnings expected*
Estimate/Year Ago($)

Delta Air	**0.74**/1.32
Fastenal	**0.46**/0.44

Thursday

Bond market closes early at 2 p.m. ET

Initial jobless claims

Previous	234,000
Expected	244,000

EIA report: natural gas
Previous change in stocks in billions of cubic feet

	up 2

U.Mich. consumer index

March, final	96.9
April, prelim.	96.4

Producer-price index

All items, Feb.	up 0.3%
March, expected	0.0%
Core, Feb.	up 0.3%
March, expected	up 0.2%

Earnings expected*
Estimate/Year Ago($)

Citigroup	**1.26**/1.10
Commerce Bancshares	**0.65**/0.62
First Republic Bank	**1.01**/0.88
J.P. Morgan	**1.52**/1.35
PNC Financial	**1.83**/1.68
Wells Fargo	**0.96**/0.99

Friday

U.S. markets are closed on Good Friday

Business inventories

Jan., previous	up 0.3%
Feb., expected	up 0.3%

Consumer-price index

All items, Feb.	up 0.1%
March, expected	0.0%
Core, Feb.	up 0.2%
March, expected	up 0.2%

Retail sales

Feb., prev.	up 0.1%
March, exp.	down 0.2%

Retail sales, ex. autos

Feb., previous	up 0.2%
March, expected	up 0.2%

* FACTSET ESTIMATES EARNINGS-PER-SHARE ESTIMATES DON'T INCLUDE EXTRAORDINARY ITEMS (LOSSES IN PARENTHESES) ◆ ADJUSTED FOR STOCK SPLIT
NOTE: FORECASTS ARE FROM DOW JONES WEEKLY SURVEY OF ECONOMISTS

DAVID GOLDMAN/ASSOCIATED PRESS

Delta Air Lines is expected to report lower quarterly earnings of 74 cents a share on Wednesday.

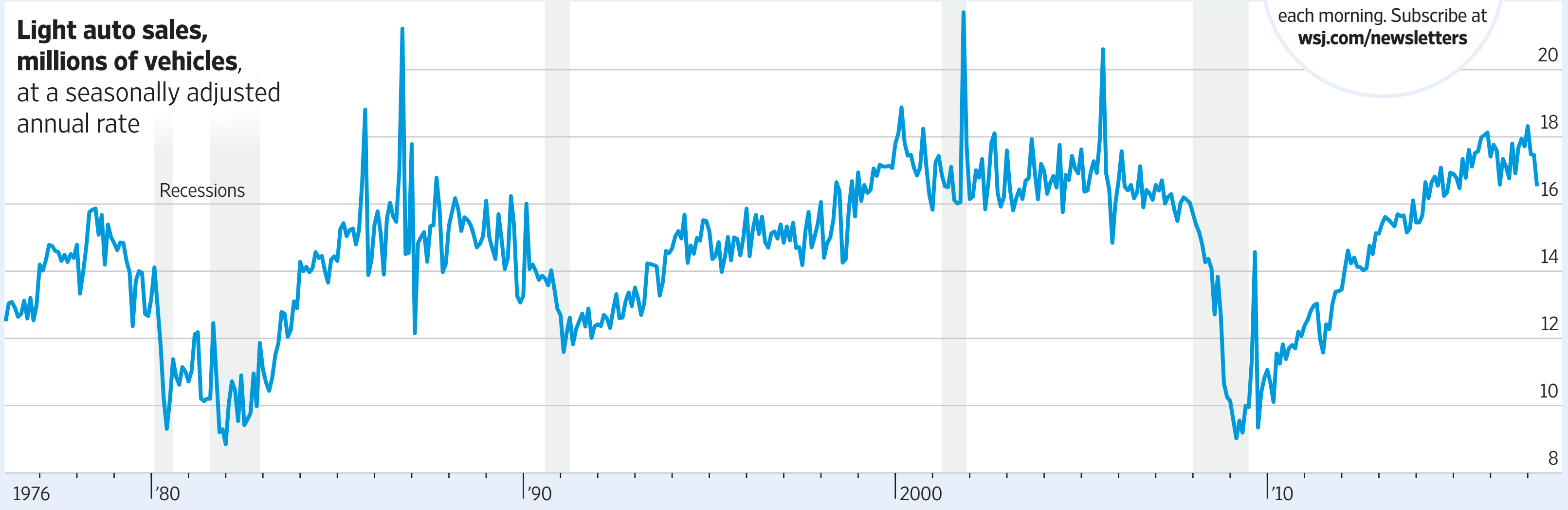
MARKETS

THE DAILY SHOT

The Car Biz Hits the Skids

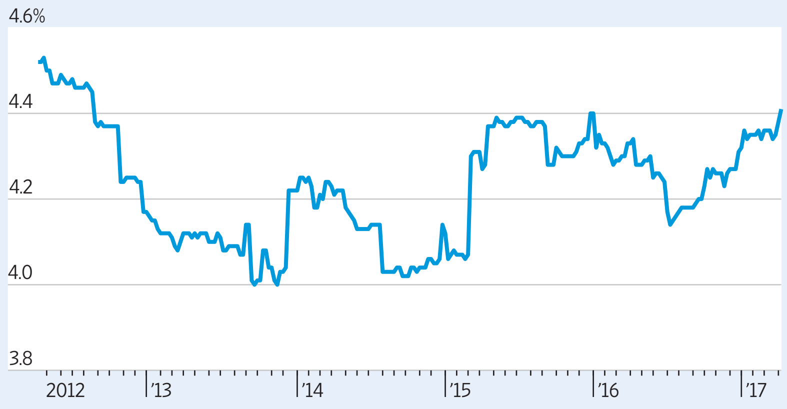
WSJ subscribers can get **The Daily Shot**—a chart-by-chart briefing on markets and economics—sent to their email each morning. Subscribe at **wsj.com/newsletters**

Slowing auto sales are forcing a reassessment of a key contributor to economic growth.



The slowdown, which follows a long expansion, reflects in part the impact of rising interest rates and the stretched finances of many borrowers, who are extending loans to maturities rarely seen before the financial crisis.

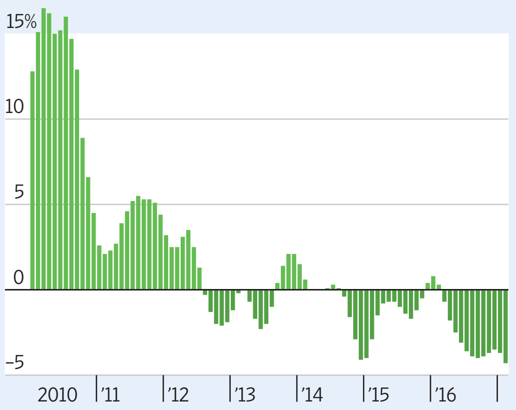
WSJ auto loan rates



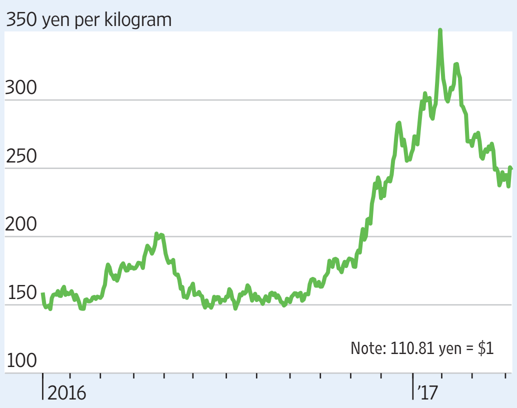
Average maturity on auto loans, quarterly

Used-car prices are falling as demand softens and the industry adds to incentives on new purchases and leases. The price of rubber, used primarily in tires, had been rising fast before a recent slump. Shares of car makers and finance firms have been hit hard.

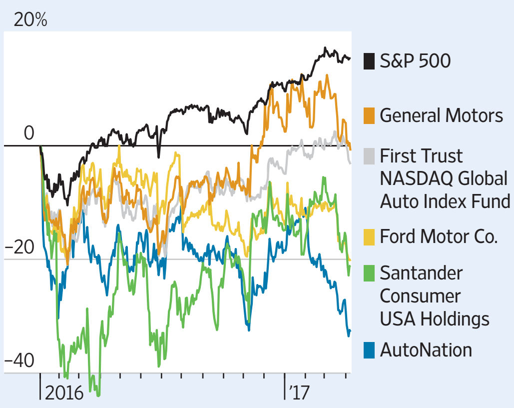
Used-car price index, change from a year earlier



Rubber prices



Change since the beginning of 2016



Sources: Federal Reserve Bank of St. Louis (auto sales, loan maturities, used-car index); Bankrate.com (auto-loan rates); WSJ Market Data Group (rubber, stocks)

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FINANCIAL ANALYSIS & COMMENTARY

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A Risky Drug-Price Blame Game

Drug manufacturers and the companies that pay for drugs are again squabbling over why medicines are so expensive. That has the potential to upend the opaque and very profitable three-way relationship among pharma companies, insurers and pharmacy-benefit managers. Shares of all three are vulnerable.

That relationship has never been without stress, but the rhetoric has gotten tougher.

The tension is rising in part because President Donald Trump and the Democrats are both threatening to cut drug prices.

The latest finger pointers are the drug makers: New research by the Pharmaceutical Research and Manufacturers of America, an industry trade group, accuses insurers and PBMs of not sharing the discounts and rebates they receive from customers who pay via deductibles or coinsurance. These rebates and discounts can lower prices by more than 40% in some cases, boosting profits of insurers and PBMs at the expense of consumers, the drug companies say.

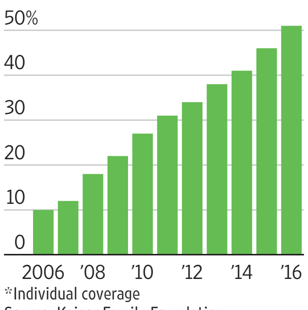
Consumers are getting hit harder by the higher costs these days because of the rise in high-deductible insurance plans, which are themselves an attempt to deal with rising health-care costs.

Deductibles rose 12% in 2016 in the group market, four times faster than premiums, according to the Kaiser Family Foundation. That means patients who are already on the hook for a bigger portion of their medical costs aren't getting the discounts and rebates that are being shared with insurers and PBMs.

The Phrma paper comes a month after the group representing health insurers blamed drug makers for high prices, pointing out that the pharma companies are the ones who set the list prices for drugs and if they really cared about the high cost of medicines, they would lower the prices.

Out of Pocket

Covered workers enrolled in a plan with general annual deductibles above $1,000*



*Individual coverage

Source: Kaiser Family Foundation

THE WALL STREET JOURNAL.

America's Health Insurance Plans released research that said prescription-drug spending accounts for more than 20% of health-insurance premium dollars.

The third actor in this drama is the PBMs, which are represented by the Pharmaceutical Care Management Association. The group called the new drug company research" an attempt to deflect blame for high drug prices onto the employers, unions, and insurers that struggle to provide affordable coverage."

From an investor's perspective, the three sides should just keep quiet and do everything they can to preserve their very profitable relationship.

Despite a few exceptions, share prices of drug companies, PBMs and insurers are generally at or near records. Clearly, the opaque system of a high sticker price and unseen rebates and discounts in place works well for industry, even though consumers are the losers.

The outcome of this fighting could put share prices at risk.

While the passage of comprehensive legislation to control drug prices is unlikely, cracking down on prices is a politically popular stance. The more aggressively sectors shift blame for high prices, the more likely it becomes that the entire system gets reshaped—an outcome no health-care investor should want to see.

—Charley Grant

OVERHEARD

Perhaps it should come as little surprise that in a country where biblical tradition says water was turned into wine, there is more of the latter than people need at the moment.

Wineries in the Holy Land are in a holy mess as they face an unprecedented surplus of local varieties ahead of the Passover holiday when some 30% to 40% of local Israeli wine sales occur, according to the newspaper Globes.

The surfeit is mostly cheaper stuff that sells for 20 shekels a bottle ($5.50) or less. But deals on that category are pulling down prices of the higher-quality varieties with a brand selling for 50 shekels a year ago is now fetching only half as much.

Jews world-wide traditionally down four glasses of kosher wine at their Passover meals.

Perhaps a temporary increase is in order to help bring this market back into balance.

Samsung Is Cashing In On Its Chips

Samsung has had a turbulent year, but buoyant prices for electronics components are helping to wipe away those bad memories.

The South Korean technology company, whose de facto leader is in jail on bribery charges, said Friday it expects an operating profit of 9.9 trillion won ($8.7 billion) for the first quarter, its best since 2013. That is 6% above analysts' estimates on S&P Global Market Intelligence. Strong memory-chip prices are responsible; Morgan Stanley estimates operating profit at Samsung's semiconductor segment, which comes mainly from memory chips, makes up more than 60% of its total.

The good news is set to continue. Makers of DRAM, a type of chip used for system memory, have become more disciplined on supply since the industry has become more consolidated. The top three DRAM manufacturers make up nearly the whole market, with Samsung having around half.

And instead of supplying to just personal computers and mobile phones, which have both seen sluggish growth, there is new demand for DRAM chips coming from cloud-service operators. Samsung's new smartphone Galaxy S8 and a new iPhone later this year with likely significant upgrades could also keep demand from smartphone makers strong.

There is more potential upside from its smartphone business, which took a $5 billion hit last year because of the exploding-battery debacle. Favorable reviews of the Galaxy S8 could point to a happy surprise there, helping Samsung put its miserable past 12 months further behind it.

—Jacky Wong

The Coal Industry Is Reviving but Not Because of Trump

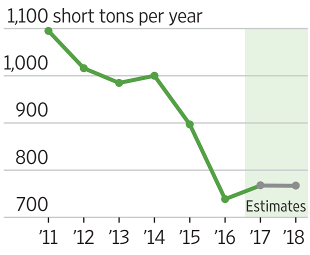
Coal should have been one of the most obvious beneficiaries of the Trump trade. But investors looking to cash in on the president's pledge to rejuvenate the coal industry didn't have many places to put their money. Until now.

The reason for the lack of options is that much of the U.S. coal industry was in bankruptcy when Mr. Trump took office. The three largest components of the **Market Vectors Coal ETF** are a Chinese miner, an Australian freight carrier and an Indonesian heavy-equipment company.

The coal industry is now emerging from its darkest period, giving investors more options. The companies are returning to the markets as fundamentals are moving in their favor, a more important factor than Mr. Trump's cuts in regulations.

Coal Goes Cold

U.S. coal production



Source: Energy Information Administration

The two largest U.S. coal producers, Arch Coal and **Peabody Energy**, have left bankruptcy. Peabody relisted last week, the same day that another company, **Warrior Met Coal**, filed for an initial public offering, mentioning Mr. Trump several times in its prospectus. It owns the former assets of the bankrupt Walter Energy.

The industry that has returned is a shadow of its former self. Coal production in 2008 was nearly 1.2 billion short tons and last year it was just 739 million, down 18% from 2015 and the lowest since 1978, according to the Energy Information Administration. Last year natural gas overtook coal's share of U.S. power generation for the first time ever, and renewables also have gained at coal's expense.

Yet there are reasons for hope. Companies shorn of billions in debt can make money today and possibly a good deal more in the future. The key is the price of U.S. natural gas. Last April front-month futures were below $2.00 a million British thermal units and Friday morning they fetched $3.33 a million British thermal units.

Arch Coal reckons that at prices above $3.00, coal from the Powder River Basin in Montana and Wyoming, where they and Peabody have enormous reserves, is competitive with natural gas almost anywhere in the contiguous 48 states. The EIA predicts output in the region will rise by nearly 9% next year.

Then there is metallurgical coal for steelmaking, a smaller but more lucrative category centered in Appalachia. Floods in Australia have cut supply, forcing customers to turn to U.S. producers to fill the void. Though output is declining, mines in the region are mostly competitive and profitable.

Coal is in a deep hole, but savvy investors can see daylight.

—Spencer Jakab

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DETAILS, R2

Should the Social Security Trust Fund Be Allowed to Invest in Stocks?

There isn't a lot of common ground between the detractors and proponents of investing some of the Social Security trust fund's assets in stocks.

On the one side are those who can't believe anyone would even consider such an idea; on the other side are those who say the detractors are overreacting. After all, no one is proposing that 100% of the Social Security kitty be plowed into stocks, or used for day trading, they say.

What the two sides generally do agree on is that the Social Security trust fund needs shoring up: According to a trustees' report from last year, the fund is on track to run dry around the mid-2030s, at which point the program would be able to pay out only about 75% of promised benefits.

The idea of having the government invest some Social Security assets in stocks—which is separate from the "privatization" notion of allowing citizens themselves to do the investing—isn't new. In the 1990s, during a historic bull market, President Bill Clinton floated the idea, saying it could help the long-term solvency of Social Security. (He drew laughs at a public forum by conceding it would be a tough sell since Americans "believe the government could mess up a two-car parade.") He eventually dropped the idea.

Nearly 20 years later, the trust fund still needs help. And the debate over what to do remains as contentious as ever.

YES

It Should Reduce the Need for Benefit Cuts or Tax Increases

BY ALICIA H. MUNNELL

INVESTING SOME OF the Social Security trust fund in stocks would likely increase investment returns, improve the program's long-term financial outlook and reduce the need for benefit cuts or tax increases. Nevertheless, the proposal makes some people crazy. Here's why it shouldn't:

Starting with defense

First, no one thinks that investing in stocks is a free lunch. Stocks are riskier than bonds, so shifting some Social Security assets from low-risk, low-return Treasury bonds to high-risk, high-expected-return stocks would expose the program to greater financial risk. This risk, however, has to be balanced against the likelihood of a larger trust fund and thereby less need for benefit cuts or tax increases to shore it up down the road. Economists also make a theoretical argument that the plan would especially benefit the young—who haven't yet accumulated much financial wealth—by enabling them to invest in high-yielding financial assets without direct exposure to market risk.

Second, no one wants the Social Security trust fund to control the stock market. Even if the entire trust fund was plowed into stocks, it would account for only a fraction of the market. And that isn't even what's being proposed. Those pushing to diversify Social Security's holdings have called for investing only a portion of the trust fund in

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NO

Let's Keep the Government Out of the Stock Market

BY MICHAEL D. TANNER

THERE IS NO QUESTION that Social Security needs reform. With more than $32 trillion in unfunded liabilities over an infinite horizon, Social Security quite simply cannot pay future promised benefits with existing taxes.

Much of the program's problems stem from its pay-as-you-go nature, under which it is little more than a transfer payment from young to old, without any sort of investment. Transitioning to a funded system, where contributions were invested, makes sense.

Yet allowing the government itself to invest, either directly or indirectly, the roughly $2.9 trillion Social Security trust fund would be an enormous mistake.

First, it is hard to see how this would actually take place. The bonds in the Social Security trust fund aren't actual assets, but merely claims against future general revenues (that is part of Social Security's funding problem). To invest those funds in other assets, the Social Security Administration would first have to redeem those bonds for cash. With the U.S. running a deficit and already $20 trillion in debt, finding money to redeem the bonds likely would require either additional taxes or borrowing or both.

But even if a financial workaround could be found, the federal government should stay out of the stock market.

The total value of all stocks traded on the New York Stock Exchange

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Mr. Tanner is a senior fellow at the libertarian Cato Institute in Washington and author of several books on public policy. He can be reached at reports@wsj.com.

SCOREBOARD

First-quarter 2017 fund performance, total return by fund type. More on R2.

U.S. stocks*	Intl. stocks*	Bonds (intmd.)
4.8%	8.0%	1.0%

*Diversified funds only, excluding sector and regional/country funds

Source: Lipper

Stock Analysts' Biases Are Showing, a Study Finds

BY JEFF BROWN

HANNA BARCZYK

TURNS OUT BIRDS of a feather flock together on Wall Street, too: Male stock analysts tend to write more favorably about public companies headed by men than about companies led by women. White analysts favor firms run by white chief executives. And Republicans and Americans in general prefer companies helmed by people like them.

It is called group bias, and four academics have nailed down evidence that it exists among stock analysts, who are paid to guide investors' bets with hardheaded, rational views of companies' prospects.

As a result, earnings surprises of firms headed by female, foreign or Democratic CEOs are systematically upward biased, the researchers write in their paper. In other words, because analysts have underestimated the CEOs who don't belong to their in-group, those CEOs' companies more often surprise the market when earnings are reported, boosting share prices.

"These results are also reflected in analysts' buy and sell recommendations, with systematically more buy than sell recommendations for stocks of firms headed by CEOs belonging to their in-group," says the paper, by Sima Jannati and Alok Kumar at the University of Miami School of Business Administration, Alexandra Niessen-Ruenzi at the University of Mannheim in Germany, and Justin Wolfers at the University of Michigan's Gerald R. Ford School of Public Policy.

Men's club

Since analysts tend to be male (80%), more likely to be Republicans (48.1%, compared with 41.1% Democrats), white and American, companies headed by women, foreigners, nonwhites and non-Republicans are the most likely to suffer this bias, the study finds. The percentage of "buy" or "strong buy" recommendations is 3.24 percentage points lower for female-headed companies than for male-headed companies, and the percentage of "sell" and "strong sell" recommendations is 2.13 points higher for companies run by women.

Refining the analysis to male analysts only, the percentage of buys and strong buys for companies led by women is lower by 4.21 points, and for sells on female-led companies it is 2.50 points higher.

Female analysts tend to be less biased against male-run companies than male analysts are against female-run companies, the study finds.

The earnings and sell-versus-buy tilt is enough for a savvy trader to make money by buying shares in female-run companies before earnings announcements that surprise, Dr. Kumar says, though gains wouldn't be certain. "In the short run, people who are trading around an earnings announcement, some of them could be hurt and some could benefit."

Long-term, buy-and-hold investors aren't likely to feel much effect, Dr. Kumar says, because prices adjust when financial statements are issued.

The study used a variety of databases to identify analyst and CEO gender, ethnicity, nationality and, through campaign donations, political affiliation.

They're only human

"In-group bias is one of the main aspects of human behavior," the authors write, citing research by others. Theories on causes include genetics, a need to reinforce "social identity," encouragement from leaders trying to rally supporters, and a need to identify potential allies and adversaries, they write.

To reduce such bias, Wall Street firms could hire more women, minorities and foreigners, Dr. Kumar says. Analysts' supervisors also could keep an eye out for patterns in earnings surprises.

"The biggest surprise for me," Dr. Kumar concludes, "was the fact that the market consistently doesn't recognize that this bias exists."

Mr. Brown is a writer in Livingston, Mont. Email reports@wsj.com.

Stocks Yes

Continued from the prior page

stocks. The typical proposal would increase the percentage of the trust fund invested in stocks by 2 to 3 percentage points annually until stocks accounted for 40% of total Social Security assets.

Third, no one wants members of Congress lobbying Social Security to buy shares of companies in their districts. That's why proponents of stock investing suggest such investments track a broad market index such as the Wilshire 5000, Russell 2000 or S&P Composite 1500. In terms of corporate governance, the voting rights associated with trust-fund shares could be handled in one of three ways: not voted at all, voted in a pattern that reflects the votes of other common shareholders, or delegated to the individual portfolio managers, which is the practice of the federal government's Thrift Savings Plan.

Finally, no one wants to create the impression that Social Security selling a $100 bond and buying a $100 stock would automatically improve the program's finances. So the accounting must be done on a risk-adjusted basis, with gains reflected only after they occur.

Moving to offense

OK, that's enough defense. So what do we know about how stock investment would have affected Social Security's finances historically and how it would likely contribute prospectively?

Historically, the answer is easy. Whether stock investment had started in the early 1980s or late 1990s, trust-fund assets would be significantly higher than they currently are, despite the bursting of the dot-com bubble in 2000 and the financial crisis in 2008.

Looking forward requires a little work, as detailed in a recent paper I co-authored.

First, Social Security's current trust fund is rapidly declining, which means that it wouldn't matter much what it was invested in. So the assumption is that the government raises taxes enough to eliminate the long-term deficit and invests a portion of the emerging trust fund in stocks. The second assumption is that stock returns going forward will average 6.8% annually rather than the historical 9.5%. Based on these assumptions, the 50th percentile of 10,000 simulations shows that, after 75 years, a portfolio with stocks produces a healthy ratio of trust-fund assets to benefits, while a trust fund invested all in bonds is exhausted. Even at the 25th percentile, the trust fund shows no evidence of running out of money.

Moreover, the research shows that Social Security investing in stocks is unlikely to disrupt the market. If Social Security had begun investing in equities in the early 1980s, the trust fund today would hold about 4% of the market value of U.S. equities. The simulations going forward suggest that stake would decline slowly to less than 2% as stock-market growth outpaces growth in the trust fund, which also holds bonds. As a point of comparison, state and local government pension plans currently hold about 6% of total stocks. Social Security wouldn't take over the stock market!

In short, policy makers should include investing Social Security's assets in equities on their list of options when constructing a comprehensive package to restore long-run balance to the program.

Stocks No

Continued from the prior page

is roughly $21 trillion, meaning the funds available from the trust fund would be about 14% of stock value. It is easy to see, therefore, that investing even part of the trust fund in the stock market would allow the U.S. government to purchase if not a controlling then a commanding share of virtually every major company in America.

Powerful influence

Even if the investment was done indirectly through an index, government decision makers would acquire property rights in corporate enterprises. Either they would exercise their rights, thus creating a direct political influence in the management of private enterprises, or they would give up the voting rights and other privileges, thus indirectly enhancing the power of existing shareholders.

In either case, ownership of the enterprises would be powerfully influenced by political agents, and the entire arrangement would be financed by the taxpayers.

With ownership comes control. What if a company whose stock is purchased by the Social Security trust fund decides to move its operations overseas? Would President Trump, or a future president, remain indifferent to the plight of the company's workers? Would he or she not be tempted to use the president's financial leverage? What about environmental concerns? Workers rights? Political contributions? What about companies that make adult movies, tobacco products or sugary soft drinks? The potential list of targets for government mischief is endless.

Would it make a difference if the government purchased existing index funds from a third party, such as an investment company?

Not really. Although the index fund would provide a layer of insulation between the government and companies whose stocks were purchased, the problems of control wouldn't be completely avoided. First, the government would acquire control over the index-fund manager itself and thus indirect control over the corporations. If index fund A controls the majority of shares in company B, and the government controls the management of fund A, the government can control the company.

Another way

Even if the government doesn't attempt to exercise corporate control, there is reason to be concerned about allowing index-fund managers to use taxpayer money to increase their ownership of corporate America.

In essence, it is being proposed that the federal government use tax money to pick corporate winners and losers. It is difficult to imagine a more egregious proposal for "corporate welfare."

Those who see stock investing as a potential cure for Social Security's woes aren't all wrong. It is true that private investment would earn substantially higher returns than the current pay-go system, even under conservative projections. However, there is a way to capture the rewards from those higher returns without the risks of getting government itself involved in the investment business.

Why not allow younger workers to invest for themselves a portion of their payroll taxes in personal accounts? Let's rely on consumer choice rather than top-down management.

Social Security Facts & Figures

What we call the Social Security trust fund is technically two funds managed by the Treasury Department: the Old-Age and Survivors Insurance (OASI) and the Disability Insurance (DI) funds.

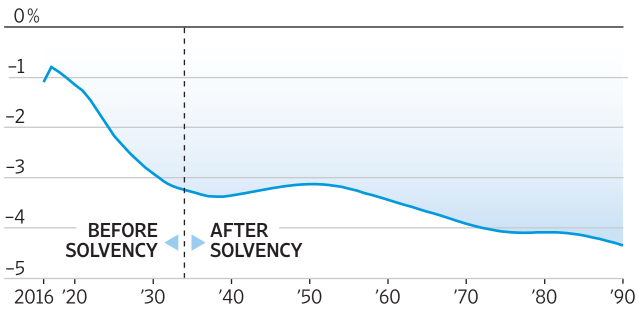
What the Fund Invests In
Special-issue Treasury bonds.

Who Gets the Payouts
In 2016, nearly 61 million Americans received about $918 billion in benefits.

But With More and More Customers...
In 1940, the life expectancy of a 65-year-old was almost 14 years. Today, it is about 20.

And More Coming...
By 2035, the number of 65-and-up citizens will increase from the current 48 million to 79 million.

...the Fund's Reserves Are on the Way to Depletion
Social Security trustees project that trust-fund reserves will be depleted by 2034, although tax income is projected to cover about 75% of benefits from that point on. Annual balances (income minus costs) as a percentage of taxable payroll.



Sources: Social Security Administration; 2016 OASDI Trustees Report (Table IV.B1, intermediate assumptions)

THE WALL STREET JOURNAL.

President Franklin D. Roosevelt signing the Social Security bill in 1935.

UNDERWOOD ARCHIVES/GETTY IMAGES

QUARTERLY MONITOR | WILLIAM POWER

U.S.-Stock Funds Rose 4.8% in the Quarter

The stock market's raw numbers are screaming "frenzy," but investors appear too smart for that.

In the first quarter, major market indexes climbed to records—including the first close over 20000 and then 21000 for the Dow Jones Industrial Average—which resulted in the average diversified U.S.-stock fund registering a healthy total return of 4.8%. However, investors are showing caution, turning again to tried-and-true bond funds, judging by the latest fund-flow statistics.

An estimated net of nearly $112 billion flowed to mutual funds and exchange-traded funds that invest in bonds, based on Investment Company Institute data. In contrast, an estimated $34.5 billion went to U.S.-stock funds in the quarter.

The measured reaction shows investors are "trying to look at the world in a more balanced way," says Charlie Reinhard, chief portfolio strategist at MainStay Investments in New York. "They're trying to be cautious and careful."

Change from 2016

It was a different story at the end of 2016, after the presidential election, when money flowed strongly to stock funds—and out of bonds—on a bet that a Trump administration would usher in a stronger economy and that interest rates would be heading higher. That zest for stocks has cooled, but rates indeed are rising under the direction of the Federal Reserve, as it also shrinks its portfolio of mortgage and Treasury securities.

The gains in U.S.-stock funds, as tracked by Thomson Reuters Lipper, were roughly in line with the market, in a quarter when the S&P 500 index rose 5.5% and the Dow advanced 4.6%.

"It was a very good first quarter," says Mr. Reinhard. "We ended the quarter very close to the highs, despite the health-care [law] setback that took place late in the quarter. We saw gains on the surface, while under the surface there was a little bit of a rotation away from the Trump 'reflation' trade."

For the rest of the year, "we don't expect gains to be as robust as in the first quarter, and we don't expect as smooth a ride as the first quarter. We think it's more likely to see single-digit returns per annum with bouts of volatility."

Health/biotech funds were up 10.9% in the quarter, after the health-care bill was pulled.

Gold-oriented funds rose 9.9%, but that was surpassed by Latin American funds, up 13.1%, as investors reconsidered postelection expectations of a major shift in trade policy.

Overall, foreign-stock funds advanced 8.0%, after getting drubbed by U.S.-stock funds in 2016 (by 10.8% to 0.7%). There was an estimated net inflow to foreign-stock funds of $47.9 billion in the quarter.

Bond funds were up modestly in the first quarter. Funds focused on intermediate-maturity, investment-grade debt, the most common type of fixed-income fund, rose 1%.

Early call on April

April hasn't started too gleefully as far as investors' buying mood, however. Stock funds for the week ended April 5 absorbed their biggest net outflows of 2017, says Patrick Keon, senior research analyst at Thomson Reuters Lipper.

"The Fed's action in regard to its balance sheet," he writes, "will create uncertainty (will the action be drastic or gradual?), which is always a negative for the equity markets."

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FOLLOW THE MONEY

First-quarter 2017 flow of investor cash by fund type, in billions*

U.S. stocks	Intl. stocks	Bonds
$34.5	$47.9	$111.7

*estimated mutual-fund/ETF flows through 3/29
Source: Investment Company Institute

Mutual-Fund Yardsticks: How Fund Categories Stack Up

All returns are for periods ended March 31. All data are final.

Data provided by LIPPER

Investment objective	Perfomance (%) March	1st-qtr	1-yr	5-yr*
Diversified stock & stock/bond funds				
Large-Cap Core	0.02	**5.5**	15.9	11.8
Large-Cap Growth	1.2	**9.3**	14.6	11.6
Large-Cap Value	–0.8	**3.6**	18.7	11.6
Midcap Core	–0.3	**4.1**	18.0	11.6
Midcap Growth	0.8	**7.4**	16.0	10.4
Midcap Value	–0.7	**3.2**	18.5	11.9
Small-Cap Core	-0.03	**1.9**	22.0	11.4
Small-Cap Growth	1.1	**5.8**	22.1	10.5
Small-Cap Value	–0.6	**0.1**	23.5	11.2
Multicap Core	0.1	**5.5**	15.8	11.6
Multicap Growth	1.1	**8.8**	15.0	11.1
Multicap Value	–0.8	**3.5**	18.3	11.6
Equity Income	–0.3	**3.9**	15.0	10.4
S&P 500 Funds	0.1	**5.9**	16.6	12.7
Specialty Divers. Equity	0.01	**2.4**	2.3	–4.9
Balanced	0.3	**3.9**	9.7	6.8
Stock/Bond Blend	0.4	**3.9**	9.7	5.9
Avg. U.S. Stock Fund†	0.2	**4.8**	16.5	10.4
Sector stock funds				
Science & Technology	2.2	**10.7**	24.2	12.6
Telecommunication	0.8	**3.8**	10.6	9.5
Health/Biotechnology	–0.2	**10.9**	16.4	16.8
Utility	0.7	**6.4**	8.4	9.8
Natural Resources	–1.5	**–4.8**	19.6	–1.6
Sector Real Estate	–2.1	**0.8**	8.2	7.8
Real Estate	–2.0	**1.0**	3.3	8.8

Investment objective	Performance (%) March	1st-qtr	1-yr	5-yr*
World stock funds				
Global	1.6	**7.1**	13.3	8.2
International (ex-U.S.)	3.1	**8.0**	10.5	5.1
European Region	4.1	**7.5**	9.8	6.3
Emerging Markets	3.0	**11.3**	16.2	1.1
Latin American	1.9	**13.1**	25.3	–6.6
Pacific Region	2.5	**10.7**	14.8	5.9
Gold Oriented	–0.6	**9.9**	19.6	–11.7
Global Equity Income	1.2	**5.2**	10.2	7.0
International Equity Income	2.6	**7.3**	10.3	3.4
Taxable-bond funds				
Short-Term	0.1	**0.7**	1.7	1.3
Long-Term	–0.2	**1.4**	3.3	3.6
Intermediate Bond	–0.1	**1.0**	1.3	2.4
Intermediate U.S.	-0.02	**1.0**	1.7	0.6
Short-Term U.S.	–0.1	**1.0**	1.3	2.4
Long-Term U.S.	–0.1	**0.8**	–2.0	1.6
General U.S. Taxable	–0.1	**1.7**	4.4	4.2
High-Yield Taxable	–0.2	**2.3**	13.3	5.6
Mortgage	0.04	**0.6**	0.8	1.9
World Bond	0.7	**3.1**	5.8	1.4
Avg. Taxable-Bond Fund**	0.1	**1.4**	4.8	2.5
Municipal-bond funds				
Short-Term Muni	0.1	**0.4**	0.1	0.4
Intermediate Muni	0.2	**1.3**	–0.5	2.1
General & Insured Muni	0.3	**1.4**	–0.1	3.2
High-Yield Muni	0.5	**2.4**	1.2	4.8

Stock & Bond Benchmark Indexes All total return unless noted

Investment objective	Perfomance (%) March	1st-qtr	1-yr	5-yr*
Large-cap stocks				
DJIA	–0.6	**5.2**	19.9	12.2
S&P 500	0.1	**6.1**	17.2	13.3
Midcap stocks				
S&P MidCap 400	–0.4	**3.9**	20.9	13.3
Small-cap stocks				
Russell 2000	0.1	**2.5**	26.2	12.4
Broad stock market				
DJ U.S. Total Stock Market	0.1	**5.8**	18.1	13.1
Russell 3000	0.1	**5.7**	18.1	13.2

Investment objective	Performance (%) March	1st-qtr	1-yr	5-yr*
Stock indexes				
DJ U.S. TSM Growth	0.7	**8.1**	17.4	13.4
DJ U.S. TSM Value	–0.5	**3.7**	18.6	12.8
Taxable bonds				
Barclays Agg. Bond	–0.1	**0.8**	0.4	2.3
Municipal bonds				
Barclays Muni. Bond	0.2	**1.6**	0.2	3.2
International stocks				
MSCI EAFE†† (price return)	2.3	**6.5**	8.5	2.9
Dow Jones World (ex. U.S.)	2.5	**8.1**	13.3	4.9

*Annualized †Diversified funds only **Excludes money-market funds ††Europe, Australia, Far East

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◆ "The Hidden Blessing of Getting a Low-Paying Job Out of College," by Derek Tharp, founder of Conscious Capital and a research associate at Kitces.com.

◆ "How Financial Knowledge Drives Wealth Inequality," by Olivia S. Mitchell, a professor of insurance/risk management and business economics/policy at the Wharton School of the University of Pennsylvania.

And on page R13 of this report, you can read excerpts of some earlier online discussions. The Experts offer views on rolling over a 401(k) and more.

The Journal Report welcomes your comments—by mail, fax or email. Letters should be addressed to Lawrence Rout, The Wall Street Journal, 4300 Route 1 North, South Brunswick, N.J. 08852. The fax number is 609-520-7256, and the email address is reports@wsj.com.

WINNERS' CIRCLE

And the No. 1 Stock-Fund Manager This Time Is...Shhhh

Towle Deep Value soars 48.55% but shoos away investors

BY SUZANNE MCGEE

CHRISTOPHER TOWLE IS happy to have earned great returns for his investors, but he'd prefer to duck the publicity that goes along with that accomplishment.

He's also turning down new investors.

The victor of The Wall Street Journal's first Winners' Circle contest of 2017 declined to say much about his fund or its portfolio, but the numbers tell the story. **Towle Deep Value Fund** (TDVFX) handily beat its nearest rival by more than 6 percentage points, posting a return of 48.55% for the 12 months ended March 31.

Mr. Towle, who took over the management of the St. Louis-based fund from his father, says he and his colleagues are "much more interested" in the fund's five-year returns than its 12-month numbers. And, after a run-up by several key holdings at the end of 2016, Mr. Towle adds that his team is reluctant to draw even more attention to the fund from investors enamored with trailing short-term returns.

The quarterly Winners' Circle contest is designed to identify the U.S.-stock fund that turned in the best performance over the 12 months preceding. Every actively managed fund with at least $50 million in assets and a track record of more than three years is eligible for consideration. Index funds and exchange-traded funds don't count; neither do sector funds, or hybrid funds that generate returns from a combination of debt or equity. Leveraged funds don't qualify, since that leverage can distort their returns.

Obviously, for long-term investors like Mr. Towle and his colleagues, a one-year return will look like too short a time frame in which to gauge a manager's true skill, since it doesn't capture how well he or she does over the course of a market cycle. Meanwhile, mutual-fund data has shown that some investors will respond to short-term trends: Quarterly contest winners, for example, have attracted big inflows in the past.

Towle Deep Value already was experiencing a "meaningful uptick" in inflows at the end of 2016, Mr. Towle says. Thus the fund, assuming it stayed on track, could reasonably have been expected to draw even greater inflows as the 12-month contest period drew to a close.

Decision to close

Instead, Mr. Towle and his colleagues closed the $164.1 million Towle Deep Value to new investors in late January (a common practice for funds that worry they will get too big to manage successfully).

This came after the fund's performance began to attract excitement and attention, thanks to big gains by publicly disclosed top-portfolio holdings like regional airline company SkyWest and Navistar International Corp., a maker of trucks and diesel engines. While there is still room for new capital in the strategy, Mr. Towle says, "we're keenly interested in having shareholders who understand our deep-value discipline, [recognize] how it fits within their overall allocation mix and want to own it for the long term."

This wasn't compatible with keeping the mutual fund open. Nor, they decided, was talking about their holdings or process consistent with enabling them to maintain their edge in the current market environment. Mr. Towle declined to discuss any details of the strategy or the fund's holdings, other than to voice his discomfort with the idea of measuring any investment fund on the basis of its one-year returns.

BARON FUNDS

THE RUNNERS-UP: Randy Gwirtzman and Laird Bieger of Baron Discovery

Of course, readers of these quarterly Winners' Circle articles will already have recognized that few of the managers we profile as winners stay in the top spot for long. Most of them are skilled professionals, but typically what allows them to capture the laurels at the end of any given quarter is whether their particular investment style or approach to building a portfolio happened to correspond to what the market rewarded most lavishly in the preceding 12 months. At various points, these have included funds with big positions in oil-and-gas companies with assets in the Bakken Shale formation, funds with managers skilled in picking biotechnology stocks, funds with highly concentrated portfolios and outsize bets on stocks like Apple, and, most recently, small-cap stocks.

Small-caps are still big

As the first quarter's results show, small-cap stocks remain firmly in the spotlight. The runner-up to Towle Deep Value is **Baron Discovery Fund** Institutional Shares (BDFIX), which posted a 41.90% return for the 12 months ended March 31. The Baron fund significantly outperformed Towle Deep Value for the quarter, however, earning an impressive 11.70%, compared with only 4.18%. That is thanks to stocks like **Foundation Medicine**, which has soared 75.5% since the beginning of the quarter.

Foundation, which offers cancer tests that help oncologists decide which drugs to offer their patients based on the kind of tumor cells they have, is precisely the kind of company that the Baron team members look for, says Randy Gwirtzman, the fund's 49-year-old co-manager.

"In health care, we want to find companies that can lower costs to the system and improve patient outcomes, regardless of what is happening" with health-care legislation, he says. "There are lots of small, interesting companies doing things like this."

Mr. Gwirtzman says the Baron fund acquired its stake in Foundation at about $18 a share; the stock now changes hands for about $30 a share.

Mercury Systems has been another top performer for Baron. The defense-industry subcontractor makes circuit boards and software that helps its clients develop, manufacture and assemble complex systems—like Patriot-missile or shipborne-radar systems—on schedule and to cost.

"The government has shifted to fixed-price contracts, and Mercury helps these companies deliver on that," Mr. Gwirtzman says. "They have terrific management, have made some clever strategic acquisitions and have about 20% of a growing market" that he estimates could reach $20 billion in annual revenue from only $3 billion today.

The market has already begun to recognize Mercury's value, bidding up its shares by 86% in the past year. "We started buying it when defense stocks were on the outs," Mr. Gwirtzman says. "We have more than doubled our money, from multiple expansion and principal return."

They'll have the chicken

The Baron team likes more-prosaic businesses, as well. A case in point is **Wingstop**, a restaurant-franchising company that, as its moniker suggests, is involved in the chicken-wings business.

Some of Baron's own investors were skeptical. From Buffalo, Mr. Gwirtzman says, they told him and his co-portfolio manager, Laird Bieger, "You can't tell us anything about chicken wings!" But Mr. Bieger did the requisite due diligence, dining out at Wingstop restaurants as well as checking out the firm's finances and management team.

"They have a high-quality product, and they are rolling out the business in a low-cost way," Mr. Gwirtzman says. Rather than trying to compete with big established players like Buffalo Wild Wings, Wingstop—which locates its restaurants in underserved corners of the market and focuses on takeout, which means franchisees don't need to pay for as much space as rivals do—has developed a business model that seems to be win/win for both franchisee and franchiser. The company currently has more than 1,000 restaurants, according to its website, and the stock has gained 18% over the past 12 months.

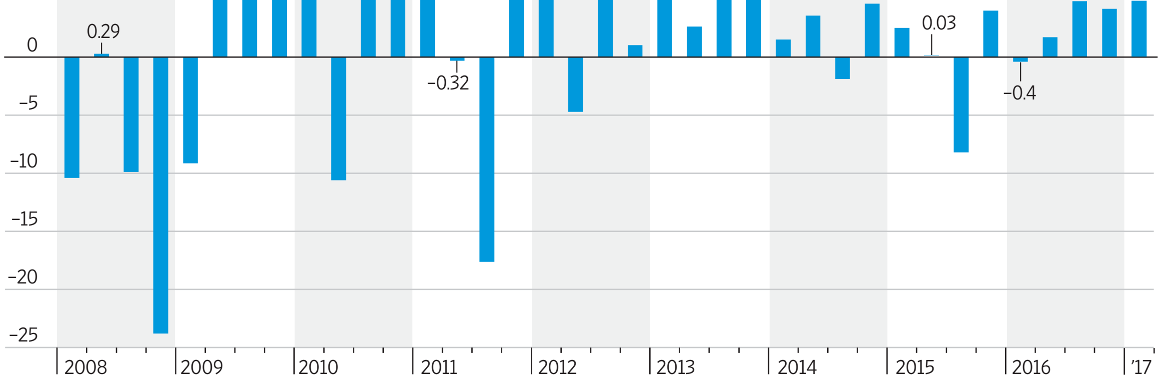
Despite all the ebullience in the small-stock arena in the past few quarters, Mr. Gwirtzman isn't anxious. While he's aware that everything is cyclical—including a manager's day in the spotlight—he says that he and Mr. Bieger are bottom-up managers who devote their time and energy to looking for new ideas whose fundamental characteristics qualify them for inclusion in the $114.6 million fund. "We remain optimistic that there are small companies that offer plenty of potential growth," he says, pointing to Tesaro, an oncology biotech company that won approval from the Food and Drug Administration in late March, earlier than expected, for use of its ovarian-cancer drug.

"Some stocks may be overextended on a short-term basis, and the financial stocks have run pretty hard and fast," Mr. Gwirtzman says. "But we believe our portfolio still has a way to go."

Ms. McGee is a writer in New England. She can be reached at reports@wsj.com.

The Score at the Quarter

U.S.-stock funds haven't quite been able to reach a quarterly gain of 5% since the last quarter of 2013. But they again came close (4.8%) in the first quarter. Average total return (U.S. diversified funds):



Source: Lipper

THE WALL STREET JOURNAL.

ASK ENCORE | GLENN RUFFENACH

The Ups and Downs of Moving Near Children

Also: Advice for a reader who had planned to live off his dividend stocks

Do you have any insights about moving in retirement to be close to children and grandchildren? I realize this is a very personal decision, but I assume many retirees and families grapple with this.

A great topic. Some retirees, of course, can't wait to relocate near family; others think the occasional visit is more than adequate. (Or, as George Burns, the late comedian and actor, put it: "Happiness is having a large, loving, caring, close-knit family in another city.")

If you're wrestling with this decision, here are some things we've learned from talking with retirees:

◆ **Options other than moving.** Many older adults are hesitant to pack up and move for two very good reasons: They like where they live, and there's no guarantee that adult children will stay put. Fine. There are easier (and, often, cheaper) ways to spend time with family.

ISTOCKPHOTO/GETTY IMAGES

Some retirees can't wait to move near family; others prefer visits.

Perhaps, instead of moving, you make extended visits—say, three or four times a year for two weeks at a stretch. Or perhaps you rent a place near your adult children for a couple of months each summer (or winter, depending on the location). Or perhaps you spring for a multigenerational vacation each year.

In short: You can get pretty close to moving without moving.

◆ **Boundaries and budgets.** If you're leaning toward making a move, the single most important step is to talk with adult children about expectations and boundaries. For instance: How often will we see each other? Will all parties have sufficient time and space for themselves? Is there a risk of too much "closeness"?

Almost as important: You need to run the numbers. In other words, can you really afford to move? And what would be the long-term effects on your nest egg? Speaking of which...

◆ **Renting instead of buying.** If you're age 50 or older, chances are good you think about housing in terms of owning and not renting. But renting can have several advantages, particularly if you're on the fence about moving near children.

Among them: Maintenance costs are likely to be lower (or nonexistent); you might be able to beef up your savings by investing the proceeds from the sale of your house, rather than tying up the funds in a new home; and if you're left in the lurch—either because your adult children move away, or because you simply realize you made the wrong decision in moving—it can be easier to walk away from a rental than going through yet another home sale.

Finally, recognize that inertia might be the only thing standing between you and moving. And inertia can ruin a retirement. As one retiree who decided to move close to her family told us:

"When we looked hard at our situation, a move increasingly seemed worth the risk. No, there was no guarantee that our children and grandchildren would stay put. But they seemed happy where they lived. Yes, selling our home and downsizing would be painful. But missing the chance to be part of weddings, school graduations, birthdays, births and anniversaries—the generational threads that bind us—would be more painful still.

"None of us know what the future has in store. We can only depend on the knowledge that, having weathered life's storms, we will adapt."

* * *

In 2003 I sold all my mutual funds and purchased only individual dividend-paying stocks. Collectively, they have performed quite well. All dividends have been reinvested. I have substantial gains, and my accountant advises that I start harvesting these gains. I am 65 years old and have no need to start collecting Social Security for several more years.

I have met with several financial planners, and the consensus has been to close out my positions, pay the capital gains and invest the proceeds in products that I consider to be high commission in addition to an annual management fee. My original plan was to live off the dividends, but as I have gotten older I have become a bit more risk-averse. I subscribe to the "4% rule," which my dividends satisfy, but the potential risks concern me. What are my options?

You are right to be concerned, for three reasons.

First, you mention that you are invested, or seem to be invested, solely in stocks. Remember: Just since 2000, the S&P 500 has *twice* fallen by about 50%. In short, you don't seem to have any "defense" (read: bonds) in your holdings.

Second, even the best companies can cut or eliminate dividends. Banks, for instance, were doing "quite well" right up until 2008 and 2009, when some of the biggest names in the business slashed their quarterly payouts.

Third, you mention that several financial planners are advising you to invest in high-commission products. I certainly don't mean to question the financial acumen of these individuals, but as William J. Bernstein, a neurologist, investment adviser and author, is fond of saying: The reason that "guru" is such a popular word is because "charlatan" is so hard to spell.

Don't misunderstand (and I'm trying to head off some angry mail from dividend lovers): Dividends can be a wonderful source of income in retirement. But retired investors, in particular—who don't have a steady paycheck from a job—need a Plan B, says Charlie Farrell, chief executive officer of Northstar Investment Advisors in Denver.

"The key is to really think through how you would react to a big stock-market decline and how you will 'bridge' that decline," he says.

So...what to do? Obviously, there are many ways to invest your savings. (Personally, I favor index funds.) If you're wedded to dividend stocks, that's fine—if (and this is a big "if") you are able and willing to do the continual and difficult work of researching what stocks to include in your portfolio. How many? At least 30 to 40 individual companies, Mr. Farrell suggests, spread across multiple sectors: utilities, telecom, energy, financials, etc.

Most important, you need bonds—particularly, higher-quality, short- to intermediate-term bonds (for instance, Treasury bonds). These should make up at least 30% of your holdings, Mr. Farrell says. Again, when markets crash, and if you are invested in equities, you must—*must*—be prepared for declines of 40% to 50%.

"If you have a base of high-quality bonds to use during a crisis, it allows you to get time on your side," Mr. Farrell says. "Which is what you need and what allows you to invest in stocks."

Mr. Ruffenach is a former reporter and editor for The Wall Street Journal. His column examines financial issues for those thinking about, planning and living their retirement. Send questions and comments to askencore@wsj.com.

NEED TO KNOW

Your Investment Return Is... (Fill in the Blank)

It pays to understand the different ways to calculate rates of return, overcoming jargon

BY ROBERT POWELL

AT FIRST BLUSH, it seems simple enough. At the end of a 12-month period, you divide the ending balance of your 401(k) by the starting balance, and voilà. There is the one-year return.

But how much does that return really tell you?

There are several ways to measure investment returns, and each is used to highlight different things. Some focus on the total return of a portfolio inclusive of all investment activity, including distributions and contributions; some are used to gauge how well an adviser managed a client's money.

Many professionals don't make the subject easy for investors. Measures of returns are "full of jargon and difficult for folks to understand sometimes," says Stephen Horan, managing director of credentialing at the CFA Institute, which awards a designation to advisers who pass the Certificate in Investment Performance Measurement, or CIPM, exam.

The jargon is worth learning, though. Investors who understand the different measures could make better decisions about their money.

Here are a few tips to help demystify the seemingly obtuse and impenetrable measures of investment returns.

Geometric vs. arithmetic average

To come up with a single number reflecting a return over multiple holding periods, some form of averaging is required. But arithmetic and geometric averages give different results, and professionals all use the geometric method. Here's why.

The arithmetic average is the one we all learn in basic math class. Using it to calculate an average return for your portfolio over a multiyear period, one would add up the returns for each year and then divide by the number of years. But arithmetic averages capture neither the impact of compounding nor year-over-year volatility, Dr. Horan says. Professionals consider them a poor indicator of overall performance.

Say your portfolio rose 10.5% in year one, lost 3.6% in year two, rose 20.7% in year three, rose 6.4% in year four and rose 12.3% in year five. Using an arithmetic average, your average return is 9.26%.

Using a geometric average, the answer is 8.96%. The geometric mean reflects the investment's or portfolio's internal rate of return. The method applies compounding to the initial investment and to each cash flow.

To be fair, arithmetic averages can represent useful estimates of single-period returns, says Dr. Horan. But an investment professional would never consider using the arithmetic average when presenting returns to the public.

It is "always misleading," says Carl Bacon, an author and chairman of the Global Investment Performance Standards executive committee, the CFA Institute's body responsible for overseeing and developing best practices for calculating and presenting investment performance.

Time-weighted vs. dollar-weighted

Two of the more common ways to measure investment returns are time-weighted and dollar-weighted.


MARTIN ELFMAN

Two Methods

A theoretical example of the different returns that could be reported, using time-weighted and dollar-weighted methods.

Beginning Value (12/31/2015)	$1,000
Value on 4/31/2016	$900
Contribution on 5/1/2016	$200
Ending Value on 12/31/2016	$1,300
Time-Weighted Return	**6.63%**
Dollar-Weighted Return	**8.84%**

Source: Stephen Horan at CFA Institute

Sorting the Jargon

Common terms used for investment returns

Holding period rate return
The percentage gain or loss in wealth resulting from holding some asset or portfolio over the stated holding period.

Arithmetic mean return
The sum of a set of holding-period returns divided by the number of returns summed.

Dollar-weighted rates of return
The rate of return that reflects compounded growth of both beginning value and interim cash flows.

Geometric mean rate of return
The compound growth rate associated with a set of holding-period rates of returns.

Effective annual rate
The amount by which a unit of currency will grow in a year, with interest on interest included.

Time-weighted rates of return
The compound rate of growth of $1 initially invested in the portfolio over a stated measurement period ignoring the influence of external cash flows.

Source: CFA Institute

THE WALL STREET JOURNAL.

A time-weighted return doesn't factor in how much someone is depositing into or withdrawing from an investment account. It measures the performance of the investment from one point in time to another.

By contrast, the dollar-weighted return measures the total return of your portfolio inclusive of all cash inflows (contributions into your 401(k), for instance) and outflows (such as distributions or withdrawals). It can help an investor track the performance of a portfolio taking into account the effects of his or her financial behavior.

Todd Jankowski, head of the CFA Institute's CIPM program, offers this example: Say you put $100,000 at the start of the year in a brokerage account, and your adviser invests it in a non-dividend-paying growth stock (1,000 shares at $100). At the end of year one, your investment is valued at $150,000 (1,000 shares at $150).

At the start of the second year, you decide to invest $900,000 more in the same stock (6,000 shares at $150). Due to a 50% drop in the stock's value, however, your account's value at the end of year two is $525,000, resulting in a 50% loss in year two.

Your two-year geometric annualized time-weighted return, which reflects the compounding effect, is minus 13.4%. This represents a cumulative 25% loss over two years, or 13.4% loss annualized, according to Mr. Jankowski.

Your dollar-weighted return, however, which is also referred to as the internal rate of return and reflects the impact of your contribution, would be minus 45.02%, says Mr. Jankowski.

To measure the portfolio manager's performance, you would use the time-weighted method, which includes compounding but excludes contributions from the outside, like cash infusions. To measure the portfolio's performance inclusive of the client's decisions—including his ill-timed cash infusion—you would use money-weighted.

What else to consider?

Investors should also have some working knowledge of what's called the effective annual return, or EAR. The EAR, according to Dr. Horan, simply means coming up with an equivalent to an annual return based on numbers from periods that constitute either less than a year or more than year.

"If the nonannual return is shorter than one year, it involves compounding the short-term return until it grows for a year," he says. "And if the time period is greater than a year, it involves 'averaging' the return into a single year using the geometric average."

This is done so investors can measure rates of return for different investments on an apples-to-apples basis. Otherwise it would be difficult to compare an investment that returned 6% compounded semiannually, which has an effective annual rate of 12.4%, with say an investment that returned 18% in 18 months, which would equate to an effective annual rate of 11.67%.

Mr. Powell is editor of Retirement Weekly, a service of MarketWatch. Email him at reports@wsj.com.

EXCHANGE-TRADED FUNDS

DANIEL ACKER/BLOOMBERG NEWS

New crop-growing technology can come out of nowhere, depressing prices.

Why Commodity-Index Investing May Be Futile

Buying an index of commodities and holding it doesn't pay off as neatly as it does with stocks

BY SIMON CONSTABLE

INVESTMENTS THAT TRACK broad stock indexes have become the favorite of many investors and analysts for long-term returns that are hard to beat. But index tracking hasn't done so well in the commodities market.

Stock investments that track indexes such as the S&P 500 have reliably rewarded long-term investors. For example, since January 1970, investors who held the S&P 500 for at least 12 years would always have had positive returns including dividends, says Sam Stovall, chief investment strategist at CFRA Research.

Commodity indexes haven't provided that same kind of "significant persistent level of return over time," says Amanda Agati, an investment strategist at PNC Institutional Asset Management in Philadelphia. For instance, major broad indexes of commodities have registered negative returns over the past 10 years. And commodities tend to be more volatile than stocks, Ms. Agati says.

The upshot: Simply betting that commodity indexes inevitably will rise over the long term won't work, Ms. Agati says.

That is important for investors in exchange-traded products that track the broad commodity indexes, such as **iPath Bloomberg Commodity Index Total Return** exchange-traded note (DJP), **iShares S&P GSCI Commodity-Indexed Trust** (GSG) and **Elements Linked to the Rogers International Commodity Index-Total Return** ETN (RJI).

Why is it that, in general, commodities don't cut it for index investing? Here are some reasons.

1. Unlike for stocks, the influence of technology on commodities is deflationary. Consider the massive profits generated by tech companies like Facebook Inc. and Alphabet Inc. New technology has helped power big gains in those stocks. And technology has helped fuel gains in stocks outside the tech sector, as well, by improving the productivity of many companies. But technology generally has had the opposite effect on commodities.

"In the long run, there is a downward bias in prices because of technology," says Mayer Cherem, sector specialist for opportunistic investments at Pacific Alternative Asset Management Co., or Paamco, in Irvine, Calif. That's because new, improved ways of extracting oil and minerals or growing crops boost production, putting downward pressure on prices.

Mr. Cherem points to the rapid development of shale-oil production in the U.S. in recent years, thanks to new technologies, which has helped increase the supply of natural gas and oil and depressed their prices.

Likewise, he cites growth in the production of foodstuffs such as wheat and corn, for which per-acre yields have shot up over the years.

2. The ultimate users of commodities aren't the same as the buyers of stocks. Stock prices are driven entirely by investors. But the same isn't so for commodity prices.

In the commodity markets, the participants include not only investors but also the producers and buyers of the commodities, and the actions of all of them affect prices. Farmers, for instance, must sell their crops.

This can mean that after bumper crops, inventories can rise to levels that will flatten prices for extended periods.

Worse still, because commodity markets typically have many sellers that can't individually influence the price, there is sometimes a tendency for all to want to maximize production, which pushes prices lower.

3. Commodities are inherently cyclical. Most commodities roll through regular boom-and-bust cycles.

For instance, in 1998 crude-oil prices dropped to a low around $11 a barrel. Then they soared to a record $147 a barrel in 2008. They hit $26 in February last year. The reason for this cyclicality in commodities is that when the prices for materials and foodstuffs are high the producers step up output.

Eventually the higher production swamps demand and pushes prices lower. When prices get low enough, producers cut back. That allows demand to catch up to production, and prices start climbing again.

4. Storage costs. When investors buy commodities, they sometimes end up paying for the cost of storage.

For example, the cost of storage is baked into a futures contract for 1,000 barrels of oil. "You are basically buying the futures five bucks above the spot price," says Mr. Cherem, using a theoretical example in the oil market.

Those costs eat away at any profits, or worsen any losses.

5. The results don't look great. The record shows that all these factors have combined to make long-term investment in commodity indexes a losing proposition over the past decade.

Three broad indexes of commodity prices—the Bloomberg Commodity Index, the Dow Jones Commodity Index and the S&P GSCI Index—all had negative annualized returns over three, five and 10 years through the end of March, according to data from Bloomberg and S&P Dow Jones Indices.

"It is not the buy-and-hold investment that the S&P 500 is," says Jack Ablin, chief investment officer at BMO Private Bank in Chicago.

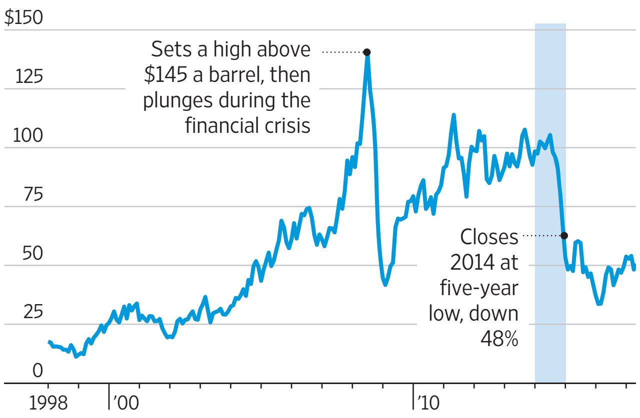
Mr. Constable is a writer in New York. He can be reached at reports@wsj.com.

DANIEL ACKER/BLOOMBERG NEWS

Oil futures prices include the costs of storage.

Boom and Bust

Oil futures are an example of how commodities can be a rough ride.



Note: month-end prices
Source: SIX Financial
THE WALL STREET JOURNAL.

SPOTLIGHT | ISHARES CORE MSCI EMERGING MARKETS

INVESTORS CHECK IN TO THIS ETF, BUT DON'T WANT TO LEAVE

In the emerging-markets sector, there is an exchange-traded fund that has never experienced a day in which more money flowed out of it than in.

That ETF is BlackRock Inc.'s **iShares Core MSCI Emerging Markets** (IEMG), a $26.75 billion ETF that was up 11.7% in the first quarter. The fund tracks the MSCI Emerging Markets Investable Market Index, providing exposure to a broad range of small-capitalization, midcap and large-cap emerging-markets stocks.

The fund has seen no net redemptions since its launch in October 2012, according to BlackRock. The firm says only one other fund in the U.S. ETF marketplace has gone that long without a net redemption, and that is its own **iShares Emerging Markets Small-Cap** ETF (EEMS), which last saw a redemption in May 2012.

The aim of IEMG is to provide a good core strategic holding, says Daniel Prince, head of product consulting for BlackRock's iShares U.S. wealth-advisory business. The fund's relatively low costs—it has an expense ratio of 0.14%—has attracted buy-and-hold investors, he says, along with institutions seeking to broaden their investment policy to include small-cap companies.

"Adoption has been strong in both the retail and the institutional space," he says.

What is driving this interest in emerging-markets stocks?

BlackRock says valuations in emerging markets are relatively attractive compared with the broader global market, despite a recent run-up. Additionally, emerging markets often have a higher exposure to commodities than more-developed markets, which has allowed them to cash in on the recent rebound in that area. A number of other factors can affect the performance of emerging-markets stocks, according to BlackRock, ranging from macroeconomic forces to the policies of the U.S. government.

While emerging markets traditionally have been an area of growth opportunities, they also can be more volatile than U.S. markets, Mr. Prince notes.

"You take that growth and you balance it with the idea of the risk," he says.

—Gerrard Cowan

Tracking Exchange-Traded Portfolios

Performance figures are total returns for periods ended March 31; for largest exchange-traded funds and other portfolios, ranked by asset size.

Fund	Symbol	Assets ($ billions)	Volume (000s)	Expense ratio	Launch date	Performance (%) March	1st-qtr	1-year
SPDR S&P 500 ETF	SPY	**241.04**	71,393.4	0.09	01/22/93	0.1	6.0	17.0
iShares Core S&P 500 ETF	IVV	**101.82**	5,580.0	0.07	05/15/00	0.1	6.1	17.1
Vanguard Tot Stk Mkt Idx ETF	VTI	**76.13**	1,815.9	0.05	05/24/01	0.1	5.8	18.1
iShares MSCI EAFE ETF	EFA	**67.30**	28,850.6	0.33	08/14/01	2.8	7.2	11.6
Vanguard 500 Index ETF	VOO	**63.76**	364.4	0.05	09/07/10	0.1	6.1	17.1
Vanguard FTSE Emerging Markets ETF	VWO	**50.99**	12,271.8	0.14	03/04/05	2.3	10.9	17.6
Vanguard FTSE Developed Markets ETF	VEA	**47.55**	9,422.7	0.09	07/20/07	2.9	7.8	12.8
PowerShares QQQ Nasdaq 100	QQQ	**47.54**	19,021.4	0.20	03/10/99	2.0	12.0	22.5
iShares Core US Aggregate Bond ETF	AGG	**43.33**	3,629.9	0.07	09/22/03	−0.1	0.8	0.4
iShares Core S&P Mid-Cap ETF	IJH	**38.99**	2,037.8	0.12	05/22/00	−0.4	3.9	20.8
iShares Russell 2000 ETF	IWM	**38.53**	28,787.5	0.20	05/22/00	0.1	2.5	26.3
iShares Russell 1000 Value ETF	IWD	**36.50**	2,455.4	0.20	05/22/00	−1.0	3.2	19.0
iShares Russell 1000 Growth ETF	IWF	**34.28**	1,992.1	0.20	05/22/00	1.1	8.9	15.6
Vanguard REIT ETF	VNQ	**34.26**	7,167.9	0.12	09/23/04	−2.4	1.0	3.1
SPDR Gold Shares	GLD	**33.30**	8,282.4	0.40	11/18/04	−0.9	7.3	0.2
Vanguard Total Bond Market ETF	BND	**33.06**	2,399.4	0.06	04/03/07	−0.1	0.9	0.4
iShares iBoxx $ Inv Grade Cor B ETF	LQD	**30.60**	5,772.3	0.15	07/22/02	−0.3	1.2	2.6
Vanguard Value ETF	VTV	**30.11**	1,315.9	0.08	01/26/04	−1.0	3.3	18.8
iShares Core S&P Small-Cap ETF	IJR	**30.11**	3,695.1	0.12	05/22/00	−0.1	1.1	24.6
iShares MSCI Emerging Markets Index Fund	EEM	**29.65**	90,316.4	0.72	04/07/03	2.5	11.3	16.6
iShares Core MSCI Emerging Markets	IEMG	**26.75**	7,453.1	0.17	10/18/12	2.6	11.7	16.9
Vanguard Growth ETF	VUG	**25.54**	654.1	0.08	01/26/04	1.3	9.6	15.9
Financial Select Sector SPDR	XLF	**23.77**	70,264.7	0.14	12/16/98	−2.8	2.5	32.7
Vanguard Div Appreciation ETF	VIG	**23.52**	527.0	0.09	04/21/06	−0.1	6.2	13.1
iShares TIPS Bond ETF	TIP	**23.02**	893.1	0.20	12/04/03	−0.1	1.2	1.4
Vanguard Short-Term Bd Idx ETF	BSV	**21.57**	1,253.2	0.09	04/03/07	0.1	0.6	0.4
iShares Core MSCI EAFE	IEFA	**21.12**	4,191.4	0.12	10/18/12	2.7	7.4	11.9
SPDR S&P MidCap 400 ETF	MDY	**19.67**	1,008.8	0.25	04/28/95	−0.4	3.9	20.6
Vanguard Mid Cap ETF	VO	**18.61**	403.2	0.08	01/26/04	0.02	6.2	16.7
iShares iBoxx $ Hi Yld Corp Bd ETF	HYG	**18.56**	10,610.1	0.50	04/04/07	−0.3	2.2	13.4
Vanguard Short-Term Crp Bd Idx ETF	VCSH	**18.04**	1,323.3	0.07	11/19/09	0.1	1.0	1.8
Vanguard Small Cap ETF	VB	**17.99**	510.5	0.08	01/26/04	−0.2	3.7	21.5
Vanguard High Dividend Yield ETF	VYM	**17.70**	814.2	0.08	11/10/06	−0.3	3.3	16.0
iShares Russell 1000 ETF	IWB	**17.50**	1,092.7	0.15	05/15/00	0.1	6.0	17.3
iShares US Preferred Stock	PFF	**17.27**	1,670.8	0.47	03/26/07	0.6	5.1	5.3
Energy Select Sector SPDR	XLE	**17.23**	19,780.5	0.14	12/16/98	−1.4	−6.5	15.7
iShares Select Dividend ETF	DVY	**17.11**	586.6	0.39	11/03/03	−0.5	3.8	15.2
Technology Select Sector SPDR	XLK	**16.94**	6,101.6	0.14	12/16/98	2.2	10.8	22.3
Vanguard FTSE All-World ex-US ETF	VEU	**16.82**	1,193.2	0.11	03/02/07	2.9	8.4	13.9
iShares S&P 500 Growth Index Fund	IVW	**16.51**	508.6	0.18	05/22/00	1.2	8.5	15.2
SPDR Dow Jones Industrial Average	DIA	**16.12**	4,178.5	0.17	01/14/98	−0.6	5.1	19.7
Health Care Select Sector SPDR	XLV	**15.84**	5,850.4	0.14	12/16/98	−0.4	8.3	11.4
iShares MSCI Japan Index Fund	EWJ	**15.71**	6,983.6	0.48	03/12/96	−0.4	4.4	13.9
iShares Russell Mid Cap Value Index Fund	IWR	**15.47**	477.9	0.20	07/17/01	−0.2	5.1	16.8
SPDR S&P Dividend ETF	SDY	**15.45**	406.6	0.35	11/08/05	−0.2	3.7	14.0
iShares S&P 500 Value Index Fund	IVE	**13.63**	723.0	0.18	05/22/00	−1.2	3.3	18.5
Guggenheim S&P 500 Equal Wght	RSP	**13.15**	591.8	0.40	04/24/03	−0.01	5.3	17.0
Vanguard Intm-Term Corp Bd Idx ETF	VCIT	**13.14**	1,112.3	0.07	11/19/09	−0.01	1.5	2.7
Vanguard Intermediate Term Bond ETF	BIV	**12.67**	624.5	0.09	04/03/07	0.04	1.3	0.1
iShares Edge MSCI Min Vol USA ETF	USMV	**12.30**	1,340.9	0.15	10/18/11	0.1	6.0	10.9
Vanguard Info Tech Ind ETF	VGT	**12.11**	640.6	0.10	01/26/04	2.2	11.9	25.4
Consumer Discretionary Sel Sec SPDR	XLY	**12.11**	2,373.3	0.14	12/16/98	2.0	8.4	13.0
VanEck Vectors Gold Miners ETF	GDX	**11.60**	54,440.0	0.52	05/16/06	−0.6	8.8	14.0
SPDR Bbg Barclays High Yield Bd ETF	JNK	**11.48**	9,842.1	0.40	11/28/07	−0.3	2.3	14.8
iShares 1-3 Yr Credit Bd ETF	CSJ	**11.42**	322.5	0.20	01/05/07	0.1	0.6	1.3
Vanguard FTSE Europe ETF	VGK	**11.40**	2,122.1	0.10	03/04/05	4.2	8.0	9.9
Vanguard Small Cap Value ETF	VBR	**11.13**	261.0	0.08	01/26/04	−0.8	2.0	23.0
iShares 1-3 Yr Treasury Bd ETF	SHY	**11.03**	949.9	0.15	07/22/02	0.1	0.2	0.1
Alps Alerian MLP ETF	AMLP	**10.84**	1,204.2	0.85	08/25/10	−1.0	2.5	25.5
Industrial Select Sector SPDR	XLI	**10.66**	7,721.7	0.14	12/16/98	−0.7	5.1	19.9
iShares MBS ETF	MBB	**10.20**	556.9	0.25	03/13/07	unch.	0.4	−0.2
iShares JPMorgan USD Emg Mkts B ETF	EMB	**9.88**	2,005.3	0.40	12/17/07	0.3	3.8	8.1
iShares Russell Mid Cap Value Index Fund	IWS	**9.56**	612.7	0.25	07/17/01	−0.8	3.7	19.5
WisdomTree Europe Hedged Equity	HEDJ	**9.30**	407.4	0.58	12/31/09	5.4	9.3	24.2
Vanguard Large Cap ETF	VV	**9.16**	215.4	0.08	01/27/04	0.1	6.2	17.4
iShares MSCI Eurozone	EZU	**9.07**	6,346.8	0.48	07/25/00	6.1	8.5	12.3
PowerShares Senior Loan	BKLN	**8.94**	612.3	0.64	03/01/11	−0.2	0.5	7.3
Consumer Staples Select Sector SPDR	XLP	**8.83**	4,761.1	0.14	12/16/98	−0.4	6.1	5.5
iShares Russell 2000 Value ETF	IWN	**8.79**	1,190.1	0.25	07/24/00	−0.8	−0.1	29.3
Schwab US Broad Market ETF	SCHB	**8.57**	84.4	0.03	10/30/09	0.1	5.8	18.0
WisdomTree Japan Hedged Equity	DXJ	**8.41**	2,805.0	0.48	06/16/06	−0.8	1.3	17.4
iShares Nasdaq Biotechnology Index Fund	IBB	**8.40**	681.7	0.47	02/05/01	−1.2	10.8	12.8
Deutsche X-trackers MSCI EAFE Hdg	DBEF	**8.34**	1,344.6	0.35	06/09/11	2.6	5.0	18.5
Schwab US Large-Cap ETF	SCHX	**8.24**	64.2	0.03	10/30/09	0.1	6.2	17.4
Schwab International Equity ETF	SCHF	**8.23**	265.3	0.08	10/30/09	2.7	7.3	12.5
iShares Core S&P Tot US Stk Mkt ETF	ITOT	**8.04**	934.6	0.05	01/20/04	0.1	5.8	18.0
iShares Gold Trust	IAU	**8.00**	5,233.1	0.25	01/21/05	−0.8	7.4	0.4
iShares National Muni Bond	MUB	**7.88**	347.5	0.25	09/07/07	0.2	1.2	−0.3
iShares Russell 2000 Growth ETF	IWO	**7.64**	391.4	0.25	07/24/00	1.2	5.4	23.2
iShares 7-10 Yr Treasury Bd ETF	IEF	**7.47**	1,660.4	0.15	07/22/02	0.1	1.0	−2.6
Vanguard Total Intl Stock Index ETF	VXUS	**7.45**	909.5	0.11	01/26/11	2.8	8.5	13.8
iShares Russell 3000 Index Fund	IWV	**7.35**	480.8	0.20	05/22/00	0.1	5.7	17.9
Vanguard Mid Cap Value Index ETF	VOE	**7.25**	294.4	0.08	08/17/06	−0.3	5.4	19.5
iShares MSCI EAFE Small Cap ETF	SCZ	**7.24**	654.4	0.40	12/10/07	2.0	8.0	11.2
Vanguard Total World Stock ETF	VT	**7.24**	659.3	0.11	06/24/08	1.4	7.1	16.0
iShares Russell Mid Cap Growth Index Fund	IWP	**7.24**	325.2	0.25	07/17/01	0.5	6.8	13.9
Utilities Select Sector SPDR	XLU	**7.01**	9,988.2	0.14	12/16/98	−0.2	6.4	6.9
iShares Intrm Credit Bond ETF	CIU	**6.80**	275.9	0.20	01/05/07	0.04	1.1	1.9
Vanguard Total Internatl Bd Idx ETF	BNDX	**6.67**	632.2	0.12	05/31/13	−0.1	−0.02	1.2
iShares Core High Dividend	HDV	**6.58**	45.6	0.12	03/29/11	−0.2	2.9	11.1
iShares MSCI ACWI ETF	ACWI	**6.53**	2,054.8	0.33	03/26/08	1.2	6.8	15.1
Powershares S&P 500 Low Vol Port	SPLV	**6.48**	558.5	0.25	05/05/11	−0.1	5.2	10.1
PIMCO Enhanced Sht Maturity Act ETF	MINT	**6.42**	39.8	0.35	11/16/09	0.2	0.6	2.2
iShares 3-7 Yr Treasury Bd ETF	IEI	**6.33**	189.8	0.15	01/05/07	0.1	0.6	−1.0
iShares S&P Mid Cap 400 Value Index Fund	IJJ	**6.24**	248.5	0.25	07/24/00	−0.7	2.6	21.8

*Expense charge is a maximum of 8 cents a share †Assets are estimated N.A.= Not applicable, fund is too new.
Note: Total returns are based on the change in the net asset values, not changes in market prices. Net asset values can vary from market prices, which therefore can reflect a premium or discount to the net asset values.
Source: Thomson Reuters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Think again.
With Schwab, you'll get the lowest costs for market cap index funds in the industry[1], with no minimums. Plus, everyone pays the same regardless of investment amount.
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EARNINGS CALLS

Upbeat Executives Often Turn Around and Sell

A study of CEOs' trading finds that it goes opposite to the tone they had with analysts


ELWOOD SMITH

BY LOUISE LEE

BUY WHEN you're upbeat, sell when you're downbeat?

Not for chief executive officers making insider trades, according to new research showing that CEOs consistently make trades that are contrary to the tone they adopted on their earnings conference calls.

When they take an optimistic tone on their conference calls, CEOs actually *sell* shares in the following weeks. And when they adopt a more pessimistic tone on the call, they buy afterward, the research found.

"Managers do not match their words with their deeds," says Lehigh University associate professor S. McKay Price, whose co-researchers were Lehigh professor Paul Brockman, University of Central Missouri assistant professor James E. Cicon and University of Hong Kong associate professor Xu Li.

Their work will appear in a forthcoming issue of Financial Management.

Measuring the mood

The authors also examined the tone that analysts took during the question-and-answer segment on calls and found that when the analysts' tone differed significantly from management's, the executives then modified their trading to a less-contrarian pattern.

For example, when analysts' tone was significantly more negative than that of the CEOs, executives sold more shares (or bought fewer) than they did otherwise. Conversely, when analysts were far more upbeat than the executives, managers bought more (or sold fewer) shares.

That finding, the researchers say, shows that conference calls aren't only a one-way information flow from management to analysts. Rather, they also let executives learn what analysts think and adjust their trading accordingly.

In their investigation, the researchers used lists of words that linguists have characterized as positive or negative and with a computer program identified those words in 65,000 transcripts of calls that occurred from 2001 to 2012.

Words such as "ability" and "approve" were deemed positive, whereas "inability," "nobody" and "never" were negative.

Tone and trade

The algorithm also looked for phrases using certain adverbs, so phrases such as "was always right" were positive, while "too strong" and "was never right" were negative.

The researchers gauged the degree of optimism or pessimism in the tone of the calls and then examined chief executives' insider-trading patterns during the 30 days after each call.

CEOs' contrarian trading may reflect their belief that the market overreacts to the tone of calls, with an upbeat tone boosting a stock's price above what it's actually worth and a downbeat tone depressing it below its fundamental value, the researchers say.

Although it is possible that executives consciously manipulate the tone of the calls to affect share prices, they're more likely simply acting rationally, say the authors: Seeing prices move after the call, CEOs may merely be capitalizing on that perceived mispricing, selling after a run-up and buying after a drop.

Going negative

Similarly, executives may modify their trading strategies based on the tone they hear the analysts adopt. A stock analyst's pessimism can affect share price even more than a CEO's, so if executives hear an extremely negative analyst and believe shares might collapse, they might second-guess their contrarian trading strategy and alter it.

"When the negativity of the analysts gets past a certain point, then the managers start thinking about their contrarian strategy and can change it," says Prof. Cicon.

Without knowing both the actual purchase and sale prices of any chunk of shares, the authors couldn't determine if executives ultimately made money from any given trade.

But based on their analysis of share prices just before and after the conference calls, they conclude that executives "could have earned abnormal returns," says Prof. Price. "This could be profitable, but we can't be sure."

Ms. Lee is a writer in Palo Alto, Calif. She can be reached at reports@wsj.com.

Watch the Language

A sampling of 'positive' and 'negative' words, spoken by both executives and analysts, in a linguistic analysis of 65,000 earnings conference-call transcripts:

Positive

Attainment, Dependable, Distinctions, Empowered, Enjoys, Honoring, Innovator, Inspiration, Proficiency, Solves, Versatile

Negative

Accusations, Assault, Controversies, Foreclosing, Ineffectiveness, Invalidated, Kickback, Negligence, Overturning, Undelivered, Verdicts

Source: 'Words Versus Deeds: Evidence From Post-Call Manager Trades,' by Paul Brockman, James E. Cicon, Xu Li and S. McKay Price

THE WALL STREET JOURNAL.

Monitoring Money-Market Funds

Performance figures for these consumer-oriented funds are estimated annualized yields, which include earnings from the funds' investments and the effects of compounding. Funds open only to institutions, special-purpose and tax-exempt funds are excluded from these tables.

Largest Funds

Fund Name	Assets ($millions)	Performance (%) 1st–qtr	12-mos	Compound 7-day yield (%)
Fidelity Govt Cash Reserves	136,650.4	0.28	**0.16**	0.38
Vanguard Prime MMF/Inv	87,439.1	0.80	**0.59**	0.87
Vanguard Federal MMF	73,183.3	0.50	**0.36**	0.59
Fidelity Government MMF	64,275.9	0.22	**0.09**	0.32
Schwab Cash Reserves	39,658.9	0.40	**0.20**	0.48
Schwab Govt MF/Sweep	30,788.9	0.02	**0.01**	0.05
Schwab US Treasury MF	18,603.2	0.04	**0.02**	0.14
Northern US Govt MMF	16,405.5	0.26	**0.12**	0.40
Edward Jones/Inv Class	15,984.5	0.02	**0.01**	0.09
Vanguard Treasury MMF	14,863.2	0.46	**0.32**	0.53

Highest 12-Month Yield

Fund Name	Assets ($millions)	Performance (%) 1st–qtr	12-mos	Compound 7-day yield (%)
Fidelity Inv MM/Instit	9,603.2	0.97	**0.67**	1.07
BlackRock MMP/Instit	572.5	0.91	**0.62**	1.02
Vanguard Prime MMF/Inv	87,439.1	0.80	**0.59**	0.87
JPMorgan Liq Assets/Cap	1.4	0.91	**0.56**	1.04
Schwab Value Adv MF/Ultra	2,590.0	0.78	**0.56**	0.88
Federated Prime Cash/Wealth	2,514.3	0.84	**0.53**	0.95
Invesco Prem Port/Inst	669.6	0.79	**0.49**	0.92
Fidelity MMF	2,232.1	0.70	**0.47**	0.77
BMO Prime MMF/Premier	217.8	0.61	**0.40**	0.78
Vanguard Federal MMF	73,183.3	0.50	**0.36**	0.59

Highest Seven-Day Yield

Fund Name	Assets ($millions)	Performance (%) 1st–qtr	12-mos	Compound 7-day yield (%)
Fidelity Inv MM/Instit	9,603.2	0.97	0.67	**1.07**
JPMorgan Liq Assets/Cap	1.4	0.91	0.56	**1.04**
BlackRock MMP/Instit	572.5	0.91	0.62	**1.02**
Federated Prime Cash/Wealth	2,514.3	0.84	0.53	**0.95**
Invesco Prem Port/Inst	669.6	0.79	0.49	**0.92**
Schwab Value Adv MF/Ultra	2,590.0	0.78	0.56	**0.88**
First Amer Ret Prime/Z	439.7	0.75	–	**0.87**
Vanguard Prime MMF/Inv	87,439.1	0.80	0.59	**0.87**
Northern MMF	164.5	0.64	0.35	**0.80**
BMO Prime MMF/Premier	217.8	0.61	0.40	**0.78**

Lowest 12-Month Yield*

Fund Name	Assets ($millions)	Performance (%) 1st–qtr	12-mos	Compound 7-day yield (%)
Federated Govt Res/Cl P	12,196.9	0.00	**0.00**	0.00
Ready Assets Govt Liq	1,926.7	0.01	**0.00**	0.04
BIF Treasury Fund	1,267.9	0.02	**0.00**	0.10
Federated Tr/UST Ob/Cash	719.3	0.00	**0.00**	0.00
AZL Government MMF	592.7	0.00	**0.00**	0.00
MFS US Govt MMF	342.0	0.00	**0.00**	0.00
Wells Fargo 100% Tr/Cl A	334.1	0.01	**0.00**	0.04
First Investors Govt/A	137.1	0.00	**0.00**	0.00
MFS US Govt Cash Res/A	117.9	0.00	**0.00**	0.00
The US Treasury Trust/S	52.1	0.00	**0.00**	0.00

Source: Money Fund Report (iMoneyNet.com)

Average Yields (all retail taxable funds) **0.18%** **0.09%**

* - Ranked by assets. A full list of 12 funds with 12-month yields of zero may be found at http://wsj.com/FundsAnalysis.

SAVING FOR COLLEGE | CHANA R. SCHOENBERGER

When Community College Pays

More readers' questions about tuition bills

Readers continue to write to us with questions about financing college, including how best to use "529" plans, the tax-advantaged higher-education accounts that invest in mutual funds. We asked experts to help answer this month's questions.

Does it pay to go to community college for the first two years, and then transfer to a four-year school?

Starting at a community college is more popular than you might think. Of the students who graduated with a bachelor's degree from U.S. institutions in 2016, 49% had attended a community college, and two-thirds of those did so for three or more terms, according to National Student Clearinghouse data.

As to whether it makes sense, "it depends a lot on what a student's goals are following the bachelor's degree," says Melinda Salaman, director of strategic research at higher-education consulting firm EAB. It's important to research career outcomes, including what your expected salary trajectory will be, before you decide what sort of degree to pursue and what sort of school to attend, she says.

How much cheaper is community college? In-state residents paid nearly three times as much, on average, for tuition at a four-year public college compared with a two-year public college in the 2015-16 academic year, College Board figures show. So if a student starts at a local community college for two years at a cost of $3,400 annually (in tuition and fees), and then transfers to a four-year in-state school at a cost of $9,400 annually, he or she could shave roughly $12,000 off the cost of a bachelor's degree (not counting room and board).

From a dollars-and-cents standpoint, earning some credits at a community college would certainly seem to pay off, says Mari Adam, a fee-only financial planner in Boca Raton, Fla.

Community college may make the most sense for students who can live at home, those who need to overcome poor high-school academic performance and those four-year students who take cheaper community-college classes over the summer to save money, Ms. Adam says.

But be sure to confirm that the credits you earn will transfer to the four-year school you plan to attend, or you will have wasted both time and money, she says.

To that end, some community colleges have formal arrangements, called articulation agreements, with in-state four-year colleges that allow credits to transfer easily between the two institutions.

But it is also possible to transfer community-college credits to private schools, including elite institutions. For example, students who participate in the rigorous American Honors program at certain community colleges can apply to transfer to top schools like Duke University, Wellesley College and the Massachusetts Institute of Technology.

Keep in mind that transfer students may pay a price for entering a four-year school after freshman year, since they will have missed out on some important social aspects of college, including extracurriculars and relationships with professors and students.

Still, "lots of students do this and find the trade-off is worth it because of the finances," Ms. Salaman says.

* * *

I would like to reward employees by starting 529 accounts for their children that will vest after 10 years of the parents' employment at our company. Is this possible?

Yes. Because a 529 is funded with after-tax money, the main advantage of a workplace payroll-deduction 529 account is convenience for the employee.

In terms of vesting, you are allowed to set any restrictions you wish on a workplace plan as long as you follow the IRS rules regarding 529 accounts, says Alabama State Treasurer Young Boozer III, who chairs the College Savings Plans Network.

"Employers may contribute a match or add additional funds, but the employee will be taxed on these amounts, which are considered income to the employee, unless the employer makes arrangements to pick up the IRS tab," Ms. Adam says. Some states, including Nevada, give tax credits to employers who offer 529 plans and match employee contributions, she says.

Before launching your program, call the 529 plan administered by the state where your company is based to see if there are any other state incentives that could benefit your employees, Mr. Boozer says.

* * *

When paying my child's tuition, I first paid the college myself and had our 529 plan reimburse me. Then I read that I should instead have the check sent in my child's name, so when I made a withdrawal from another one of our 529 plans, I did that. Will this affect our taxes?

You are allowed to have the check made out in either name, so you have done nothing wrong. "Essentially, the tax consequences, if any, are applicable to the payee of the check, as they received the 1099," Mr. Boozer says. If you used the withdrawal for qualified educational expenses—tuition, books, mandatory fees, room and board, computers and related costs—you won't have to pay any taxes. If the money went toward something else, you'll have to pay taxes on any gains, plus a 10% penalty (you won't owe anything on the portion of your withdrawal that represents your contributions to the account).

"One caveat: If at any point you do end up with a taxable 529 distribution, either because you withdrew too much, or withdrew the wrong year, or withdrew funds to cover nonqualified expenses, it is usually beneficial tax-wise to have that withdrawal reported to the student, who's probably in a lower tax bracket, rather than to the parent," Ms. Adam says.

* * *

As I understand it, computers are only allowed as a 529 expense if the computer is listed as a requirement by the college. Is that correct?

No. As of Jan. 1, 2015, you can use 529 money to buy computers and related equipment even if the school doesn't require it. Ms. Adam recommends keeping your receipts in case the IRS asks about them, and matching your 529 withdrawals to the same year you bought the computer equipment.

* * *

Which should my college-bound daughter use for next fall's expenses, her own UGMA [Uniform Gifts to Minors Act] 529 in her name, or a 529 plan her father owns and of which she is the beneficiary?

It is up to you, but the parental 529 has more flexibility, allowing you to change the beneficiary or stretch out the plan to cover graduate school. The UGMA 529 becomes your daughter's when she reaches the legal age, and at that point, she can do what she pleases with the money, without your input. For this reason, you might want to deplete the UGMA 529 for educational expenses first, Ms. Adam says.

Note that as long as your daughter is considered a dependent for the purposes of financial aid, both of these accounts are deemed a parental asset when aid is calculated—even if your daughter has reached the termination age for her UGMA 529, which is usually 18 or 21, and owns that account outright.

* * *

I set up 529 accounts for all five of my young grandchildren, but realistically I may not be alive when they are old enough for college. Who will own the accounts when I am gone? Will that person be able to change the beneficiary on the accounts in case one or more of the children doesn't go to college?

"Most plans allow the owner to name a successor in the event of disability or death prior to the beneficiary needing the savings," Mr. Boozer says. Naming a successor is a smart idea so the account doesn't get tied up in probate.

Once you are no longer alive, the successor account holder "gains the power to do anything you can now do as owner, including changing the beneficiary or withdrawing all funds, so choose wisely," Ms. Adam says.

* * *

Our children's 529s don't have a cash or money-market option. As our children are in their teens and, thankfully, we've made plenty in the stock market's run-up since 2008, we want to move the funds into cash rather than risk losing our gains to a market decline. Can I switch the money to a different fund company that does offer cash as a plan option?

Yes. First, check the rollover provisions in both the old and the new plans to make sure you understand what the rules and fees are, Mr. Boozer says. You may also want to give your existing plan a call to make sure no suitable option is available before moving your money, he says.

Note that the IRS allows only one tax-free rollover of a 529 account per beneficiary in a 12-month period, Ms. Adam says.

"If you received a state tax deduction when you originally contributed funds to the plan, be aware that later moving the funds to an out-of-state plan might trigger some form of tax recapture, so read the rules and fine print carefully before proceeding," she says.

* * *

I am interested in earning a project-management certificate. Are the costs for a workshop, test-preparation course and the certification test considered legitimate 529 expenses? Can I set up the 529 so that I am the beneficiary?

Yes, you can set up a 529 for your own benefit. But whether the expenses you mention are eligible for 529 money depends on whether the institution where you take the course is eligible for federal student aid, Ms. Adam says. You can check on the Education Department website.

Even if your institution is eligible, you'll have to make sure the expense itself is required for enrollment or attendance at the school. Test-prep courses you need to apply—such as SAT prep—don't qualify because they precede enrollment, she warns.

HAVE A COLLEGE-FINANCE QUESTION IN GENERAL? We'll be answering them in future Investing in Funds & ETFs reports. Write to reports@wsj.com.

Q&A

How a Market Bear Accomplishes His Mission

Lamensdorf is positioned if market 'gets hit'

BY CHUCK JAFFE

BRAD LAMENSDORF isn't a perma-bear—an investor who is *always* negative about the direction of stocks—but he plays one as a fund manager.

The manager of **Advisor-Shares Ranger Equity Bear** ETF (HDGE), Mr. Lamensdorf has spent the past five years betting against the stock market (through short selling) in the middle of the second-longest bull run in history. While he has been successful, it is hard to tell that from the numbers, since Ranger Equity Bear has an annualized average loss of 15.5% over the past five years, according to Morningstar Inc.

That is a smaller loss than the typical bear-market fund—which is off roughly 20% annualized in that time—and the losses haven't discouraged investors, who have plowed $175 million into HDGE, based in Westport, Conn. That, says Mr. Lamensdorf, is a sign that investors know how to use the fund, more as a temporary bet on a downturn than a permanent expectation that trouble is ahead.

Mr. Lamensdorf in late March opened **Active Alts Contrarian** ETF (SQZZ)—nicknamed the "Short Squeeze fund" because it makes contrarian buys in stocks that Wall Street is betting will implode. The fund entered the market with 80% of its assets in cash, largely because Mr. Lamensdorf—who also runs the Lamensdorf Market Timing Report newsletter—is feeling that the market is about to reward bears for their patience.

Here are edited excerpts from a recent interview:

The fund's purpose

WSJ: *You opened HDGE over five years ago as this bull market was just getting ramped up. How tired are you of the bull market by now?*

MR. LAMENSDORF: It would be more frustrating if the job was to consistently make money this way, in all market conditions, but that isn't really what the fund is supposed to do.

HDGE basically has mirrored the S&P 500 on the way up, so we are down about what the S&P is up over time. That's mostly because the market has been on fire for six years, but people understand that when they use a hedging product. Our job is to do better [than mirroring the index] in times when the market is getting hit, and we do that by picking stocks that will fall harder than the average stock because they have poorer cash flow, they are overvalued and they have issues.

In times when the market has had brief downturns, we've done well enough to give shareholders confidence. It isn't like we have been calling for a bear market this whole time and have been wrong, but I won't mind when things take a harder turn for the worse, and I do think that is coming.

WSJ: *Yet investors could lose a lot of money in your fund waiting for that to happen, right?*

MR. LAMENSDORF: You could if you are holding for that entire time, but most shareholders aren't holding a fund like ours long-term; they're trading us—or their adviser is trading us—when the market scares them.

When you are scared and want to protect your portfolio, you can do it in several ways: You can buy options and watch them go to zero, you can short the indexes—but you will never catch the [benchmark] because there's a fee between you and the index—or you can buy something like us, where we are specifically short stocks and we are an alpha generator [an investment that when added to an existing portfolio generates excess returns without additional risk] when the market gets hit.

Investor sentiment is riding really high right now, and some advisers want to put a 3% position in hedging. They're saying "Give me a little insurance because the odds of something bad happening are a little bigger," and we are their insurance.

Running scared

WSJ: *Are they using the fund right when they do that?*

MR. LAMENSDORF: Some yes, but clearly not everyone.

When there are big corrections, we get a lot of inflows into HDGE. That's coming from people who aren't accustomed to professional

LAMENSDORF MARKET TIMING REPORT

Brad Lamensdorf says 'nobody likes losses, least of all me.'

hedging. They aren't using a model or thinking about changing their risk, they are just running scared.

They are thinking the S&P is really bonkers and they come in when the fear is running high, based on their gut rather than on good market-timing information. They aren't going to do well in our fund; they would have to be lucky to do well in almost any fund.

WSJ: *When your job is to bet against the market, does that make it harder for you to find investments you like?*

MR. LAMENSDORF: You might think that but I am very competitive as a long player [outside of the bear-market fund]. It's a different attitude and ego, but you are still investing, and you have the things that you look for, that make a stock stand out to you and that get you excited about it.

I'm just as careful whether I am betting on a stock or against it; it is a lot easier for people to recognize that success [in a long fund rather] than a short fund, but don't mistake losses in HDGE—which is going to have losses over time because markets go up more than they go down—as somehow liking losses.

No matter how bearish you are, nobody likes losses, least of all me.

Mr. Jaffe is a writer in Boston. He can be reached at ***reports@wsj.com.***

SPOTLIGHT | PERMANENT PORTFOLIO

TIME FOR A BAD-NEWS MUTUAL FUND AGAIN?

The $2.8 billion **Permanent Portfolio** (PRPDX) seeks to shelter investors in all types of weather, but investors seem to like it most when the rains come.

The conservative mutual fund, launched in 1982, is based on the idea of a permanent portfolio put forward by Harry Browne, the late author, investment adviser, and 1996 and 2000 Libertarian presidential candidate. He advocated a portfolio divided equally among U.S. stocks, long-term Treasury bonds, cash and gold—assets that would perform well in different economic environments.

Permanent Portfolio, which Mr. Browne helped to create, veers somewhat from that original vision, however. It seeks to invest 35% in cash and cash equivalents, longer-term U.S. Treasurys and investment-grade corporate bonds of varying maturities and durations; 30% in stocks—half in aggressive-growth stocks and half in real-estate and natural-resources stocks; 20% in gold; 10% in Swiss francs and bonds; and 5% in silver.

The portfolio generally is rebalanced or adjusted within 90 days when assets in one or more categories are 25% above or below their targeted allocation.

Investors seeking shelter piled into the fund after 2008 when it lost just 8.6% as the S&P 500 index shed 37%, according to Morningstar Inc. Its assets shot up to $17.8 billion in 2012, their peak, from $3.4 billion at the end of 2008.

But in 2013, as the S&P 500 surged 30% and the diversified Permanent Portfolio slid 2.3%, investors apparently tired of standing under an umbrella in the sunshine. They pulled a net $6.6 billion from the portfolio, which has experienced net outflows every year since, according to Morningstar.

"People typically performance-chase," says Michael Cuggino, who has been managing the fund since 2003. The fund's outflows have declined each year, and it has experienced only slight outflows so far this year, he notes.

With an eight-year bull market possibly growing weary, the volume and intensity of discussions with prospective investors, and those who were with the fund before and are reconsidering it, have increased, Mr. Cuggino says. Investors still see value in equities, but more are beginning to think about what's coming next, he says.

Over the 10 years through March, the fund has gained 4.7% each year on average, according to Morningstar.

"The Permanent Portfolio is more than a little different from Harry Browne's portfolio," says William Bernstein, an investment manager at Efficient Frontier Advisors in Eastford, Conn. Mr. Browne's portfolio can be executed with low fees, he says. Permanent Portfolio charges management fees of 0.78%

—Daisy Maxey

Winners and Losers

Data provided by LIPPER

Best– and worst–performing stock funds for the periods ended March 31; assets as of Feb. 28 and include all share classes. Performance data are final and include share prices and reinvested dividends.

First–Quarter Best Performers

Fund Name	Assets ($ millions)	Performance (%) Mar.	1st–qtr	1–year
Direxion:MSCI Ind Bull3X	87.5	18.2	**58.5**	46.2
Rex VolMAXX SVW Ftrs Str	7.9	13.2	**58.5**	N.A.
VelShs DlyInv VIX ST ETN	538.4	14.8	**55.2**	181.1
ProShs II:ShVIX STF ETF	338.3	14.7	**54.7**	178.7
Direxion:Hbldrs&Sup Bl3X	5.1	15.0	**53.9**	47.8
Direxion:S Korea Bull 3X	4.7	16.7	**53.1**	43.0
Direxion:S&P Btech Bl 3X	273.0	−5.3	**52.8**	73.5
Direxion:CSI Ch Int Bl2X	2.6	11.2	**46.6**	N.A.
Direxion:Latin Bull 3X	17.0	3.0	**45.1**	60.0
VelShs 3x Long Silver	287.8	−4.6	**43.7**	27.5
VelShs VIX Short Vol Hdg	47.3	11.3	**42.3**	N.A.
Direxion:EmgMk Bull 3X	155.9	10.4	**39.7**	41.1
ProShares:UltP QQQ	1,271.9	5.8	**39.1**	72.2
Direxion:Semicnd Bull 3X	194.1	12.9	**37.1**	203.2
VelShs 3x Inv Nat Gas	151.5	−32.6	**36.0**	−79.8
Direxion:Tech Bull 3X	236.5	6.2	**34.3**	70.0
UBS E-TRACS MR2xL ISE Hb	5.0	12.5	**33.7**	58.0
Direxion:China Bull 3X	136.3	1.4	**33.6**	39.6
ProShares:Ult MSCI MexCl	5.7	22.6	**33.3**	−14.1
Direxion:Brazil Bull 3X	69.9	−5.5	**32.8**	112.2
ProShares:UP Nasdaq Bio	43.5	−4.5	**31.7**	16.8
VelShs DlyInv VIX MT ETN	83.0	11.2	**30.5**	49.6
ProFunds:UltraLatin;Inv	39.0	0.2	**29.7**	58.1
ProFunds:UltraChina;Inv	8.5	4.5	**29.4**	21.5
Columbia:India Sm Cp ETF	22.3	6.3	**28.8**	35.6
ProFunds:UltraEM;Inv	50.1	3.9	**28.1**	36.9
Rydex:Emg Mk 2x Str;H	7.7	3.9	**28.0**	36.0
iPath ETN LgEn MSCI EM	1.8	5.4	**27.6**	41.9
VnEck Vctrs:India SC ETF	214.9	7.7	**27.4**	39.7
iShares:MSCI Ind Sm-Cap	88.6	8.2	**26.7**	39.2
ProShs II:UlS Blm Nat Gs	8.3	−20.9	**26.6**	−56.2
ProShares:Ult Tech	146.3	4.9	**26.4**	54.2
Direxion:Cybr Sc&IT Bl2X	2.3	3.6	**25.8**	58.8
ETFis BioSh Biotech Clin	22.0	5.5	**25.7**	21.9
ProShares:Ult MSCI EM	22.7	7.1	**25.5**	30.5
Direxion:Hlthcre Bull 3X	173.9	−1.8	**25.1**	27.3
Direxion:M EM Bl 2x;Inv	6.4	7.1	**25.1**	32.9
VelShs 3x Long Gold	101.5	−1.8	**24.9**	−7.4
Quantified STF;Inv	85.1	3.8	**24.8**	14.5
ProShares:Ult QQQ	1,058.4	3.9	**24.8**	45.6
Direxion:FTSE EU Bull 3X	24.2	13.2	**24.6**	14.3
Rydex:NASDAQ 2x;H	351.7	3.8	**24.5**	44.2
Rydex:MR NASDAQ-100 2S;H	29.7	3.9	**24.4**	45.6
ProFunds:UltraNASDAQ;Inv	296.1	3.8	**24.4**	44.4
Direxion:M NAS Bl 2x;Inv	169.3	3.8	**24.1**	44.6
Direxion:DevMk Bull 3X	20.5	9.4	**24.0**	27.3
VnEck Vctrs:Brazil Sm Cp	101.1	−0.5	**23.7**	67.6
Direxion:S&P OG EP Br 3X	22.6	−1.8	**23.5**	−74.3
ProShares:Ult MSCI Braz	19.5	−2.6	**23.4**	86.3
Wasatch:Emg India;Inv	104.2	7.9	**22.7**	30.5
ProShares:Ult FTSE Ch 50	28.1	1.3	**22.4**	32.2
VelShs 3x Inv Crude ETN	35.9	21.0	**22.2**	−65.2
VelShs 3x Inv Crude	116.7	21.0	**22.2**	N.A.
Glbl X MSCI Argnt ETF	111.1	7.2	**21.9**	47.1
KraneShs:CSI China Intrt	243.9	5.7	**21.4**	19.6
ProShs II:Ult Silver	339.1	−3.1	**21.4**	24.1
ARK Genomic Rev Mlti-Sec	10.0	4.1	**21.3**	17.7
Columbia:India Infr ETF	39.4	5.3	**21.3**	30.6
Direxion:M Chn Bl 2x;Inv	2.7	1.2	**21.3**	32.2
ProShares:Ult Nasdaq Bio	424.4	−2.8	**21.2**	18.0
EMQQ EM Intrt & Ecom ETF	33.4	3.6	**20.7**	24.5
UBS E-TRACS MP2xL WF MLP	21.6	−1.0	**20.7**	24.1
Crdt Suis XL MP 2L MREIT	29.1	5.6	**20.6**	N.A.
iShares:MSCI Brz Sm-Cap	58.2	−3.9	**20.6**	65.2
Glbl X Uranium ETF	320.6	−7.8	**20.3**	11.9

First–Quarter Worst Performers

Fund Name	Assets ($ millions)	Performance (%) Mar.	1st–qtr	1–year
VelShs Dly 2x VIX ST ETN	204.0	−26.8	**−62.8**	−96.7
ProShs II:UltVIX STF ETF	433.5	−26.9	**−62.8**	−96.6
Direxion:Jr Mnr Bear 3X	171.2	−14.5	**−58.2**	−94.8
VelShs 3x Long Nat Gas	603.8	37.2	**−54.4**	−13.6
Direxion:S&P Btech Br 3X	117.8	0.4	**−44.8**	−80.3
VelShs Dly 2x VIX MT ETN	1.8	−19.9	**−43.3**	−66.2
Rex VolMAXX LVW Ftrs Str	2.2	−14.1	**−43.0**	N.A.
Direxion:Hbldrs&Sup Br3X	2.2	−15.0	**−39.4**	−51.6
iPath Bloomberg NatGas A	3.0	44.1	**−38.8**	72.5
ProShs II:VIX ST Fut ETF	153.7	−14.0	**−37.9**	−77.3
VelShs VIX ShTm ETN	12.1	−13.9	**−37.9**	−77.5
iPath ETN SP500 VIX ST A	1,322.5	−13.9	**−37.9**	−77.5
Direxion:Gold M Id Br 3X	326.3	−7.3	**−35.9**	−80.9
VelShs 3x Invrs Silver	14.1	1.3	**−35.1**	−54.4
ProShs II:Ult Blm Nat Gs	46.5	22.6	**−34.9**	13.3
iPath ETN Glbl Carbon A	0.8	−12.4	**−32.4**	−11.9
Direxion:Slvr M Id Br 2X	2.9	−4.2	**−31.8**	N.A.
Direxion:EmgMk Bear 3X	116.0	−11.5	**−31.5**	−50.2
Direxion:Semicnd Bear 3X	38.1	−13.0	**−30.8**	−77.5
ProShares:UPS Nasdaq Bio	7.4	2.1	**−30.3**	−53.9
Direxion:S&P OG EP Bl 3X	109.7	−5.0	**−29.3**	39.1
ProShares:UltP Sht QQQ	551.5	−6.0	**−29.2**	−49.9
ProShares:UlS MSCI MexCl	2.5	−20.0	**−28.7**	−14.2
VelShs 3x Long Crude	233.0	−22.0	**−28.6**	N.A.
VelShs 3x Long Crude ETN	182.9	−22.0	**−28.6**	−10.2
Direxion:China Bear 3X	71.1	−3.4	**−28.4**	−50.4
ProFunds:UltSh Latin;Inv	3.0	−3.1	**−27.7**	−55.9
iPath ETN ShEn MSCI EM	1.1	−8.3	**−27.1**	−36.7
Direxion:Tech Bear 3X	15.4	−6.6	**−27.0**	−50.1
ProShares:UlS MSCI Brz	37.3	−1.6	**−25.3**	−66.5
ProFunds:UlSh China;Inv	2.6	−5.5	**−25.1**	−31.6
ProShs II:VIX MT Fut ETF	39.6	−10.4	**−24.3**	−39.5
VelShs VIX MdTm ETN	1.2	−10.4	**−24.3**	−39.4
iPath ETN SP500 VIX MT A	37.5	−10.4	**−24.3**	−39.4
ProFunds:UltSh EM;Inv	6.6	−4.9	**−24.1**	−38.0
Rydex:Inv EM 2x Str;H	0.9	−4.9	**−24.0**	−37.8
ProShares:UlS Gold Minrs	3.6	−3.6	**−23.4**	−59.1
VelShs 3x Inverse Gold	12.6	0.8	**−22.3**	−11.1
Direxion:Cybr Sc&IT Br2X	1.2	−4.1	**−22.1**	−46.2
Direxion:Healthcare Br3X	1.4	1.1	**−22.1**	−34.6
ProShares:UlS MSCI EM	32.8	−7.6	**−22.0**	−35.5
ProShares:UlS Tech	3.4	−5.1	**−21.8**	−40.6
ProShs II:UlS Silver	17.9	1.3	**−21.2**	−40.8
Direxion:Nat Gas Bull 3X	47.3	0.6	**−21.1**	33.7
Direxion:DevMk Bear 3X	7.1	−9.3	**−20.8**	−38.6
ProFunds:UltSh NAS;Inv	12.9	−4.1	**−20.7**	−36.8
ProShares:UlS Nasdaq Bio	53.0	1.6	**−20.7**	−36.1
Rydex:Inv NAS 2x;H	17.0	−4.1	**−20.6**	−36.5
ProShares:UlS QQQ	298.7	−4.0	**−20.5**	−36.1
Direxion:EnergyBull 3X	540.9	−5.3	**−20.5**	34.9
ProShares:UlS FTSE Ch 50	43.5	−2.2	**−19.8**	−35.8
ProShares:ULT O&G Ex&Pr	1.5	−2.5	**−19.2**	40.1
DB Base Metals Db Sh ETN	0.9	1.2	**−19.0**	−48.7
ProShs II:Ult Blm CrO	751.3	−14.2	**−18.8**	5.4
United States Nat Gas	541.3	12.7	**−18.6**	14.0
Catalyst Hedged FS;I	3,060.6	0.1	**−17.0**	−12.7
Direxion:S&P 500 Bear 3X	437.4	−0.6	**−16.4**	−41.3
Direxion:S&P Bio Bear 1X	4.8	0.7	**−16.4**	−34.3
ProShs II:UlS Gold	33.7	1.4	**−16.3**	−6.9
ProShares:Ul PrSh S&P500	692.8	−0.5	**−16.3**	−40.9
Nvgtr Sentry Mgd Vol;I	16.2	−1.9	**−15.6**	−37.1
ProShares:UlS Hlth Cr	2.4	0.9	**−15.5**	−25.2
DB Gold Double Short ETN	28.3	0.9	**−15.5**	−7.3
ProShares:UlS Semicond	2.9	−7.0	**−15.4**	−54.8
iPath Bloomberg Sugar A	36.7	−14.0	**−15.3**	3.8

Five–Year Best Performers

Fund Name	Assets ($ millions)	Performance (%) 1st–qtr	1–year	5–year*
Direxion:Semicnd Bull 3X	194.1	37.1	203.2	**49.4**
Direxion:Hlthcre Bull 3X	173.9	25.1	27.3	**44.5**
ProShares:UltP QQQ	1,271.9	39.1	72.2	**42.6**
VelShs DlyInv VIX ST ETN	538.4	55.2	181.1	**42.6**
ProShs II:ShVIX STF ETF	338.3	54.7	178.7	**41.7**
Direxion:Finl Bull 3X	1,427.0	8.7	79.3	**37.3**
Direxion:Retail Bull 3X	31.6	−13.8	−13.2	**36.1**
ProShares:UltPro S&P500	793.7	17.9	52.0	**35.4**
Direxion:S&P 500 Bull 3X	532.1	17.8	51.1	**34.4**
Direxion:MidCapBull 3X	69.5	10.3	62.5	**33.7**
ProShares:UltP MidCap400	39.7	10.4	63.2	**33.6**
Direxion:Tech Bull 3X	236.5	34.3	70.0	**32.5**
ProShares:Ult Nasdaq Bio	424.4	21.2	18.0	**32.1**
ProShares:UltP Dow30	211.5	15.1	63.1	**31.9**
ProShares:Ult Hlth Cr	83.6	16.9	22.3	**31.4**
ProShares:Ult Cons Sv	20.8	13.6	21.8	**31.1**
VelShs DlyInv VIX MT ETN	83.0	30.5	49.6	**30.6**
ProShares:Ult QQQ	1,058.4	24.8	45.6	**29.5**
ProFunds:Biotech;Inv	311.1	12.2	11.3	**29.4**
Direxion:M NAS Bl 2x;Inv	169.3	24.1	44.6	**29.2**
ProShares:UltP Rus2000	131.3	5.4	83.2	**29.2**
ProShares:Ult Semicond	34.8	15.8	90.4	**28.9**
Rydex:NASDAQ 2x;H	351.7	24.5	44.2	**28.4**
Direxion:Sm Cap Bull 3X	602.7	5.3	82.4	**28.3**
ProFunds:UltraNASDAQ;Inv	296.1	24.4	44.4	**28.3**
ProShares:Ult S&P Reg Bk	15.0	−4.3	102.9	**26.7**
ProFunds:Mobile Tel;Inv	12.6	14.6	71.1	**26.3**
ProFunds:Internet;Inv	85.5	15.4	43.4	**26.2**
DB Crude Oil Db Sht ETN	53.2	19.3	−33.6	**26.2**
ProShares:Ult Finl	865.1	5.4	52.0	**26.2**
ProShares:Ult SC600	26.7	1.1	48.7	**25.6**
ProShares:Ult Indust	22.8	9.5	38.8	**25.5**
ProShares:Ultra S&P500	1,736.7	11.7	33.5	**24.4**
Direxion:M S&P Bl 2x;Inv	55.1	11.5	32.9	**23.9**
ProShares:Ult Cons Gd	12.7	15.7	14.6	**23.5**
ProShares:Ult MC400	155.7	7.2	41.1	**23.5**
DB Commodity Db Sht ETN	0.7	5.7	−18.2	**23.5**
iPath ETN LgEx S&P	2.0	8.9	26.0	**23.3**
ProShares:Ult Tech	146.3	26.4	54.2	**23.2**
iPath ETN LgEx Rus 1000	1.3	8.8	26.4	**23.2**
Rydex:S&P 500 2x;H	124.1	11.5	31.9	**23.2**
ProFunds:UltraBull;Inv	94.8	11.4	32.3	**22.9**
iPath ETN LgEx Rus 2000	1.5	3.5	45.0	**22.8**
ProFunds:Health Care;Inv	23.2	12.2	16.2	**22.7**
ProFunds:UltraMidCap;Inv	99.0	6.9	39.8	**22.7**
ProFunds:Cnsmr Svcs;Inv	50.1	9.9	15.6	**22.2**
ProShares:Ult Util	13.2	12.1	11.1	**22.1**
VnEck Vctrs:Biotech ETF	709.1	10.9	15.2	**22.1**
ProShares:Ultra Dow30	334.7	9.9	39.8	**22.0**
RMB Inv:Fnl Svc;A	551.7	2.7	40.6	**22.0**
PowerShares Dyn Smcnd	200.8	15.6	62.9	**21.9**
Direxion:M SC Bl 2x;Inv	24.4	4.4	53.2	**21.7**
ProShares:Ult Rus2000	202.9	4.1	53.4	**21.6**
ProFunds:Semiconduct;Inv	159.1	11.6	62.8	**21.6**
SPDR S&P Biotech	2,979.5	17.3	34.4	**21.6**
Fidelity Sel Bio Tech	9,578.2	15.8	23.4	**20.7**
Rydex:Dow 2x;H	35.4	9.7	38.5	**20.5**
ProFunds:UltraDow 30;Inv	39.6	9.4	38.2	**20.5**
ProFunds:UltraSm-Cap;Inv	92.3	3.7	51.2	**20.4**
Direxion:RE Bull 3X	87.8	1.0	−0.9	**20.3**
T Rowe Price Hlth Sci	10,877.0	11.3	13.6	**20.3**
T Rowe Price Glbl Tech	3,802.5	17.6	30.9	**20.3**
Frst Tr:NYSEArcaBiotech	902.3	15.9	20.2	**20.1**
Emerald:Bank&Finance;A	462.1	0.8	39.7	**20.1**
J Hancock II:HlthSci;NAV	218.7	11.3	13.0	**20.0**

Five–Year Worst Performers

Fund Name	Assets ($ millions)	Performance (%) 1st–qtr	1–year	5–year*
ProShs II:UltVIX STF ETF	433.5	−62.8	−96.6	**−88.2**
VelShs Dly 2x VIX ST ETN	204.0	−62.8	−96.7	**−88.3**
Direxion:Nat Gas Bull 3X	47.3	−21.1	33.7	**−71.1**
VelShs 3x Long Crude ETN	182.9	−28.6	−10.2	**−67.6**
Direxion:Gold M Id Bl 3X	1,609.6	17.3	−23.0	**−64.7**
VelShs 3x Long Nat Gas	603.8	−54.4	−13.6	**−62.1**
VelShs Dly 2x VIX MT ETN	1.8	−43.3	−66.2	**−58.3**
VelShs VIX ShTm ETN	12.1	−37.9	−77.5	**−56.9**
iPath ETN SP500 VIX ST A	1,322.5	−37.9	−77.5	**−56.9**
ProShs II:VIX ST Fut ETF	153.7	−37.9	−77.3	**−56.9**
Direxion:Semicnd Bear 3X	38.1	−30.8	−77.5	**−56.5**
Direxion:Gold M Id Br 3X	326.3	−35.9	−80.9	**−50.6**
VelShs 3x Long Silver	287.8	43.7	27.5	**−47.2**
ProShs II:Ult Blm CrO	751.3	−18.8	5.4	**−46.4**
VelShs 3x Inv Nat Gas	151.5	36.0	−79.8	**−46.4**
ProShares:UltP Sht QQQ	551.5	−29.2	−49.9	**−44.3**
Direxion:Finl Bear 3X	261.6	−11.2	−54.5	**−43.3**
ProShares:UlS Nasdaq Bio	53.0	−20.7	−36.1	**−42.9**
Direxion:Sm Cap Bear 3X	603.8	−9.8	−58.0	**−42.4**
ProShares:UltPSh Rus2000	101.9	−9.7	−57.7	**−41.7**
Direxion:Russia Bear 3x	44.5	2.4	−67.4	**−40.7**
Direxion:Tech Bear 3X	15.4	−27.0	−50.1	**−40.6**
Direxion:MidCapBear 3X	10.8	−12.3	−49.1	**−40.3**
Direxion:China Bear 3X	71.1	−28.4	−50.4	**−39.9**
ProShares:UltPSh MdCp400	3.2	−12.3	−48.9	**−39.9**
ProShs II:Ult Blm Nat Gs	46.5	−34.9	13.3	**−39.5**
Direxion:Russia Bull 3x	165.1	−11.1	70.2	**−39.2**
Direxion:S&P 500 Bear 3X	437.4	−16.4	−41.3	**−38.2**
ProShares:Ul PrSh S&P500	692.8	−16.3	−40.9	**−37.6**
Direxion:RE Bear 3X	15.4	−4.8	−20.8	**−35.9**
ProShares:UlS Semicond	2.9	−15.4	−54.8	**−35.6**
ProShares:UltP Sht Dow30	207.0	−14.2	−44.7	**−35.2**
ProFunds:UltSh Japan;Inv	4.0	−1.7	−33.5	**−34.4**
ProShs II:VIX MT Fut ETF	39.6	−24.3	−39.5	**−32.3**
VelShs VIX MdTm ETN	1.2	−24.3	−39.4	**−32.1**
iPath ETN SP500 VIX MT A	37.5	−24.3	−39.4	**−32.1**
ProShares:UlS Hlth Cr	2.4	−15.5	−25.2	**−32.1**
Direxion:Latin Bull 3X	17.0	45.1	60.0	**−32.0**
ProFunds:UltSh NAS;Inv	12.9	−20.7	−36.8	**−31.6**
Rydex:Inv NAS 2x;H	17.0	−20.6	−36.5	**−31.3**
ProShares:UlS QQQ	298.7	−20.5	−36.1	**−30.9**
ProShares:UlS Cons Sv	2.0	−12.7	−23.0	**−30.8**
ProShares:UlS SC600	2.5	−3.6	−40.6	**−30.0**
ProShares:UlS Finl	43.1	−6.7	−40.1	**−29.3**
ProFunds:UltSh Sm-Cp;Inv	13.6	−6.3	−43.0	**−29.1**
Rydex:Inv Rus 2x;H	14.1	−6.2	−42.4	**−28.8**
ProShares:UlS Indust	3.2	−9.9	−33.5	**−28.7**
ProShs II:Ult Silver	339.1	21.4	24.1	**−28.7**
ProShares:UlS Tech	3.4	−21.8	−40.6	**−28.5**
ProShares:UlS Rus2000	169.0	−6.1	−42.3	**−28.4**
ProFunds:UltSh Md-Cp;Inv	2.5	−8.2	−35.5	**−28.3**
Direxion:M SC Br 2x;Inv	5.4	−5.3	−42.7	**−28.1**
Direxion:EnergyBear 3X	56.2	18.9	−48.4	**−27.9**
iPath Bloomberg NatGas A	3.0	−38.8	72.5	**−27.9**
Direxion:DevMk Bear 3X	7.1	−20.8	−38.6	**−27.6**
DB Commodity Db Lng ETN	1.2	−5.9	16.5	**−27.6**
ProShares:UlS MC400	4.8	−8.2	−35.1	**−27.3**
ProFunds:UltraBear;Inv	11.3	−11.3	−29.6	**−26.9**
ProFunds:UlSh China;Inv	2.6	−25.1	−31.6	**−26.8**
Rydex:Inv S&P 2x;H	82.3	−11.4	−29.7	**−26.6**
iPath ETN S&P GSCI CTR A	829.5	−12.4	13.2	**−26.6**
ProShares:UlS Util	8.9	−12.2	−18.9	**−26.0**
ProShares:Ul Sht S&P500	1,594.0	−11.1	−28.9	**−25.9**
Direxion:M S&P Br 2x;Inv	7.6	−11.6	−28.6	**−25.8**
VelShs 3x Long Gold	101.5	24.9	−7.4	**−25.4**

One–Year Best Performers

Fund Name	Assets ($ millions)	Performance (%) Mar.	1st–qtr	1–year
Direxion:Semicnd Bull 3X	194.1	12.9	37.1	**203.2**
VelShs DlyInv VIX ST ETN	538.4	14.8	55.2	**181.1**
ProShs II:ShVIX STF ETF	338.3	14.7	54.7	**178.7**
Direxion:Reg Bnk Bull 3X	25.8	−15.4	−8.5	**144.7**
Direxion:Brazil Bull 3X	69.9	−5.5	32.8	**112.2**
ProShares:UlP Fin Sel	27.5	−9.1	5.1	**108.9**
ProShares:Ult S&P Reg Bk	15.0	−9.8	−4.3	**102.9**
ProShares:Ult Semicond	34.8	6.9	15.8	**90.4**
VnEck Vctrs:Russia SmCp	94.2	3.6	7.7	**87.5**
ProShares:Ult MSCI Braz	19.5	−2.6	23.4	**86.3**
VnEck Vctrs:Coal	102.2	3.6	11.2	**84.6**
ProShares:UltP Rus2000	131.3	−0.5	5.4	**83.2**
Direxion:Sm Cap Bull 3X	602.7	−0.5	5.3	**82.4**
Direxion:Finl Bull 3X	1,427.0	−7.1	8.7	**79.3**
RBB:Schneider Sm Cap Val	47.1	3.3	6.8	**77.3**
Direxion:S&P Btech Bl 3X	273.0	−5.3	52.8	**73.5**
UBS E-TRACS MP2xL US SCH	29.9	−3.4	4.1	**73.2**
iPath Bloomberg NatGas A	3.0	44.1	−38.8	**72.5**
ProShares:UltP QQQ	1,271.9	5.8	39.1	**72.2**
UBS E-TRACS 2xML S&P MLP	76.1	−1.9	6.7	**71.2**
ProFunds:Mobile Tel;Inv	12.6	2.4	14.6	**71.1**
DB Base Met Db Long ETN	4.6	−1.2	19.3	**70.4**
Direxion:Russia Bull 3x	165.1	5.6	−11.1	**70.2**
Direxion:Tech Bull 3X	236.5	6.2	34.3	**70.0**
VnEck Vctrs:Brazil Sm Cp	101.1	−0.5	23.7	**67.6**
ProFunds:Banks;Inv	61.4	−6.2	1.4	**67.3**
Highland:Energy MLP;Y	35.2	2.2	2.7	**66.4**
UBS E-TRACS MP2x LM REIT	316.8	5.6	19.2	**65.5**
UBS E-TRACS MP2xL MR B	16.7	5.6	19.2	**65.5**
iShares:MSCI Brz Sm-Cap	58.2	−3.9	20.6	**65.2**
Catalyst MLP&Infr;I	137.4	0.2	−0.3	**63.7**
VnEck Vctrs:Steel	212.1	−5.8	6.7	**63.4**
ProShares:UltP MidCap400	39.7	−1.8	10.4	**63.2**
ProShares:UltP Dow30	211.5	−2.2	15.1	**63.1**
PowerShares Dyn Smcnd	200.8	6.0	15.6	**62.9**
ProFunds:Semiconduct;Inv	159.1	5.1	11.6	**62.8**
Direxion:MidCapBull 3X	69.5	−1.9	10.3	**62.5**
UBS E-TRACS 2xML Alr MLP	57.9	−2.9	7.5	**62.4**
Direxion:Latin Bull 3X	17.0	3.0	45.1	**60.0**
Direxion:Cybr Sc&IT Bl2X	2.3	3.6	25.8	**58.8**
Glbl X Copper Miners ETF	55.4	−4.8	10.8	**58.4**
ProFunds:UltraLatin;Inv	39.0	0.2	29.7	**58.1**
UBS E-TRACS MR2xL ISE Hb	5.0	12.5	33.7	**58.0**
UBS E-TRACS 2x LL WF BDC	286.8	2.1	13.7	**57.0**
UBS E-TRACS 2xLL WFBDC B	22.2	2.1	13.7	**57.0**
ProShares:Ult Tech	146.3	4.9	26.4	**54.2**
Direxion:Sm Cap Bull 2X	2.8	−0.1	4.1	**53.8**
ProShares:Ult Rus2000	202.9	−0.1	4.1	**53.4**
Direxion:M SC Bl 2x;Inv	24.4	0.1	4.4	**53.2**
ETFis BioSh Biotech Prod	38.0	−0.8	15.0	**53.1**
ProShares:Ult Finl	865.1	−4.7	5.4	**52.0**
ProShares:UltPro S&P500	793.7	−0.1	17.9	**52.0**
ProFunds:UltraSm-Cap;Inv	92.3	−0.3	3.7	**51.2**
PureFds Jr Silver(SCM/E)	72.2	−6.7	7.5	**51.2**
iShares:PHLX Semicon	841.4	4.4	11.9	**51.2**
Direxion:S&P 500 Bull 3X	532.1	−0.2	17.8	**51.1**
Rydex:Rus 2K 2x;H	54.8	−0.2	3.7	**50.9**
SPDR S&P Metals&Mining	1,040.0	−5.9	0.04	**50.1**
VelShs DlyInv VIX MT ETN	83.0	11.2	30.5	**49.6**
Salient MLP & En Infr;I	1,585.2	1.6	0.3	**49.5**
ETFis InfraCap MLP	259.8	−0.2	3.8	**48.9**
ProShares:Ult SC600	26.7	−0.6	1.1	**48.7**
iShares:MSCI Gl M&MP	329.7	−2.7	7.7	**48.6**
Towle Deep Value	170.5	0.6	4.2	**48.6**
VnEck Vctrs:HI Infra MLP	39.3	−0.5	3.4	**48.4**

One–Year Worst Performers

Fund Name	Assets ($ millions)	Performance (%) Mar.	1st–qtr	1–year
VelShs Dly 2x VIX ST ETN	204.0	−26.8	−62.8	**−96.7**
ProShs II:UltVIX STF ETF	433.5	−26.9	−62.8	**−96.6**
Direxion:Jr Mnr Bear 3X	171.2	−14.5	−58.2	**−94.8**
Direxion:Gold M Id Br 3X	326.3	−7.3	−35.9	**−80.9**
Direxion:S&P Btech Br 3X	117.8	0.4	−44.8	**−80.3**
VelShs 3x Inv Nat Gas	151.5	−32.6	36.0	**−79.8**
Direxion:Semicnd Bear 3X	38.1	−13.0	−30.8	**−77.5**
VelShs VIX ShTm ETN	12.1	−13.9	−37.9	**−77.5**
iPath ETN SP500 VIX ST A	1,322.5	−13.9	−37.9	**−77.5**
ProShs II:VIX ST Fut ETF	153.7	−14.0	−37.9	**−77.3**
Direxion:Reg Bnk Bear 3X	0.8	10.8	−3.5	**−76.2**
Direxion:S&P OG EP Br 3X	22.6	−1.8	23.5	**−74.3**
Direxion:Ntrl Gs Rl Br3X	3.4	−6.0	12.1	**−67.7**
Direxion:Russia Bear 3x	44.5	−9.8	2.4	**−67.4**
ProShares:UlS MSCI Brz	37.3	−1.6	−25.3	**−66.5**
VelShs Dly 2x VIX MT ETN	1.8	−19.9	−43.3	**−66.2**
VelShs 3x Inv Crude ETN	35.9	21.0	22.2	**−65.2**
ProShares:UlPS Fin Sel	2.0	7.2	−10.0	**−63.5**
ProShares:UlS Gold Minrs	3.6	−3.6	−23.4	**−59.1**
Direxion:Sm Cap Bear 3X	603.8	−1.6	−9.8	**−58.0**
ProShares:UltPSh Rus2000	101.9	−1.5	−9.7	**−57.7**
ProShs II:UlS Blm Nat Gs	8.3	−20.9	26.6	**−56.2**
ProFunds:UltSh Latin;Inv	3.0	−3.1	−27.7	**−55.9**
ProShares:UlS Semicond	2.9	−7.0	−15.4	**−54.8**
ProShares:UlS O&G Ex&Pr	0.6	−0.5	16.6	**−54.8**
Direxion:Finl Bear 3X	261.6	5.9	−11.2	**−54.5**
VelShs 3x Invrs Silver	14.1	1.3	−35.1	**−54.4**
ProShares:UPS Nasdaq Bio	7.4	2.1	−30.3	**−53.9**
Direxion:Hbldrs&Sup Br3X	2.2	−15.0	−39.4	**−51.6**
Direxion:China Bear 3X	71.1	−3.4	−28.4	**−50.4**
Direxion:EmgMk Bear 3X	116.0	−11.5	−31.5	**−50.2**
Direxion:Tech Bear 3X	15.4	−6.6	−27.0	**−50.1**
ProShares:UltP Sht QQQ	551.5	−6.0	−29.2	**−49.9**
Direxion:MidCapBear 3X	10.8	0.6	−12.3	**−49.1**
ProShares:UltPSh MdCp400	3.2	0.6	−12.3	**−48.9**
DB Base Metals Db Sh ETN	0.9	1.2	−19.0	**−48.7**
Direxion:EnergyBear 3X	56.2	3.0	18.9	**−48.4**
Direxion:Cybr Sc&IT Br2X	1.2	−4.1	−22.1	**−46.2**
ProShares:UltP Sht Dow30	207.0	1.7	−14.2	**−44.7**
ProShs II:UlS Blm CrO	253.4	13.6	15.8	**−43.4**
ProFunds:UltSh Sm-Cp;Inv	13.6	−0.8	−6.3	**−43.0**
Direxion:M SC Br 2x;Inv	5.4	−0.4	−5.3	**−42.7**
Rydex:Inv Rus 2x;H	14.1	−0.9	−6.2	**−42.4**
ProShares:UlS Rus2000	169.0	−0.8	−6.1	**−42.3**
Direxion:S&P 500 Bear 3X	437.4	−0.6	−16.4	**−41.3**
ProShares:Ul PrSh S&P500	692.8	−0.5	−16.3	**−40.9**
ProShs II:UlS Silver	17.9	1.3	−21.2	**−40.8**
ProShares:UlS Tech	3.4	−5.1	−21.8	**−40.6**
ProShares:UlS SC600	2.5	−0.3	−3.6	**−40.6**
ProShares:UlS Finl	43.1	4.2	−6.7	**−40.1**
ProShs II:VIX MT Fut ETF	39.6	−10.4	−24.3	**−39.5**
ProShares:UlS Bas Mat	7.3	−2.5	−14.4	**−39.4**
VelShs VIX MdTm ETN	1.2	−10.4	−24.3	**−39.4**
iPath ETN SP500 VIX MT A	37.5	−10.4	−24.3	**−39.4**
Direxion:DevMk Bear 3X	7.1	−9.3	−20.8	**−38.6**
ProFunds:UltSh EM;Inv	6.6	−4.9	−24.1	**−38.0**
Rydex:Inv EM 2x Str;H	0.9	−4.9	−24.0	**−37.8**
Nvgtr Sentry Mgd Vol;I	16.2	−1.9	−15.6	**−37.1**
ProFunds:UltSh NAS;Inv	12.9	−4.1	−20.7	**−36.8**
iPath ETN ShEn MSCI EM	1.1	−8.3	−27.1	**−36.7**
Rydex:Inv NAS 2x;H	17.0	−4.1	−20.6	**−36.5**
ProShares:Sht S&P Reg Bk	1.6	4.1	unch.	**−36.4**
ProShares:UlS QQQ	298.7	−4.0	−20.5	**−36.1**
ProShares:UlS Nasdaq Bio	53.0	1.6	−20.7	**−36.1**
ProShares:UlS FTSE Ch 50	43.5	−2.2	−19.8	**−35.8**

Ten–Year Best Performers

Fund Name	Assets ($ millions)	Performance (%) 1st–qtr	1–year	10–year*
ProShares:Ult QQQ	1,058.4	24.8	45.6	**18.9**
ProFunds:Biotech;Inv	311.1	12.2	11.3	**18.7**
Rydex:NASDAQ 2x;H	351.7	24.5	44.2	**18.1**
ProFunds:UltraNASDAQ;Inv	296.1	24.4	44.4	**18.1**
ProFunds:Internet;Inv	85.5	15.4	43.4	**17.1**
ProShares:Ult Hlth Cr	83.6	16.9	22.3	**16.5**
SPDR S&P Biotech	2,979.5	17.3	34.4	**16.2**
Frst Tr:NYSEArcaBiotech	902.3	15.9	20.2	**16.2**
T Rowe Price Glbl Tech	3,802.5	17.6	30.9	**15.7**
Fidelity Sel Bio Tech	9,578.2	15.8	23.4	**15.6**
T Rowe Price Hlth Sci	10,877.0	11.3	13.6	**15.3**
ProShares:Ult Cons Gd	12.7	15.7	14.6	**15.2**
Direxion:M NAS Bl 2x;Inv	169.3	24.1	44.6	**14.9**
Fidelity Adv Biotech;A	2,621.0	14.7	21.3	**14.8**
ProShares:Ult Cons Sv	20.8	13.6	21.8	**14.8**
Rydex:Biotechnology;Inv	327.7	12.4	16.7	**14.8**
iShares:Nasdaq Biotech	8,333.7	10.8	12.8	**14.7**
ProShares:Ult Tech	146.3	26.4	54.2	**14.5**
Pru Jenn Health Sci;Z	2,228.2	14.6	20.8	**14.3**
Frst Tr:DJ Internet Idx	3,844.4	10.4	29.0	**14.3**
PowerShares Dyn Pharm	866.9	5.0	−1.3	**14.3**
Franklin Str:BD;A	1,409.5	12.8	23.8	**13.8**
Fidelity Sel SW & IT Svc	4,155.4	11.2	24.3	**13.7**
Saratoga:Tech&Comm;I	49.1	10.5	26.1	**13.6**
Fidelity Sel IT Svcs	1,665.3	7.3	12.7	**13.4**
BlackRock:HS Opp;A	5,401.3	10.4	14.9	**13.2**
Fidelity Sel Med Equip	3,130.0	14.7	27.3	**13.1**
Fidelity Sel Retailing	1,925.5	7.2	12.4	**13.0**
Janus Glbl Life Sci;D	3,414.4	11.9	13.4	**13.0**
Fidelity Sel Health	6,628.8	12.4	14.4	**12.9**
Berkshire:Focus	55.7	13.8	23.1	**12.8**
PowerShares QQQ Trust 1	45,298.1	12.0	22.5	**12.8**
Parnassus:Endeavor	3,659.7	4.1	25.5	**12.7**
Shelton:Nasdaq-100;Dir	379.5	11.7	21.6	**12.7**
ProFunds:Health Care;Inv	23.2	12.2	16.2	**12.6**
Fidelity Sel Chemicals	1,626.5	12.1	30.1	**12.6**
T Rowe Price Md/Tele	4,027.2	12.4	22.5	**12.6**
iShares:US Pharma ETF	735.5	7.1	11.2	**12.5**
Red Oak Technology Slct	412.0	9.5	32.2	**12.5**
PRIMECAP:Odyssey Ag Gr	7,554.3	8.9	25.7	**12.4**
Frst Tr:NASDAQ100 Tech	1,815.6	14.4	41.1	**12.4**
Fidelity OTC	13,880.6	13.0	27.7	**12.3**
Brown Cap Sm Co;Inv	3,528.4	8.9	24.8	**12.3**
Guggenhm S&P500 Eq W HC	504.9	9.6	11.2	**12.3**
Fidelity Adv Hlth;A	2,547.8	12.2	13.9	**12.2**
USAA NASDAQ-100 Idx	1,187.6	12.0	22.2	**12.2**
Jackson SMID-Cp Gro;IS	251.9	3.8	11.0	**12.1**
ProFunds:Technology;Inv	57.0	19.1	38.1	**11.9**
SPDR S&P Pharm	473.0	7.2	4.7	**11.8**
Columbia:Sel C&Info;A	4,859.3	14.9	29.6	**11.8**
Hartfd:Healthcare HLS;IA	N.A.	12.8	18.3	**11.7**
Eaton Vance AC SMID;I	8,964.3	5.3	13.3	**11.7**
Rydex:NASDAQ-100;Inv	891.1	11.7	21.2	**11.7**
iShares:US Med Dev ETF	1,046.3	14.0	24.4	**11.6**
Fidelity Sel Semicnd	3,010.6	9.5	43.9	**11.6**
Guggenhm S&P500 Eq W CS	529.2	4.6	4.0	**11.6**
Fidelity Sel Technlgy	4,119.5	17.4	32.4	**11.6**
PIMCO:Stk+ Small;Inst	1,071.7	3.9	33.2	**11.5**
iShares:US Aer&Def ETF	2,435.6	6.0	28.7	**11.5**
ProFunds:Cnsmr Svcs;Inv	50.1	9.9	15.6	**11.5**
Columbia:Sel Gl Tch;A	856.2	15.0	30.8	**11.5**
T Rowe Price New Hzns	18,190.0	10.1	23.8	**11.4**
WellsFargo:Sp Tech;A	333.4	14.2	23.6	**11.3**
Pin Oak Equity	208.8	3.7	26.1	**11.3**
AllianzGI:Tech;Inst	1,231.1	14.9	24.2	**11.2**

Ten–Year Worst Performers

Fund Name	Assets ($ millions)	Performance (%) 1st–qtr	1–year	10–year*
ProShares:UlS Rl Est	29.1	−6.8	−15.3	**−38.3**
Direxion:M SC Br 2x;Inv	5.4	−5.3	−42.7	**−34.9**
ProShares:UlS Semicond	2.9	−15.4	−54.8	**−34.1**
ProFunds:UltSh NAS;Inv	12.9	−20.7	−36.8	**−32.3**
Rydex:Inv Rus 2x;H	14.1	−6.2	−42.4	**−32.0**
ProShares:UlS QQQ	298.7	−20.5	−36.1	**−31.9**
Rydex:Inv NAS 2x;H	17.0	−20.6	−36.5	**−31.8**
ProShares:UlS Bas Mat	7.3	−14.4	−39.4	**−31.1**
ProShares:UlS Finl	43.1	−6.7	−40.1	**−31.0**
ProFunds:UltSh Sm-Cp;Inv	13.6	−6.3	−43.0	**−30.8**
ProShares:UlS SC600	2.5	−3.6	−40.6	**−30.2**
ProShares:UlS Rus2000	169.0	−6.1	−42.3	**−29.9**
ProShares:UlS Tech	3.4	−21.8	−40.6	**−29.6**
ProFunds:UltSh EM;Inv	6.6	−24.1	−38.0	**−28.9**
ProFunds:UltSh Md-Cp;Inv	2.5	−8.2	−35.5	**−28.9**
ProShares:UlS MC400	4.8	−8.2	−35.1	**−28.1**
ProShares:UlS Cons Sv	2.0	−12.7	−23.0	**−27.7**
ProShares:UlS Indust	3.2	−9.9	−33.5	**−27.4**
ProShares:UlS Oll Gas	32.0	12.9	−31.1	**−27.0**
ProShares:UlS Hlth Cr	2.4	−15.5	−25.2	**−25.6**
Direxion:M S&P Br 2x;Inv	7.6	−11.6	−28.6	**−24.6**
ProFunds:UltraBear;Inv	11.3	−11.3	−29.6	**−23.9**
ProFunds:UltSh Dow30;Inv	3.9	−9.8	−32.6	**−23.6**
Rydex:Inv S&P 2x;H	82.3	−11.4	−29.7	**−23.4**
ProShares:Ul Sht S&P500	1,594.0	−11.1	−28.9	**−23.1**
Rydex:Inv Dow 2x;H	8.8	−9.8	−32.7	**−23.0**
ProShares:UlS Cons Gd	1.8	−14.4	−18.2	**−23.0**
ProShares:UlS Dow30	234.3	−9.7	−32.0	**−22.7**
ProFunds:UltSh Japan;Inv	4.0	−1.7	−33.5	**−22.2**
ProShares:UlS Util	8.9	−12.2	−18.9	**−21.1**
ProFunds:UltSh Intl;Inv	4.8	−14.7	−27.6	**−20.3**
iPath ETN S&P GSCI CTR A	829.5	−12.4	13.2	**−17.8**
ProFunds:Sh Real Est;Inv	1.3	−3.6	−8.3	**−16.7**
ProFunds:Sh NASDAQ;Inv	9.8	−11.0	−20.5	**−16.6**
ProShares:Sht QQQ	300.0	−10.8	−19.8	**−15.5**
Rydex:Inv NAS Str;Inv	9.9	−10.7	−19.4	**−15.4**
United States Oil Fund	2,838.0	−9.3	9.0	**−14.9**
ProFunds:Sh Pr Mtls;Inv	2.8	−9.3	−27.6	**−14.9**
ProFunds:Sh Sm-Cap;Inv	11.2	−3.0	−24.0	**−14.2**
ProShares:Sht SC600	17.2	−1.6	−22.1	**−13.8**
Guinn Atkin:Alt Energy	10.6	4.8	−6.1	**−13.7**
ProFunds:Prec Metals;Inv	38.6	9.1	7.9	**−13.5**
Rydex:Inv Rus 2000 Str;A	6.2	−2.8	−23.2	**−13.5**
ProShares:Sht Rus2000	325.3	−2.9	−23.3	**−13.4**
PowerShares WldHill CE	89.2	9.3	1.3	**−13.1**
Rydex:Inv Md-Cp Str;H	1.6	−4.0	−18.9	**−12.9**
ProShares:Sht MC400	17.2	−4.1	−18.9	**−12.9**
Comstock Cap Val;A	28.6	−8.1	−24.3	**−12.5**
ProFunds:Rs Rt Opp;Inv	47.7	−2.2	4.7	**−11.9**
ProFunds:Sh Oil&Gas;Inv	2.8	6.3	−16.6	**−11.8**
Midas Fund	20.0	6.0	20.4	**−11.7**
ProFunds:Bear;Inv	20.7	−6.0	−16.3	**−11.1**
Leuthold:Grizzly Short	167.7	−7.9	−20.4	**−11.0**
Rydex:Cmdty Str;H	13.6	−5.3	8.2	**−10.8**
iPath ETN S&P GSCI TR A	29.1	−6.2	9.3	**−10.6**
ProShares:Ult Finl	865.1	5.4	52.0	**−10.6**
Rydex:Inv S&P500 Str;Inv	74.7	−5.7	−15.3	**−10.5**
ProShares:Short Dow30	252.0	−4.9	−17.4	**−10.5**
ProShares:Short S&P500	1,734.1	−5.7	−15.5	**−10.4**
PowerShares DB MS Oil	422.8	−9.1	12.8	**−10.3**
ProFunds:Banks;Inv	61.4	1.4	67.3	**−9.9**
iShares:S&P GSCI Cmdty	1,107.1	−5.2	7.6	**−9.9**
Direxion:M EM Bl 2x;Inv	6.4	25.1	32.9	**−9.8**
Federated Prudent Bear;A	260.0	−4.8	−16.4	**−9.5**
Goldman:Comm Str;I	404.8	−5.2	8.7	**−9.0**

Note: For funds with multiple share classes, only the largest is shown

*Annualized

N.A. = not applicable, fund is too new

PORTFOLIO STRATEGY

Investing in a 'Winner Takes All' Economy

More than ever, investors need total-market exposure to avoid creating a portfolio of losers

BY MARK HULBERT

INDEX FUNDS ARE going to become even harder to beat than they already are.

That is because we are increasingly becoming a "winner take all" economy dominated by a relatively few big players. Since no one has shown the ability to determine in advance who these winners will be, much less predict when one era's winners will stumble and be eclipsed by the next generation's, owning all stocks is the only realistic strategy for avoiding owning a portfolio of losers.

"Networking effects" are driving the winner-take-all economic shift, according to Geoffrey Parker, a professor of engineering at Dartmouth College.

These effects come into play, Prof. Parker says, whenever a company's users create value for other users. An illustration is **Apple** Inc.'s dominance of the smartphone industry: As more people buy iPhones, the more developers want to develop apps for those phones. And the more good iPhone apps there are, the more people want to buy those phones. These networking effects create a "virtuous cycle" in which one, or perhaps a handful of companies, eventually dominates the competition.

Networking effects themselves aren't new, Prof. Parker notes. But in the past, they were constrained by high transaction costs. To use another phone analogy, from a century ago, growth of the early telephone network at first was slow because it was expensive to add new users, and placing a call required a human intermediary. Fast forward to today, Prof. Parker says, and "transaction costs are plummeting, allowing network effects to become paramount."

This virtuous cycle shows up particularly in a widening of profit margins at dominant firms. That is because, as Prof. Parker points out, "a lot of the cost structure of networked firms is fixed." So just as these dominant firms' revenue is growing as they attract more users, their profits margins are expanding markedly as well.

Attention on Snap

Investors are clearly betting that **Snap** Inc. will be one of the next big winners.

At its initial public offering price on the New York Stock Exchange in early March, the company known for its popular disappearing-message app Snapchat was trading at a sky-high price-to-sales ratio of almost 50.

That was higher than any other large-company IPO in U.S. history, according to Jay Ritter, a finance professor at the University of Florida (defining a large company as having at least $200 million in inflation-adjusted sales). And Snap today is trading even higher than where it came to market.

Note carefully that the shift toward a winner-take-all economy merely makes it possible that Snap will live up to the huge growth expectations implicit in its high price/sales figure—not probable.

In fact, Prof. Ritter points out, the shift actually makes it likely that Snap will fail to generate the profits necessary to justify a $20 billion valuation, since by definition there are more losers than winners in the winner-take-all economy.

In any case, the winner-take-all shift has been accelerating in recent years. Take the percentage of total income at publicly traded U.S. corporations that is earned by the top 100 firms. This percentage grew to 52.8% from 48.5% between 1975 and 1995, according to research conducted by finance professors Kathleen Kahle of the University of Arizona and Rene Stulz of Ohio State. Over the subsequent 20 years, it mushroomed to 84.2%.

That means that the overwhelming majority of publicly traded corporations in the U.S. earn either modest profits or

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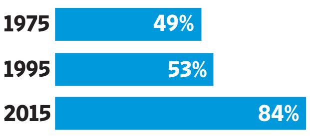
BRENDAN MCDERMID/REUTERS

Will Snap Inc., after its blockbuster IPO in March, live up to sky-high sales expectations?

Top-Heavy

Percentage of total income of all publicly traded U.S. corporations coming from the top 100 firms



Source: Kathleen Kahle (University of Arizona); Rene Stulz (Ohio State)

THE WALL STREET JOURNAL.

ANNUAL REPORTS

Hey, CEO: English Class Counted

BY DAISY MAXEY

GOOD WRITING is its own reward—at least when it comes to companies' annual reports, say two researchers who studied its importance.

There's evidence that poorly written annual shareholder reports cause companies to trade at significant discounts to their fundamental value, say researchers Byoung-Hyoun Hwang, assistant professor of finance at the Dyson School of Applied Economics and Management in Cornell University's SC Johnson College of Business, and Hugh Hoikwang Kim, assistant professor of finance at the University of South Carolina's Darla Moore School of Business, in a new paper.

Their research shows that firms for which there is relatively little public information "can meaningfully increase their market value by increasing the readability of their annual reports," says Mr. Hwang.

Active vs. passive (verbs)

The two used the copy-editing software StyleWriter to count the most important writing faults in the annual shareholder reports of 96 closed-end stock funds. Messrs. Hwang and Kim searched the reports for five of the eight language-related factors that the Securities and Exchange Commission mentions in its handbook on creating clearer disclosure documents.

The traps to avoid: legal words, hidden verbs, passive verbs, overwriting and wordy phrases.

Closed-end funds trade on exchanges like stocks, and can trade at a discount or a premium to the underlying value of the securities they hold.

The researchers found that "closed-end funds with less easily readable reports trade at greater discounts relative to closed-end funds with more easily readable annual reports," says Mr. Hwang. "In particular, our analysis suggests that a 10 percentage-point increase in the number of writing faults per sentence, on average, increases the closed-end fund discount by 2.7 percentage points," he says.

The two focused on closed-end funds because there's so little public information on the funds that it's likely that the shareholder reports are the primary source of information for shareholders, and because closed-end funds are primarily held by individual investors, says Mr. Hwang.

"We're actually not sure to what degree our findings extend to large, visible firms, such as **Apple** Inc.," he says.

Because closed-end funds' discounts or premiums can be affected by factors other than the readability of their annual reports, such as liquidity, managerial skill and investor sentiment, the two sought to control for those factors.

Their data suggest that "higher readability generates more trust and higher perceived managerial skill," Messrs. Hwang and Kim say. They write, "When a firm's annual report becomes difficult to read, investors become suspicious, perceive the firm and its managers to be of lower quality or subconsciously develop negative sentiments."

"The results strongly suggest that investors value clear and concise communication," says Mr. Kim. "If annual reports or corporate disclosure documents are written in a complex way, investors will trade the firm at a discount."

Erik Herzfeld, president of Thomas J. Herzfeld Advisors Inc., a Miami advisory firm specializing in managing money in closed-end funds, says that only a small amount of closed-end funds hold quarterly calls for shareholders and that the funds garner little analyst coverage or attention from the media, making reports more important to investors. However, some large fund companies, such as Putnam Investments, Pacific Investment Management Co. (Pimco) and Nuveen investments, do post a lot of information on their funds on their websites, he says.

Research 'makes sense'

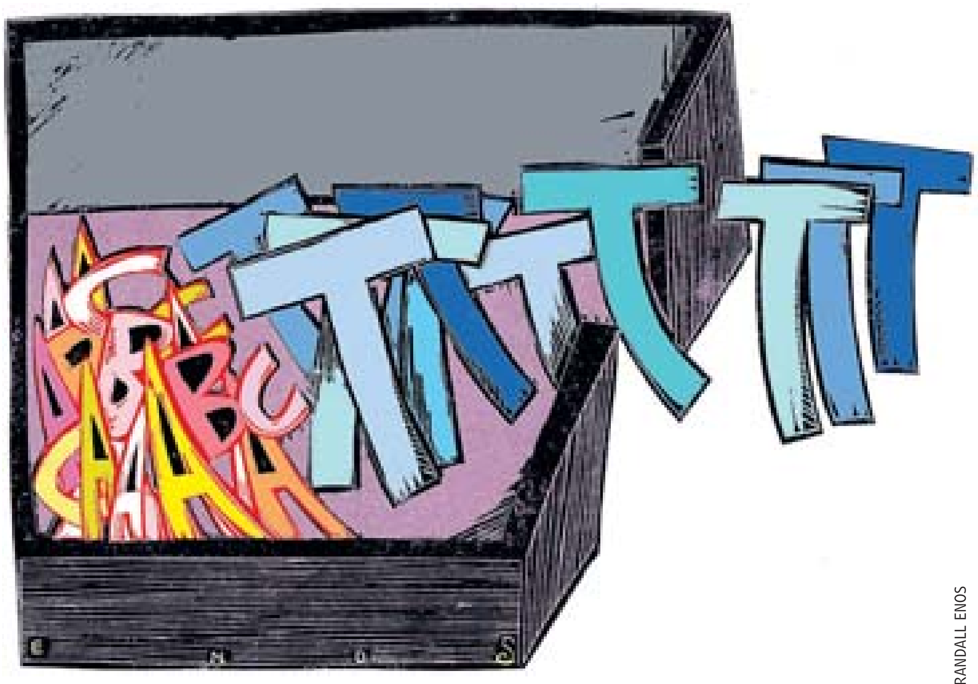
The researchers had a small sample size, but "it makes sense—all things equal—that it would make a difference whether a shareholder letter was well-written or not," says Mr. Herzfeld. "I am not surprised that this could affect the discount."

It's also possible that closed-end funds with well-written shareholder reports may trade at smaller discounts or at premiums simply because they're from bigger fund complexes with more resources at their disposal, he says.

"This affords them larger compliance departments and dedicated proofreading services," he says.

Ms. Maxey is a reporter for The Wall Street Journal in New York. Email her at daisy.maxey@wsj.com.

REGULATION



RANDALL ENOS

5 Things Mutual-Fund Investors Should Know About New 'T' Shares

With the retirement rule that spurred these shares now delayed, demand might not materialize

BY DAISY MAXEY

MUTUAL-FUND T shares are on their way. But nobody knows exactly when.

The shares—the "T" is short for "transaction"—were designed to comply with the new Labor Department fiduciary rule that its creators say is aimed at mitigating the conflicts of interest that crop up among financial advisers. One of the biggest: Advisers may recommend a higher-cost fund over a less-expensive option so that they'll get paid more.

T shares aim to help remove that temptation by featuring uniform sales charges across all fund categories. No difference in price, no financial incentive to push one fund over another.

But the fiduciary rule, originally set to go into effect April 10, is under review at the direction of President Donald Trump and the implementation has been delayed for at least 60 days. With the uncertainty, some fund companies have put on the brakes. They're not sure how much demand there will be from brokers—so they're holding off on launching new T shares for now.

(By the way, unrelated funds called T shares—standing for "tax"—already exist. **Fidelity Investments** renamed its old T shares as M shares, effective March 24, to avoid confusion. And **Janus Capital Group** has offered T shares, or "third-party" shares—no-load shares sold by third-party intermediaries. At this point, it has no plan to rename those shares.)

Here are five things for mutual-fund investors to know about the new share classes:

1. T Shares Could Replace Other Options

Typically, T shares would charge a 2.5% load, or upfront sales fee, when sold, and a so-called 12b-1 fee of 0.25% to pay for distribution or other expenses, according to researcher Morningstar Inc. The front-end load may decline for larger purchases.

In comparison, the maximum up-front load on an A share class is often 5% or more, according to Morningstar. In addition, loads on A shares vary tremendously—and that concerns the Labor Department, as it may create a conflict of interest because advisers might have an incentive to push higher-load offerings, says Aron Szapiro, director of policy research at Morningstar Inc. "We think that, should the fiduciary rule go forward unchanged, [T shares] probably will largely replace A shares, at least in the retirement marketplace," he says.

2. Some T Shares Are Already Available...

About 50 T shares for 50 existing funds have already been launched by two firms—**Calamos Investments** and **Aegon's** Transamerica unit—and shares for 234 more from nine fund companies are expected to be launched between now and May, Morningstar says. An additional 78 fund companies have filed with regulators to launch 876 additional T shares, though no inception date has been set, Morningstar says.

3. ...But Many Firms Are Waiting for Now

Some fund companies have filed to launch T shares, and are prepared to move quickly if the fiduciary rule is implemented. But they're remaining on hold until there's more clarity from the Labor Department.

"Our members also would like to know the DOL's decision about revising or rescinding the rule, following President Trump's directive," says David Blass, general counsel of the Investment Company Institute.

Fidelity filed with regulators to launch new T shares on 28 of its mutual funds in February. But at this point, "a launch date is to be determined," a spokesman for Fidelity says. **Nuveen Investments** also has filed with regulators for permission to launch T shares, but has no specific plans to launch them or to withdraw its filing.

Lord, Abbett & Co. LLC has applied for T shares and had them approved by regulators, but they're now on hold until it sees where the fiduciary rule is headed, a spokesman says. "Depending on the outcome of the DOL rule, and if there is a continued demand by our partners in the marketplace, we would offer them," he says.

Meanwhile, brokerage firms also say that they'll wait to see how the Labor Department deals with the fiduciary rule.

"At this point, we haven't decided how we're going to proceed on the share classes," says a spokesman for **Morgan Stanley**. "We'll talk to our asset-management partners once we have more clarity on how the DOL fiduciary rule is evolving or how it evolved."

The brokerage arm of **Wells Fargo** & Co. also hasn't made a decision as to when it will offer T shares, a spokeswoman for the firm says.

4. T Shares Don't Satisfy Everyone

Over time, investors—who typically jump from fund to fund—are likely to save money with T shares, says Todd Rosenbluth, director of ETF and mutual-fund research at financial data and analysis provider CFRA.

But some have criticized the share classes because, although their fees may be level across funds, brokers would still be selling clients funds with loads when superior no-load funds may exist. "Less gouging is still gouging, and less self-dealing is still self-dealing, and doesn't satisfy the fiduciary requirement," says David Marotta, president of Marotta Wealth Management, a fee-only registered investment-advisory firm in Charlottesville, Va. "Find me any fund that has a high sales charge, and I'll find you a better mix of low-fee funds."

5. Alternatives Are Emerging

Some fund companies are planning another type of share class that could address the Labor Department's conflict concerns. They've designed what are known as clean shares, which include fees for investment management and administrative costs, but are stripped of the fees charged by those who sell the funds to investors, such as broker-dealers.

With clean shares, brokers would set their own commissions for selling the shares, which makes it easier for investors to see what they're paying for. Lord Abbett, for example, last week launched what it calls F3 shares, which charge management fees, but no fees to pay distributors. **Capital Group's** American Funds also offers F3 shares.

Janus has filed to launch P shares, which are similar to other firms' new T shares. When they will be offered is uncertain at this point.

Ms. Maxey is a reporter for The Wall Street Journal in New York. Email her at daisy.maxey@wsj.com.

Largest Stock and Balanced Funds

Data provided by LIPPER

Total returns are for periods ended March 31 and are final; assets are through Feb. 28. Performance data include both share prices and reinvested dividends.

Fund Name	Symbol	Assets ($ millions)	Performance (%) March	1st-qtr	1-year	3-year*	5-year*
Vanguard TSM Idx;Adm	VTSAX	541,355.6	0.1	5.8	18.1	9.7	13.1
Vanguard 500 Index;Adm	VFIAX	306,564.9	0.1	6.1	17.1	10.3	13.3
Vanguard Tot I Stk;Inv	VGTSX	251,607.0	2.8	8.4	13.7	1.0	4.8
SPDR S&P 500 ETF	SPY	235,227.6	0.1	6.0	17.0	10.3	13.2
Vanguard Instl Indx;Inst	VINIX	224,914.6	0.1	6.1	17.1	10.3	13.3
American Funds Gro;A	AGTHX	155,160.3	1.0	8.1	20.3	10.2	13.7
American Funds EuPc;R-6	RERGX	127,782.3	3.5	9.4	13.1	2.2	6.6
Fidelity 500 Idx;Pr	FUSVX	116,613.3	0.1	6.1	17.1	10.3	13.3
Fidelity Contrafund	FCNTX	107,414.5	1.6	10.1	15.6	9.7	12.5
American Funds Bal;A	ABALX	106,729.7	0.3	4.2	11.3	7.3	9.9
American Funds Inc;A	AMECX	105,187.1	0.2	3.7	11.3	6.1	9.0
American Funds CIB;A	CAIBX	102,404.1	1.1	4.7	7.7	4.4	7.2
Vanguard Wellington;Adm	VWENX	98,589.8	−0.2	3.5	12.8	7.3	9.7
iShares:Core S&P 500	IVV	97,843.8	0.1	6.1	17.1	10.3	13.2
American Funds Wash;A	AWSHX	90,011.1	−0.3	4.3	16.2	8.8	12.6
American Funds CWGI;A	CWGIX	85,443.6	1.8	7.4	14.1	4.6	9.3
American Funds FInv;A	ANCFX	84,356.5	0.8	6.6	19.4	10.4	13.3
American Funds ICA;A	AIVSX	84,053.0	0.5	5.7	17.5	9.4	13.0
Franklin Cust:Inc;A	FKINX	83,214.8	0.4	3.5	18.0	3.5	7.3
Vanguard Md-Cp Idx;Adm	VIMAX	83,058.2	0.02	6.2	16.7	8.7	12.9
Vanguard Sm-Cp Idx;Adm	VSMAX	74,510.2	−0.2	3.7	21.5	7.4	12.9
Vanguard FTSE Dev Mk ETF	VEA	73,544.6	2.9	7.8	12.8	1.2	6.2
Vanguard FTSE Em Mkt ETF	VWO	67,966.8	2.3	10.9	17.6	1.9	0.9
Dodge & Cox Stock	DODGX	65,511.4	−0.4	5.0	28.6	9.4	15.2
Vanguard REIT Idx;ETF	VNQ	64,904.8	−2.4	1.0	3.1	9.9	9.7
iShares:MSCI EAFE ETF	EFA	63,918.7	2.8	7.2	11.6	0.4	5.7
American Funds NPer;A	ANWPX	63,297.3	2.4	9.5	14.4	6.6	10.3
Vanguard Gro Idx;ETF	VUG	59,009.0	1.3	9.6	15.9	10.7	12.9
Dodge & Cox Intl Stock	DODFX	57,070.8	3.6	9.3	23.0	0.7	7.3
Vanguard Ext Mk Id;Adm	VEXAX	55,142.6	−0.1	4.6	22.5	7.1	12.6
Vanguard Value Idx;ETF	VTV	55,127.1	−1.0	3.3	18.8	9.6	13.4
American Funds AMCP;A	AMCPX	53,518.7	0.1	6.0	15.0	8.2	12.9
First Eagle:Global;I	SGIIX	52,852.0	1.1	5.5	13.0	5.2	7.6
Vanguard PRIMECAP;Adm	VPMAX	51,596.0	0.7	8.3	22.3	11.7	16.4
Vanguard Wellesley;Adm	VWIAX	51,130.5	−0.03	2.2	6.5	5.7	7.1
T Rowe Price Gro Stk	PRGFX	48,942.2	1.9	11.1	19.1	11.2	13.6
Vanguard Windsor II;Adm	VWNAX	48,595.6	0.3	4.8	18.7	7.6	11.8
Vanguard Health Care;Adm	VGHAX	46,203.8	0.4	10.6	10.5	10.3	17.4
PowerShares QQQ Trust 1	QQQ	45,298.1	2.0	12.0	22.5	15.9	15.8
American Funds Mut;A	AMRMX	43,334.1	−0.2	4.6	15.2	8.6	11.8
MFS Value;I	MEIIX	42,753.4	−0.5	4.8	17.0	9.1	13.1
BlackRock:Gl Alloc;I	MALOX	40,736.3	0.8	4.5	9.2	3.1	5.2
Fidelity Tot Mk;Pr	FSTVX	40,273.2	0.1	5.8	18.1	9.7	13.1
Vanguard Ins T StMk;Ins+	VITPX	39,161.8	0.1	5.7	18.1	9.8	13.2
Fidelity Low-Prcd Stk	FLPSX	39,005.6	0.9	4.3	12.4	6.0	11.2
iShares:Core S&P Md-Cp	IJH	38,950.0	−0.4	3.9	20.8	9.3	13.2
iShares:Russ 1000 Vl ETF	IWD	36,933.4	−1.0	3.2	19.0	8.5	12.9
iShares:Russ 2000 ETF	IWM	36,858.1	0.1	2.5	26.3	7.3	12.4
Fidelity Gro Company	FDGRX	36,164.0	2.0	10.3	24.0	12.0	14.2
T Rowe Price BC Gro	TRBCX	35,563.3	1.4	10.4	18.0	11.0	13.8
Harbor:Internatl;Inst	HAINX	34,652.8	3.9	8.7	8.4	−1.1	3.8
SPDR Gold	GLD	33,946.8	−0.9	7.3	0.2	−1.6	−6.0
Vanguard Tgt Ret2025;Inv	VTTVX	33,669.4	0.7	4.6	10.7	5.5	7.9
iShares:Russ 1000 Gr ETF	IWF	33,544.2	1.1	8.9	15.6	11.1	13.1
Vanguard Bal Index;Adm	VBIAX	32,420.7	0.02	3.8	10.7	7.0	8.8
Vanguard Div Gro;Inv	VDIGX	31,712.4	0.02	5.9	10.7	8.7	12.0
American Funds SMCP;A	SMCWX	31,456.7	1.6	8.4	18.1	5.8	10.1
Oppenheimer Dev Mkts;Y	ODVYX	30,470.2	4.0	11.0	15.5	−0.1	2.3
T Rowe Price Eq Idx500	PREIX	30,175.7	0.1	6.0	16.9	10.1	13.0
Fidelity Balanced	FBALX	29,937.1	0.3	5.5	12.8	7.0	9.3
iShares:Core S&P Sm-Cp	IJR	29,672.6	−0.1	1.1	24.6	9.4	14.2
Vanguard Div App Idx;ETF	VIG	29,223.2	−0.1	6.2	13.1	8.5	11.4
Vanguard Tgt Ret2020;Inv	VTWNX	29,023.1	0.7	4.1	9.4	5.2	7.4
iShares:MSCI Em Mkts	EEM	28,243.4	2.5	11.3	16.6	0.6	0.2
Oakmark Internatl;Inv	OAKIX	27,826.3	4.3	9.4	21.7	2.2	9.0
T Rowe Price Cap App	PRWCX	27,483.6	0.7	5.4	11.7	9.5	11.6
Vanguard FTSE xUS;ETF	VEU	27,370.9	2.9	8.4	13.9	1.2	4.7
Vanguard Tgt Ret2030;Inv	VTHRX	27,345.5	0.8	5.1	11.9	5.7	8.5
T Rowe Price Ret:2030	TRRCX	27,138.1	1.0	6.1	13.4	6.1	9.2
Vanguard Equity Inc;Adm	VEIRX	27,097.8	0.1	4.6	15.9	9.6	13.0
Vanguard SC Val Idx;ETF	VBR	26,684.0	−0.8	2.0	23.0	9.0	14.2
Vanguard Tgt Ret2035;Inv	VTTHX	26,504.2	0.9	5.5	13.0	6.0	9.1
T Rowe Price MC Gr	RPMGX	26,283.0	1.3	8.2	15.5	10.5	13.8
American Funds NWld;A	NEWFX	26,145.1	3.2	10.6	14.7	1.2	4.1
T Rowe Price Ret:2020	TRRBX	26,115.2	0.8	5.0	11.1	5.3	7.9

Note: For funds with multiple share classes, only the largest is shown *Annualized N.A.=Not applicable or not available

One Win

Continued from page R11

actually lose money.

A related development is the drop in the number of publicly traded firms. It peaked at more than 7,500 in the late 1990s, according to Profs. Kahle and Stulz, and by 2015 stood at 3,766.

Indeed, the professors wonder if we may be witnessing the coming to pass of a forecast made in 1989 by Harvard Business School's Michael Jensen, who predicted the "demise of the public corporation."

Investor impact

There are a host of broader implications of these developments for economic policy makers as well as long-term consequences for investors. Harry Deangelo, a professor of finance and business economics at the University of Southern California, says that in a winner-take-all economy, it is more important than ever to invest in a portfolio of all stocks. Only in that way can you be assured of owning the winning companies' stocks and not a basket of mediocre or losing companies, he says.

Another consequence of the shift is greater volatility at the level of the individual stock. A single misstep by an erstwhile winner can have an outsize influence by triggering an exit of previously loyal users—which could in turn lead to an "unvirtuous cycle" downward. Dartmouth's Prof. Parker illustrates this point by asking us to imagine what would happen to Apple's stock if its next iPhone release is a flop.

The typical stock's exaggerated vulnerability to even slight changes in the way the wind is blowing is also illustrated by the growing percentage of the stock market's combined value that comes from intangibles. According to Ocean Tomo, a firm that focuses on intellectual property, 84% of the S&P 500's market value now comes from intangible assets. In 1975 it was just 17%.

More stocks needed

Another reason to own all stocks: According to Martin Lettau, a finance professor at the University of California, Berkeley, even though the typical individual stock has become more volatile in recent years, the overall market hasn't. This is because individual stocks' greater volatilities offset each other, Prof. Lettau says, with the bigger zigs of one stock balancing out the larger zags of another. As a consequence, he says, investors today need to own a much larger number of stocks than investors in previous generations to construct a stock portfolio that is no more volatile than the overall market.

The easiest way to become adequately diversified, of course, is by investing in an index fund.

Index funds also are the cheapest ways for individual investors to do that. Schwab recently lowered the expense ratio on its ETF that is benchmarked to the entire U.S. stock market, **Schwab U.S. Broad Market** ETF (SCHB). It now costs just 0.03% a year, or $3 per $10,000 invested. Vanguard's **Total Stock Market** ETF (VTI), is only barely behind with an expense ratio of 0.05%.

Mr. Hulbert is the founder of the Hulbert Financial Digest and a senior columnist for MarketWatch. He can be reached at reports@wsj.com.

IN TRANSLATION

LATE-CYCLE STOCKS

The term "late-cycle stocks" is being frequently used once again by investment professionals. The term refers to the types of stocks that tend to outperform later in the business cycle, when the use of resources and labor gets closer to full capacity and demand for materials such as copper, steel and energy tends to outpace supply.

"It is getting close to the eighth anniversary of economic expansion and we believe we are in the later stages of the U.S. economic cycle," says Stephen Wood, chief market strategist at Russell Investments in New York. By historical standards, that's a long expansion for the U.S., though not as long as the record 120-month expansion that occurred from March 1991 through March 2001, according to the National Bureau of Economic Research.

Late in the economic cycle, wages start to rise and inflation picks up. That's already happening in the U.S., says Mr. Wood.

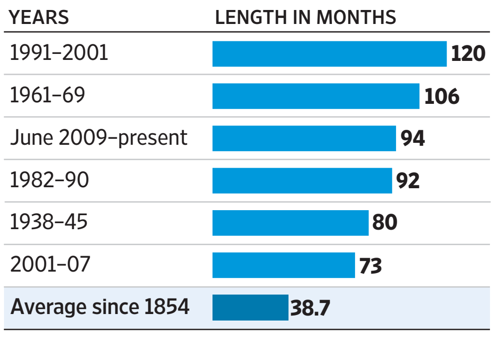
January saw the fastest increase in wages since the 2007-09 recession. The recently released GDP price index showed an annual inflation rate of 2% in the fourth quarter of 2016 versus 0.8% a year earlier. The RJ/CRB Commodity Total Return Index, which tracks a basket of commodity prices, rose to 191 at the end of February from 161 a year earlier.

For stocks, this means that commodity producers, such as large mining companies and energy companies, could be poised for a run-up.

—Simon Constable

Long Expansions

At 94 months, the U.S. economic expansion ranks No. 3 since records began in 1854.



Source: National Bureau of Economic Research

THE WALL STREET JOURNAL.

THE EXPERTS

Insights on 401(k)s and CEOs

The Experts are an online group of industry and thought leaders who blog about topics in their areas of expertise. Edited excerpts follow. For more, go to WSJ.com/Experts.

Before You Roll Over Your 401(k)

Financial advisers are quick to encourage individuals transitioning into new jobs or who are near retirement to roll their 401(k) account into an individual retirement account. It is the automatic move for many investors. And on the surface, it may make sense: If you are moving on from your employer, shouldn't your money move on as well?

If you can say yes to any of the following, the answer may be no—and you may want to rethink your rollover plans and consider other options for your 401(k).

◆ **Your plan is cheaper than an IRA.** This is a black-and-white issue that was made easier a few years ago when fee disclosure on 401(k) plans became a required practice in 2011.

The all-in costs of your 401(k) plan are listed on your quarterly statements. In addition to expense ratios on mutual funds, take note of the fees paid to the investment adviser, third-party administrator and record-keeper.

If your soon-to-be former employer has more than 50 employees, there is a good chance that your all-in cost is less than 1%. That includes fund expenses, adviser fees and administration costs. Smaller plans might expect to see the total cost around 1% to 1.5%.

When a financial adviser recommends rolling over your 401(k) into an IRA, you should ask what the all-in cost is to you, including expense ratios, transaction costs and management fees. If the adviser is unable or unwilling to provide a transparent breakdown of your all-in costs, you should probably keep the assets in the plan.

If your plan is only slightly cheaper than rolling into an IRA, then you might decide that the benefits of consolidation or a particular investment strategy can make some additional cost acceptable.

◆ **You don't have access to a financial adviser who acts as a fiduciary.** It remains unclear whether the Trump administration will water down—or even eliminate—the Labor Department's fiduciary rule, which would require anyone offering retirement savings advice to act in a fiduciary capacity. You shouldn't roll over 401(k) assets to someone unless they act as a fiduciary at all times, regardless of the rule.

Once you understand the difference between fiduciary and suitability standards, it becomes clear that you want to work with a fiduciary at all times. The problem these days is that the word fiduciary gets thrown around casually by all providers of financial advice—regardless of whether they actually uphold the standard in everyday interactions with clients.

How can you tell the difference? Ask to see the adviser's Form ADV. If they don't have one, they aren't required by law to act as a fiduciary at all times. Bonus points for advisers who go the extra mile with their fiduciary duty and get certified by the Centre for Fiduciary Excellence.

◆ **You plan on doing a Roth conversion.** Converting IRAs to Roth IRAs has become a popular-financial planning technique for investors looking to manage future tax liabilities. When you convert an IRA to a Roth IRA, you pay ordinary income taxes on your pretax contributions as well as the gains you've earned on all contributions. Once the assets are in a Roth IRA, you enjoy tax-deferred growth and tax-free withdrawals.

The Roth conversion strategy tends to be most efficient when there isn't much appreciation in your IRA. If you are rolling over a 401(k) at retirement or in transitioning jobs after many years at a company, you'll increase the portion of pretax contributions eligible for taxation and likely have significant appreciation that would be subject to tax in the event of a Roth conversion.

◆ **There are additional benefits of staying in the plan.** There are a few additional benefits of a 401(k) vs. IRA that might tip the scale if the above considerations don't yield an obvious answer. For example, 401(k) accounts are generally protected from creditors—except the Internal Revenue Service and your spouse—whereas rollover IRAs are protected in bankruptcy, but not from creditors.

Additionally, there is an earlier age at which you can withdraw from a 401(k) without penalty. With an IRA, you have to wait until age 59½ to make penalty-free withdrawals. In a 401(k) account, you only need to be age 55 to begin making withdrawals assuming you are no longer with the company.

—Peter Lazaroff, blogger, director of investment research, Plancorp

* * *

Write Your Company's Obituary

Do companies, like people, have an expiration date? Some evidence suggests that the half-life of business models has been shrinking and established firms have been disappearing at an increasingly rapid rate. Research by Bain & Co. finds that two out of three large companies (worth $5 billion or more) will stall out, go bankrupt, be acquired or break into pieces in the next 15 years.

Despite that evidence, I believe it is possible for companies to be self-renewing and live indefinitely. This can only happen if leaders are aware of what might kill the company, and have the commitment and persistence to do something about it.

How can companies get on the path to self-renewal? Consider the simple exercise often given to individuals engaged in career or life planning: Write your own obituary. Writing down what colleagues, friends and family members might remember you for can help you see how you should be living. It shows where to direct your energy as well as which activities are dispensable or harmful.

The same exercise can help CEOs determine what their organizations need to live a productive life, and what could lead to an untimely death. They should write a postmortem on how the company began a slide toward oblivion—how it lost its leadership position. What were the likely causes? Which factors were knowable but not seen by executives? Which former strengths became fatal weaknesses? What could senior leaders have done differently to position the company for success?

—James Allen, author, co-leader, global strategy practice, Bain & Co.

Category Kings in 22 Realms

Data provided by LIPPER

Top-performing funds in each category, ranked by one-year total returns (changes in net asset values with reinvested distributions) as of March 31; assets are as of Feb. 28. All performance numbers are final.

Best and Worst

Total return for the best- and worst-performing stock, bond and mixed mutual-fund categories; for period ended March 31; ranked by 1st-quarter returns.

Best Performers

Fund	First-quarter	12-month
Latin American	13.1%	25.3%
Emerging Markets	11.3	16.2
Health/Biotechnology	10.9	16.4
Science & Technology	10.7	24.2
Pacific Region	10.7	14.8
Gold Oriented	9.9	19.6
Large-Cap Growth	9.3	14.6
Multi-Cap Growth	8.8	15.0

Worst Performers

Fund	First-quarter	12-month
Natural Resources	−4.8%	19.6%
Managed Futures	−0.3	−4.8
Small-Cap Value	0.1	23.5
Short-Term Muni	0.4	0.1
Mortgage	0.6	0.8
Short-Term Bond	0.7	1.7
Long-Term U.S.	0.8	−2.0
Sector	0.8	8.2

Source: Lipper

Science and Technology

	Assets	1st-qtr	Total return (%)		
	($ millions)	(%)	March	1-yr	5-yr*
PowerShares Dyn Smcnd	200.8	15.6	6.0	**62.9**	21.9
iShares:PHLX Semicon	841.4	11.9	4.4	**51.2**	19.8
VnEck Vctrs:Semicnd ETF	555.3	11.2	4.4	**45.9**	19.2
Fidelity Sel Semicnd	3,010.6	9.5	3.3	**43.9**	19.1
Fidelity Adv Semicnd;I	190.7	9.5	3.3	**43.9**	18.9
Victory:RS Sci & Tech;A	153.8	14.8	2.1	**41.9**	13.6
Frst Tr:NASDAQ100 Tech	1,815.6	14.4	2.8	**41.1**	17.2
ARK Web x.0	21.2	15.1	2.1	**40.1**	N.A.
SPDR S&P Semiconductor	349.6	7.8	1.1	**36.5**	18.9
Rydex:Electronics;Inv	70.8	10.1	3.6	**35.4**	14.9
Category Average:	493.4	12.1	2.5	**27.1**	13.3
Number of Funds:		177	177	**163**	140

Health and Biotech

	Assets	1st-qtr	Total return (%)		
	($ millions)	(%)	March	1-yr	5-yr*
ETFis BioSh Biotech Prod	38.0	15.0	−0.8	**53.1**	N.A.
SPDR S&P Biotech	2,979.5	17.3	−1.2	**34.4**	21.6
Alger:Health Sci;A	124.3	16.3	−0.1	**34.0**	14.3
SPDR S&P Hlth Care Equip	98.5	12.9	2.7	**32.2**	17.5
Fidelity Sel Med Equip	3,130.0	14.7	1.8	**27.3**	19.2
iShares:US Med Dev ETF	1,046.3	14.0	1.4	**24.4**	18.3
Eventide Hlthcare & LS;A	337.6	12.9	1.7	**24.0**	N.A.
Franklin Str:BD;A	1,409.5	12.8	−1.1	**23.8**	19.6
PowerShares DWA Health	61.8	11.7	−0.2	**23.6**	11.0
Fidelity Sel Bio Tech	9,578.2	15.8	−0.8	**23.4**	20.7
Category Average:	905.5	10.9	−0.2	**16.4**	16.8
Number of Funds:		102	102	**91**	74

Natural Resources

	Assets	1st-qtr	Total return (%)		
	($ millions)	(%)	March	1-yr	5-yr*
BP Cap TL Energy;I	148.5	−1.8	−0.8	**33.1**	N.A.
Fidelity Sel Nat Gas	481.6	−7.0	−0.9	**31.2**	−1.4
PowerShares WH Prg Eng	24.7	1.8	1.0	**28.4**	1.2
Fidelity Sel Enrgy Ser	734.1	−4.4	−2.5	**28.4**	−1.9
Spirit of Amer:Energy;A	684.4	3.5	−0.9	**27.6**	N.A.
Frst Tr:Water	252.9	5.9	1.2	**27.5**	12.8
MainStay:Cushing RA;I	233.2	−0.8	−1.8	**25.0**	N.A.
SPDR S&P Oil&Gas Exp	2,059.1	−9.5	−0.9	**24.3**	−7.0
Ivy:Energy;I	583.2	−6.8	−2.4	**24.2**	1.4
Guggenhm S&P500 Eq W En	280.6	−7.1	−0.4	**24.0**	−0.1
Category Average:	462.9	−4.8	−1.5	**19.6**	−1.6
Number of Funds:		97	97	**92**	67

Emerging Markets

	Assets	1st-qtr	Total return (%)		
	($ millions)	(%)	March	1-yr	5-yr*
VnEck Vctrs:Russia SmCp	94.2	7.7	3.6	**87.5**	−3.0
iPath ETN LgEn MSCI EM	1.8	27.6	5.4	**41.9**	−0.2
PIMCO:RAE Fdmtl+EMG;Inst	1,266.3	12.6	0.8	**38.3**	2.9
Glbl X MSCI Pakistan ETF	33.2	−0.6	−1.9	**34.8**	N.A.
PIMCO:RAE Fdmtl EM;Inst	1,393.0	12.0	0.7	**32.5**	N.A.
Ashmore:EMs Value;Inst	13.1	17.1	3.7	**31.5**	1.1
SPDR S&P Russia	31.1	−2.4	2.0	**29.3**	−5.1
Schwab Cap:FEM LCo	410.1	10.3	1.1	**29.0**	0.4
PowerShares F R Em Mkt	790.9	8.2	−0.9	**28.7**	−0.4
Schwab Str:Fund EM LCI	1,011.3	9.6	0.7	**28.1**	N.A.
Category Average:	467.7	11.3	3.1	**16.2**	1.1
Number of Funds:		884	889	**830**	443

Large-Cap Core

	Assets	1st-qtr	Total return (%)		
	($ millions)	(%)	March	1-yr	5-yr*
Met West:AlphaTrak 500;M	18.4	5.9	unch.	**26.4**	15.5
iPath ETN LgEx S&P	2.0	8.9	0.1	**26.0**	23.3
Oakmark Select;Inv	5,760.9	3.0	0.1	**25.8**	13.7
Nuveen Lg Cap Select;I	55.3	6.6	0.5	**24.1**	13.3
Natixis:Oakmark;A	270.6	4.0	−0.04	**24.1**	12.6
Oakmark Fund;Inv	17,063.6	4.1	0.01	**24.0**	13.9
Selected American Shs;D	2,344.3	4.3	0.2	**23.6**	12.0
Clipper Fund	1,201.3	2.9	−0.5	**23.5**	13.5
Fidelity Large Cap Stock	1,364.1	4.5	−0.5	**23.5**	13.7
BNY Mellon:Foc Eq Op;M	434.3	9.0	1.9	**23.4**	13.0
Category Average:	898.6	5.5	0.02	**15.9**	11.8
Number of Funds:		902	919	**854**	695

Large-Cap Growth

	Assets	1st-qtr	Total return (%)		
	($ millions)	(%)	March	1-yr	5-yr*
iPath ETN LgEx Rus 1000	1.3	8.8	−0.02	**26.4**	23.2
PowerShares QQQ Trust 1	45,298.1	12.0	2.0	**22.5**	15.8
White Oak Select Growth	278.4	4.6	−1.1	**22.3**	12.3
USAA NASDAQ-100 Idx	1,187.6	12.0	2.0	**22.2**	15.4
Edgewood Growth;Inst	7,803.3	13.4	2.2	**21.7**	15.6
T Rowe Price I LgCp Gro	13,474.3	10.7	1.5	**21.7**	14.1
Shelton:Nasdaq-100;Dir	379.5	11.7	1.9	**21.6**	15.7
Homestead:Growth	129.3	10.7	1.5	**21.4**	13.7
Rydex:NASDAQ-100;Inv	891.1	11.7	1.9	**21.2**	14.7
JPMorgan:Dyn Gro;R5	346.7	12.0	3.5	**21.0**	12.2
Category Average:	1,190.1	9.3	1.2	**14.6**	11.6
Number of Funds:		705	715	**666**	533

Large-Cap Value

	Assets	1st-qtr	Total return (%)		
	($ millions)	(%)	March	1-yr	5-yr*
Dodge & Cox Stock	65511.4	5.0	−0.4	**28.6**	15.2
J Hancock Clsc Val;I	$2,043.8	2.5	−1.3	**27.1**	12.8
MassMutual Sel:Fc Vl;I	762.9	6.2	−0.7	**26.3**	13.5
Neuberger Value;Inst	18.8	1.6	−1.1	**26.0**	12.0
PowerShares S&P500 Value	3.2	2.9	−2.3	**25.9**	N.A.
Invesco Gr & Income;A	8,253.5	2.4	−1.1	**25.8**	12.8
Neuberger LC Value;Inv	1,486.9	1.6	−1.1	**25.7**	12.0
PowerShares Russ T200 PV	81.1	3.2	−1.6	**25.4**	13.7
Hotchkis:Dvsfd Value;I	116.9	4.2	0.1	**25.3**	12.9
Columbia:Select LCV;Z	651.7	3.7	−0.9	**25.1**	13.0
Category Average:	878.2	3.6	−0.8	**18.7**	11.6
Number of Funds:		499	501	**475**	364

Multicap Core

	Assets	1st-qtr	Total return (%)		
	($ millions)	(%)	March	1-yr	5-yr*
Aspiration Redwood	12.0	9.4	0.9	**32.3**	N.A.
PowerShares S&P500 Hi Be	836.9	2.9	−0.4	**32.1**	12.6
Fuller & Thaler BSC;Inv	52.9	3.2	1.3	**30.6**	15.3
Matthew 25 Fund	412.0	4.1	−2.2	**29.2**	12.6
CGM Tr:Focus Fund	983.0	6.9	−0.5	**27.3**	8.9
Toreador Core;Inst	104.1	7.7	2.4	**26.9**	13.4
Clifford Cap Prtnr;Instl	12.4	1.0	−1.6	**26.4**	N.A.
Bridgeway:Aggr Inv 1	233.1	5.3	0.1	**26.3**	14.6
Pin Oak Equity	208.8	3.7	−0.1	**26.1**	14.6
Morg Stan I:Insight;I	31.7	4.5	1.3	**25.6**	17.2
Category Average:	1,319.2	5.5	0.1	**15.8**	11.6
Number of Funds:		790	792	**748**	575

Multicap Growth

	Assets	1st-qtr	Total return (%)		
	($ millions)	(%)	March	1-yr	5-yr*
Fidelity OTC	13880.6	13.0	2.1	**27.7**	15.9
Zevenbergen Genea;Inst	3.2	15.8	2.0	**26.8**	N.A.
ICON:ICON;S	48.6	10.4	1.1	**26.2**	8.5
HCM Tactical Growth;A	43.6	9.7	0.4	**26.1**	N.A.
Fidelity Gro Company	36,164.0	10.3	2.0	**24.0**	14.2
Vanguard Cap Opp;Adm	15,086.7	8.4	0.6	**23.9**	17.3
Fidelity Srs Gro Co;F	10,991.9	10.3	2.0	**23.9**	N.A.
Federated Kaufmann;R	5,200.0	9.4	2.1	**23.5**	12.6
Rock Oak Core Growth	8.4	8.3	−0.5	**23.1**	9.5
Berkshire:Focus	55.7	13.8	4.5	**23.1**	11.2
Category Average:	580.3	8.8	1.1	**15.0**	11.1
Number of Funds:		593	599	**576**	437

Multicap Value

	Assets	1st-qtr	Total return (%)		
	($ millions)	(%)	March	1-yr	5-yr*
Biondo Focus;Inv	24.0	13.4	1.1	**31.5**	8.5
Fairholme:Fairholme	2,740.3	−6.5	−5.6	**28.0**	7.3
Snow Capital Opp;Inst	217.1	4.6	−0.5	**28.0**	9.3
Ariel:Focus;Inv	54.4	7.0	0.1	**27.5**	10.4
CB All Cap Value;A	1,845.9	5.7	0.1	**26.4**	11.3
AMG Mg Fairpt FcEq;I	8.8	7.4	2.0	**25.5**	N.A.
JPMorgan:LgCp Val;R6	955.0	4.4	−0.7	**25.2**	14.9
Hotchkis:Value Opps;I	516.7	2.3	−1.0	**25.1**	14.3
Berwyn Cornerstone	24.5	4.3	−2.3	**24.7**	9.2
WeatherStorm For Acct LS	13.8	3.4	−1.3	**23.9**	N.A.
Category Average:	696.6	3.5	−0.8	**18.3**	11.6
Number of Funds:		360	364	**351**	281

Midcap Core

	Assets	1st-qtr	Total return (%)		
	($ millions)	(%)	March	1-yr	5-yr*
Thrivent Fds:MC Stk;A	1576.5	3.6	−0.8	**31.8**	15.5
Clark Fork:Tarkio	61.4	5.5	0.5	**27.8**	13.0
CB Select;IS	15.4	12.3	1.6	**27.5**	N.A.
Mutual Amer Inst:MCE Idx	22.6	3.8	−0.4	**27.0**	14.3
Thompson MidCap	46.5	6.2	0.7	**26.0**	11.8
Transam:Sm/Md Cap V;A	878.7	4.8	0.4	**25.3**	12.2
13D Activist;I	263.5	6.1	0.6	**25.0**	13.9
Guggenhm RJ SB-1 Eq ETF	194.0	4.7	1.0	**24.9**	11.9
Pac Fds:MdCp Eq;P	76.8	5.3	−0.6	**24.0**	11.8
Scout Mid Cap	1,396.0	5.2	−0.6	**23.8**	11.6
Category Average:	830.8	4.1	−0.3	**18.0**	11.6
Number of Funds:		470	473	**427**	310

Midcap Growth

	Assets	1st-qtr	Total return (%)		
	($ millions)	(%)	March	1-yr	5-yr*
Hodges Fund;Retail	433.3	−0.5	−1.4	**30.6**	16.8
Putnam Equity Spectrum;Y	1,272.5	14.3	5.6	**27.3**	11.0
PRIMECAP:Odyssey Ag Gr	7,554.3	8.9	3.1	**25.7**	19.4
SS Inst Inv:SM Cap Eq Ix	282.3	4.3	−0.2	**23.4**	N.A.
WellsFargo:Discvry;I	2,476.1	10.0	0.5	**23.2**	10.8
Tocqueville:Opportunity	82.1	12.2	−0.3	**23.2**	9.5
Baron Small Cap Fund;Rtl	3,401.7	8.5	1.9	**22.7**	10.5
Kinetics:Paradigm;NL	835.7	1.4	−1.0	**22.4**	11.0
Hodges Sm-Mid Cap;Rtl	21.8	−1.7	−2.7	**22.2**	N.A.
ALPS Barron's 400 ETF	192.7	4.6	0.7	**22.0**	N.A.
Category Average:	443.8	7.4	0.8	**16.0**	10.4
Number of Funds:		407	409	**395**	321

Midcap Value

	Assets	1st-qtr	Total return (%)		
	($ millions)	(%)	March	1-yr	5-yr*
Heartland:MdCp Val;Inv	7.3	2.5	−0.2	**29.0**	N.A.
AMG Mg Fairpt MC;I	4,106.7	6.2	0.7	**27.4**	14.3
Pzena Mid Cap Value;Inst	5.5	3.7	−0.7	**27.2**	N.A.
TCW:Rel Value MC;I	109.4	3.6	−0.1	**26.6**	11.6
GW:GS MidCap Val;Inst	561.8	3.7	−0.5	**22.4**	N.A.
iShares:Mornstr MC-Val	367.3	3.2	−0.6	**22.4**	15.6
CM:Advisors Fund;I	72.5	−6.6	−5.4	**22.4**	2.4
Frst Tr ADex:MultiCapVal	117.7	2.9	−0.7	**22.3**	11.7
Oppenheimer MC Val;A	1,496.9	3.7	−1.3	**22.0**	12.2
Pru QMA Mid-Cap Val;Z	894.0	3.1	−1.4	**21.7**	14.2
Category Average:	507.6	3.2	−0.7	**18.5**	11.9
Number of Funds:		158	158	**151**	111

Small-Cap Core

	Assets	1st-qtr	Total return (%)		
	($ millions)	(%)	March	1-yr	5-yr*
Highland:Sm-Cp Eqty;A	57.8	8.7	1.2	**35.9**	13.1
TH & B MicroCap;Inst	70.0	−0.4	0.2	**34.3**	12.6
TETON WW:SmCp Eq;I	32.2	2.7	0.2	**34.1**	11.5
Champlain Small Co;Adv	1,272.9	2.2	0.1	**34.0**	13.2
PIMCO:Stk+ Small;Inst	1,071.7	3.9	0.3	**33.2**	14.5
Victory:Intg Discovery;A	165.9	1.0	0.1	**33.2**	15.8
PIMCO:RAE Fdmtl+ Sm;Inst	80.3	0.9	−0.04	**32.2**	14.9
Federated MDT SCC;Inst	152.0	1.9	−0.2	**31.9**	16.5
J Hancock Sm Cp Core;NAV	132.5	5.0	1.3	**31.5**	N.A.
PENN:Cap Sm Cap Eq;Inst	20.0	3.5	0.2	**31.4**	N.A.
Category Average:	417.3	1.9	−0.03	**22.0**	11.4
Number of Funds:		948	958	**892**	650

Small-Cap Growth

	Assets	1st-qtr	Total return (%)		
	($ millions)	(%)	March	1-yr	5-yr*
Baron Discovery;Inst	92.8	11.7	4.2	**42.0**	N.A.
AMG Mg CadenceEmCo;I	57.8	3.9	2.0	**35.3**	15.3
Oberweis:Micro-Cap	73.4	7.4	2.0	**34.9**	16.1
JPMorgan:Dyn SCG;I	161.0	11.8	1.8	**33.5**	11.5
Cortina:SC Gro;Inst	24.0	4.7	2.2	**33.4**	8.0
JPMorgan:SmCp Gro;R6	1,197.5	11.8	1.8	**33.3**	11.9
Ivy:Micro Cap Growth;A	162.9	1.4	3.1	**32.2**	7.8
Federated Kauf SC;A	666.5	10.4	3.3	**31.4**	11.8
Driehaus:Micro Cap Gro	395.4	0.6	−0.1	**30.7**	N.A.
Alger:Sm Cap Foc;Z	290.4	8.6	2.0	**30.3**	11.3
Category Average:	276.3	5.8	1.1	**22.1**	10.5
Number of Funds:		584	592	**561**	442

Small-Cap Value

	Assets	1st-qtr	Total return (%)		
	($ millions)	(%)	March	1-yr	5-yr*
RBB:Schneider Sm Cap Val	47.1	6.8	3.3	**77.3**	11.8
Towle Deep Value	170.5	4.2	0.6	**48.6**	17.8
Hodges Pure Contr;Rtl	13.9	−3.6	−3.3	**39.3**	9.3
Aegis Value;I	140.9	unch.	0.4	**37.7**	8.1
Small Cap Value Fund	N.A.	−1.2	−1.8	**36.0**	9.9
Royce Fd:Oppty;Inv	1,489.5	5.2	2.1	**33.9**	12.0
Paradigm:Micro-Cap	39.6	6.4	4.8	**31.4**	11.6
Frst Tr:DJ Sel MicroCap	111.7	−3.0	−0.4	**30.7**	15.2
Putnam Sm Cap Value;Y	484.0	1.4	0.2	**30.4**	13.1
Columbia:SmCp Val I;A	547.9	1.0	−0.3	**30.1**	11.7
Category Average:	403.4	0.1	−0.6	**23.5**	11.2
Number of Funds:		319	321	**302**	224

Financial Services

	Assets	1st-qtr	Total return (%)		
	($ millions)	(%)	March	1-yr	5-yr*
SPDR S&P Regl Banking ETF	4008.8	−1.4	−4.6	**47.3**	16.0
J Hancock Reg Bank;A	1,725.0	−0.4	−3.4	**46.6**	18.3
PowerShares KBW Bank	1,011.9	0.7	−4.2	**45.9**	15.0
SPDR S&P Bank ETF	3,340.2	−0.8	−4.4	**43.9**	14.4
Alpine:Finl Svc;Inst	20.7	3.8	−1.8	**43.4**	16.0
iShares:US Rgnl Bnks ETF	750.7	−0.9	−5.5	**43.4**	14.6
RMB Inv:Fnl Svc;A	551.7	2.7	−0.6	**40.6**	22.0
PowerShares KBW Reg Bank	257.4	−3.7	−4.8	**40.2**	15.6
Emerald:Bank&Finance;A	462.1	0.8	−2.0	**39.7**	20.1
Fidelity Sel Banking	1,261.4	0.2	−4.1	**39.5**	14.5
Category Average:	624.2	1.9	−2.2	**29.6**	13.9
Number of Funds:		92	94	**85**	73

Gold-Oriented

	Assets	1st-qtr	Total return (%)		
	($ millions)	(%)	March	1-yr	5-yr*
PureFds Jr Silver(SCM/E)	72.2	7.5	−6.7	**51.2**	N.A.
Glbl X Gold Explrs ETF	45.1	13.5	0.6	**46.9**	−13.1
iShares:MSCI Gl SMiners	63.5	9.9	−1.6	**43.4**	−11.2
Glbl X Silver Miners ETF	367.4	10.9	−1.4	**40.3**	−10.8
EuroPac Gold;A	73.6	9.3	0.2	**38.0**	N.A.
VnEck Vctrs:Jr Gld Mnrs	5,189.8	13.6	−2.3	**36.1**	−16.3
US Glbl:Wld Prec Min	158.4	5.5	−5.0	**32.1**	−11.0
Vanguard Prc M&M;Inv	2,541.8	10.6	1.0	**26.6**	−10.5
VanEck:Intl Gold;A	665.4	11.1	0.1	**25.0**	−10.6
Oppenheimer Gld & Sp;A	1,142.8	13.9	−0.5	**24.6**	−11.9
Category Average:	404.3	9.9	−0.6	**19.6**	−11.7
Number of Funds:		73	73	**73**	65

Pacific Region

	Assets	1st-qtr	Total return (%)		
	($ millions)	(%)	March	1-yr	5-yr*
Parnassus Asia Fund	14.0	6.1	0.7	**23.9**	N.A.
iShares:Asia/Pac Div	43.6	8.4	1.4	**21.9**	6.4
Janus Asia Equity;D	12.7	14.2	3.7	**21.6**	5.8
iShares:MSCI Australia	1,955.0	11.0	2.6	**20.7**	4.3
iShares:Curr Hgd Aus	3.5	5.3	3.3	**20.4**	N.A.
Deutsche MSCI Aus Hdg Eq	4.0	4.9	3.2	**19.8**	N.A.
BlackRock:Pacific;A	226.8	10.6	1.4	**18.3**	7.4
Frst Tr ADex:Australia	1.5	11.1	2.5	**18.2**	5.6
BLDRS:Asia 50 ADR	20.6	8.1	0.8	**17.5**	5.5
Vanguard FTSE Pac ETF	6,166.9	8.8	1.7	**16.9**	6.4
Category Average:	269.1	9.8	2.5	**14.2**	5.6
Number of Funds:		55	55	**54**	42

Latin America

	Assets	1st-qtr	Total return (%)		
	($ millions)	(%)	March	1-yr	5-yr*
VnEck Vctrs:Brazil Sm Cp	101.1	23.7	−0.5	**67.6**	−11.9
iShares:MSCI Brz Sm-Cap	58.2	20.6	−3.9	**65.2**	−10.9
Glbl X MSCI Argnt ETF	111.1	21.9	7.2	**47.1**	6.4
Frst Tr ADex:Brazil	136.4	12.3	−4.2	**45.3**	−7.0
iShares:MSCI Brazil Cap	5,508.6	9.7	−4.2	**40.8**	−8.1
Frst Tr ADex:Latin America	148.3	11.7	−1.9	**36.1**	−3.7
Glbl X Brazil MidCap ETF	4.5	10.3	−1.3	**35.0**	−7.6
iShares:MSCI All Peru Cp	249.5	5.2	0.5	**31.9**	−3.9
iShares:Lat Amer 40	1,104.4	14.1	0.8	**27.3**	−5.6
T Rowe Price Int:Lt Am	645.8	15.5	2.9	**26.0**	−4.7
Category Average:	276.7	13.1	1.9	**25.3**	−6.6
Number of Funds:		40	40	**39**	31

S&P 500 Funds

	Assets	1st-qtr	Total return (%)		
	($ millions)	(%)	March	1-yr	5-yr*
SS Inst Inv:Eq 500 Id II	2001.9	6.0	0.1	**17.3**	N.A.
Vanguard 500 Index;Adm	306,564.9	6.1	0.1	**17.1**	13.3
Vanguard Instl Indx;Inst	224,914.6	6.1	0.1	**17.1**	13.3
Fidelity 500 Idx;Pr	116,613.3	6.1	0.1	**17.1**	13.3
iShares:Core S&P 500	97,843.8	6.1	0.1	**17.1**	13.2
DFA US Large Co;I	7,392.2	6.1	0.1	**17.1**	13.2
SEI Inst Inv:S&P500;A	3,959.4	6.1	0.2	**17.1**	N.A.
TIAA-CREF:S&P500 Idx;Ins	4,051.1	6.0	0.1	**17.1**	13.2
Northern Fds:Stock Idx	7,787.6	6.0	0.1	**17.1**	13.2
Schwab Cap:S&P 500 Idx	25,763.3	6.0	0.1	**17.1**	13.2
Category Average:	8,171.3	5.9	0.1	**16.6**	12.7
Number of Funds:		135	135	**132**	115

Global Stock

	Assets	1st-qtr	Total return (%)		
	($ millions)	(%)	March	1-yr	5-yr*
Kopernik Glbl AC;Inst	1054.1	3.0	−0.4	**37.7**	N.A.
Oppenheimer Glbl Opp;A	4,077.5	18.5	9.4	**37.2**	13.6
AMG Yacktman SpOpp;Z	25.1	11.3	2.8	**35.3**	N.A.
Morg Stan I:Gl Dsc;A	45.4	7.5	3.0	**34.3**	16.5
Evermore Glbl Val;Inst	418.6	8.6	5.0	**33.1**	11.1
Morg Stan I:Gl Opp;I	10.0	8.8	3.6	**32.2**	14.4
Longleaf Partners Glbl	192.4	8.7	4.0	**29.2**	N.A.
Dodge & Cox Global Stock	7,620.7	7.7	1.2	**27.9**	12.0
Green Owl Intrinsic Val	71.9	3.8	−1.1	**24.2**	11.8
WisdomTree:Gl Hdg SC Div	24.5	2.3	0.1	**24.0**	N.A.
Category Average:	441.4	7.1	1.6	**13.3**	8.2
Number of Funds:		1052	1,079	**981**	626

N.A.: Not applicable; fund is too new

* Annualized Note: For funds with multiple share classes, only the largest is shown.

SUSTAINABLE INVESTING

‘Green Bonds’ Warm Up

Popular in Europe, the do-good debt grows in U.S.

ERRATA CARMONA

BY GERRARD COWAN

“GREEN BOND” issuance is growing fast, part of the overall trend of do-good investments becoming more popular. And U.S. fund companies are looking to tap into investor demand for these bonds, which finance environmentally friendly projects from green infrastructure and real-estate development to energy-efficiency initiatives.

About $81 billion of green bonds were issued last year, according to the Climate Bonds Initiative, a nonprofit that promotes the debt market as a way to raise money for projects related to climate change. It expects $150 billion of green bonds to be issued this year, compared with just $3 billion in 2012. These figures cover “labeled” green bonds, meaning they have been reviewed externally and meet certain definitions, including those of the Climate Bonds Initiative.

A range of private and government organizations have issued green bonds, from **Apple** Inc. and **Toyota Motor** Corp. to municipalities, New York’s Metropolitan Transportation Authority and the governments of France and Poland. They have proved popular with investors, with most of the issues oversubscribed, according to the Climate Bonds Initiative. “These are no longer niche investments,” says Neena Mishra, director of ETF research at Zacks Investment Research.

Wall Street is embracing what had been a niche investing area.

The growth of the market has sparked interest from fund companies, with the first U.S.-listed exchange-traded fund focused on green bonds—the **VanEck Vectors Green Bond** ETF (GRNB)—launched in March.

The ETF was launched to meet growing investor demand for environmentally focused products, says Edward Lopez, head of ETF product management at **VanEck**, an investment-management firm based in New York. The green-bond market has grown large enough in recent years to allow for an ETF to be listed, he says.

The fund tracks the S&P Green Bond Select Index, which was launched by S&P Dow Jones Indices last month to track the most liquid segment of the broader S&P Green Bond Index.

The S&P Green Bond Index had an annualized return of negative 0.81% over the five years through the end of March, compared with negative 0.39% for its parent index, the S&P Global Aggregate Developed ex-Collateralized Index, which tracks the performance of a broad range of investment-grade debt around the world.

The VanEck ETF was launched on the heels of the **Mirova Global Green Bond** fund (MGGYX), a mutual fund that launched in late February. **Mirova**, a subsidiary of **Natixis Asset Management** that focuses on sustainable investment, had already launched a green-bond fund in Europe, the **Mirova Green Bond-Global** fund.

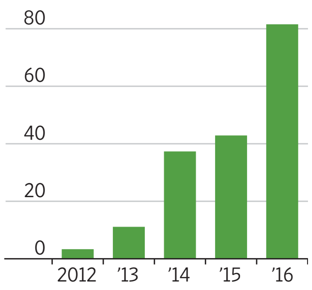
In demand

“Both institutional plan sponsors and wealth-management advisers are seeing demands from their participants and clients for investments with positive impact,” says Kenneth St. Amand, vice president and client portfolio manager at Mirova, explaining the impetus behind the Mirova funds.

The two new U.S.-listed funds join **Calvert Green Bond** fund (CGAFX), a $74 million mutual fund that was launched in October 2013 by **Calvert Investments**, one of the original sustainable-investing firms.

Greener Pasture

Green-bond issuance over the past five years



Source: Climate Bonds Initiative
THE WALL STREET JOURNAL.

The Calvert fund takes a broad approach, investing both in labeled green bonds and in the bonds of companies it considers to be leaders on environmental issues. For example, the fund will buy any bond issued by Apple—even if a bond doesn’t finance an environmentally friendly project—because of the tech giant’s efforts to reduce its carbon footprint, says Vishal Khanduja, the fund’s portfolio manager.

However, the fund’s makeup has changed over the years, Mr. Khanduja says. The percentage represented by green bonds has increased with the growth in their issuance, so that they now account for more than half of the fund’s assets.

Bigger in Europe

The U.S. is behind Europe in the listing of green-bond funds; there are several in Europe that aren’t open to U.S. investors. That includes the Lyxor **Green Bond UCITS** ETF, launched in late February by **Lyxor Asset Management**, part of the Paris-based **Société Générale Group**, which just beat VanEck’s GRNB as the world’s first green-bond ETF.

There are numerous Europe-based mutual funds focused on green bonds, including the **Allianz Green Bond** fund, the **AXA WF Planet Bonds** fund and **NN Investment Partners’ NN (L) Euro Green Bond** fund. **BlackRock** Inc. launched a Europe-listed Green Bond Index fund in March, while **State Street** Corp.’s State Street Global Advisors operates the **State Street Global Green Bond Index** fund in Europe.

Europe has shown greater interest in the green-bond market than the U.S., in terms of both issuance and investor demand, says Chris McKnett, head of State Street Global Advisor’s global environmental, social and governance, or ESG, investments business.

He points to several reasons, including the relatively early issuance of green bonds on the continent by organizations like the European Investment Bank in 2007 and the World Bank in 2008, which helped foster an investor base.

About 37% of the green bonds outstanding, by face value, are denominated in euros, according to the Climate Bonds Initiative, the most for any currency. Mr. McKnett says that bonds like these support the market’s further development there, because potential issuers will be confident the market can support new supply.

Still, the number of U.S. dollar-denominated green bonds has grown quickly over the past year or so, and they now account for 36% of the global total. Mr. McKnett says State Street would consider launching a U.S. fund, “given the increasing level of awareness and burgeoning state of the market.”

Brown Advisory, an investment-management company based in Baltimore, is aiming to launch a mutual fund focused on green bonds before the end of this year, says Thomas Graff, head of fixed income. The firm currently includes green bonds in a number of the accounts it manages for it clients. “I believe that more and more investors are going to be thinking about sustainability issues,” Mr. Graff says.

Broader choices

One potential drawback of mutual funds and ETFs focused on green bonds is that they still have a relatively narrow universe to choose from, despite the recent growth of the market, says Jon Hale, head of sustainability research at fund tracker Morningstar Inc.

There are other funds that take a broader approach and therefore have a greater range of bonds to choose from, while retaining an ESG theme, Mr. Hale says. He points to the **TIAA-CREF Social Choice Bond Fund** (TSBRX), a $1.1 billion fund that invests primarily in intermediate-term investment-grade bonds that meet certain ESG criteria, in areas from affordable housing to renewable energy.

Still, the green-bond market looks set to continue growing, and the new mutual funds and ETFs are crucial in opening access to individual investors, as well as raising the profile of climate change as an issue, says Sean Kidney, chief executive of the Climate Bonds Initiative. “Once you own a green bond, you also start engaging with the whole issue,” he says. “You start thinking ‘There are solutions, I can do something.’ ”

Mr. Cowan is a writer in Northern Ireland. He can be reached at reports@wsj.com.

FOREIGN EXCHANGE

Guidelines for Handling Currency Exposure

What investors might want to do if their portfolios are affected by a changing dollar

ISTOCKPHOTO/GETTY IMAGES

Should investors in foreign stocks heed the hedging lesson of foreign-bond investors?

Too Exposed

Unhedged currency exposure hasn't been worth it for foreign-stock investors.

	FULLY HEDGED	50% HEDGED	100% UNHEDGED
Average excess return	5.30%	5.50%	5.60%
Standard deviation	14.60%	15.20%	16.70%
Volatility-adjusted return (Sharpe ratio)	0.37	0.36	0.33

Source: AQR

THE WALL STREET JOURNAL.

BY JOHN COUMARIANOS

A STRONG DOLLAR is great when traveling abroad. It can buy a nicer hotel and better meals, and let you do more shopping.

But while it may be a good time to book that Continental jaunt given the dollar's torrid run since mid-2014 against the euro and other currencies, remember that an appreciating dollar can also reduce the returns of your foreign stock and bond investments. That's because buying foreign stocks and bonds automatically gives you exposure to foreign currencies and their performance relative to the dollar—unless you buy a fund that uses forward currency contracts to hedge or avoid the exposure.

Here are some rules for how to handle currency issues in your portfolio if the Federal Reserve raises rates (and further strengthens the dollar) or if the Trump administration seeks to increase American exports (and tries to weaken the dollar).

Bonds—use a hedge

It's possible the dollar's run is over for now and foreign currencies are poised to rebound. That means investing in foreign bonds without a currency hedge can provide an investor with the return of the bonds plus some possible added currency return if foreign currencies rebound.

But precisely because currency moves can be powerful—and unpredictable—a good general rule for investors is to use a currency hedge when buying foreign bonds, even if it means missing some gains if foreign currencies rally. Hedges against currency fluctuation can be particularly useful in foreign bond investing, because most investors want their bonds to provide stability to their portfolios.

To give an idea of how volatile currencies are compared with typical bond investments, compare the 13% standard deviation of the dollar-euro exchange rate over the past decade, or by how much the rate deviated from its average, with the standard deviation of returns of the Bloomberg Barclays US Aggregate Index, which was less than 4%. Triple or more volatility is too much for most bond investors.

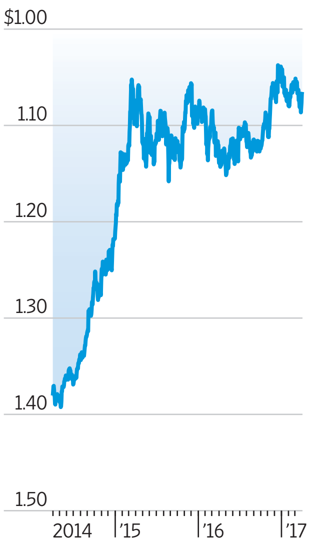
An easy way to get international bond exposure with a currency hedge is through **Vanguard Total International Bond** ETF (BNDX). This ETF tracks the Bloomberg Barclays Global Aggregate ex-USD Float Adjusted RIC Capped Index (USD Hedged). The fund charges a 0.12% fee.

Two international-bond fund choices for investors who want either corporate or sovereign international bond exposure are **Deutsche X-trackers Barclays International Corporate Bond Hedged** ETF (IFIX) and **Deutsche X-trackers Barclays International Treasury Bond Hedged** ETF (IGVT). These funds have among the lowest fees for funds that hedge: expense ratios of 0.30% and 0.25%, respectively.

Investors who want some extra yield—and extra credit risk—from their foreign bonds have a high-yield choice in **iShares Currency Hedged International High Yield Bond** ETF (HHYX). The fund's net expense ratio is 0.43%, including a fee waiver from its parent, BlackRock Inc., that runs through the end of February 2022.

Dollar Run

Dollar/euro foreign-exchange rate, inverted chart to show movement of the dollar



Souce: St. Louis Fed

THE WALL STREET JOURNAL.

Forward currency contracts aren't free, so these funds have somewhat higher expense ratios than the most plain-vanilla index trackers that impose currency risk on investors. But these funds' fees are still modest.

Stocks—more choices

Many argue that for investors who want to own foreign assets, stocks make the most sense because the possibility of currency volatility can add risk diversification in their portfolios. The risk of currency volatility is said to provide an extra layer of diversification or uncorrelated return compared with the other typical asset classes in a diversified portfolio.

But a 2015 research paper from asset manager AQR argues that over long periods (1975 to 2015 for the study underlying the paper), foreign-currency exposure has given foreign-equity investors extra volatility with almost no extra return, making it a terrible proposition.

According to the paper, unhedged foreign-stock exposure resulted in a lower Sharpe ratio (a measure of volatility-adjusted return) than foreign-stock exposure with a partial or full foreign-currency hedge.

The problem is that currencies don't provide any positive return over long periods to compensate for their volatility. Currencies appreciate and depreciate against each other in dramatic moves and for long cycles, but ultimately their sound and fury amount to nothing.

The upshot of this analysis—which runs counter to the conventional wisdom on the topic—is that investors in foreign stocks should hedge their currency exposure just as investors in foreign bonds should.

Hedge now, after the dollar's scorching run?

Even if you think the dollar has seen its best days for a while, you can always hedge some—say, half—of your foreign-stock-related currency exposure to capture part of a foreign-currency rebound.

For example, an investor contemplating putting all of his or her foreign-stock allocation in a plain-vanilla foreign-index fund, giving the investor full exposure to foreign currencies, can opt to put half of that allocation in **Deutsche X-trackers MSCI EAFE Hedged Equity** ETF (DBEF) or in **Deutsche X-trackers MSCI All World ex-US Hedged Equity ETF** (DBAW).

The former will provide exposure to developed countries, while the latter will deliver exposure to the world stock markets beyond the U.S., including emerging markets. Both will eliminate exposure to foreign currencies.

And all investors will likely do better by sticking to their prearranged hedging strategy through thick and thin rather than trying to alter it along the way.

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◆ News Challenge: Test your smarts on bitcoin................. R18

FUND RESULTS

WSJ .COM

Lipper's A-to-Z mutual-fund and ETF quarterly performance tables and other statistics are available free at WSJ.com/FundsETFs.

SPOTLIGHT | WISDOMTREE BLOOMBERG U.S. DOLLAR BULLISH FUND

THE ANTI-BITCOIN ETF

Regulators' rejection in March of two proposed bitcoin exchange-traded products was a reminder that there are currency exchange-traded products out there already that offer much that a bitcoin fund wouldn't—currency diversification and an underlying market with enormous liquidity and regulatory oversight.

The Securities and Exchange Commission rejected a proposed listing of Winklevoss Bitcoin Trust, from Tyler and Cameron Winklevoss, and later turned down a proposed bitcoin product backed by SolidX Management LLC. The SEC cited the lack of regulation of the bitcoin market as a stumbling block to the proposed listings.

In contrast, national currencies and much of the trading in the markets for them are extensively regulated, and they provide much greater liquidity than the bitcoin market. And there is no shortage of exchange-traded products for people who want to invest in those markets. At the end of March, there were 24 exchange-traded products listed in the U.S. that invest in single currencies or currency derivatives and nine that invest in baskets of currencies or derivatives, holding a total of $2.9 billion of assets, according to research firm XTF.

Funds that invest in a basket of currencies, like the $193 million **WisdomTree Bloomberg U.S. Dollar Bullish Fund** (USDU), provide diversification for investors who don't want to bet on the movement of a single currency. USDU is an actively managed exchange-traded fund benchmarked to the Bloomberg Dollar Total Return Index. The fund holds currency forwards that bet on the dollar's movement against a trade-weighted basket of currencies that includes the euro, yen, Canadian dollar, Mexican peso, British pound, Australian dollar, Swiss franc, South Korean won, Chinese yuan and rupee.

The fund was down 3% year-to-date through March but returned 5.5% annualized over three years, according to research firm Morningstar Inc. It has a 0.50% expense ratio.

"We initially viewed this holding as a tactical play on a strong dollar," says Matthew Krajna, senior portfolio manager for Nottingham Advisors in Amherst, N.Y.

Now, he says, the firm views the fund as more of a long-term holding to provide diversification for clients' portfolios. He says investors have to be mindful to take gains or minimize loses by selling shares when appropriate, because the fund doesn't provide income in the form of yield or dividends that would help cushion losses in the share price.

Another option for investors interested in diversified currency exchange-traded products is the $736 million **PowerShares DB US Dollar Index Bullish Fund** (UUP). It has more assets and trades more than USDU, but its holdings are more concentrated: Nearly 60% of its exposure is to the euro. UUP was down 1.9% year-to-date at the end of last month but returned an annualized 6.5% over the past three years.

The Bloomberg Dollar Total Return Index, down 3.4% in 2017 through March, was up an annualized 6.1% over the past three years.

—Ari I. Weinberg

Largest Taxable-Bond Funds

Data provided by LIPPER

Total returns are for periods ended March 31 and are final; assets are through Feb. 28, and include all share classes.

Fund Name	Symbol	Assets ($ millions)	Performance (%) Mar.	1st qtr	1 yr	3 yr*	5 yr*	10 yr*
Vanguard Tot Bd;Adm	VBTLX	176,124.0	–0.1	0.9	0.4	2.6	2.3	4.2
Vanguard Tot Bd II;Inv	VTBIX	120,945.5	–0.1	0.9	0.3	2.5	2.2	N.A.
Met West:Total Return;I	MWTIX	78,695.3	0.01	0.9	0.9	2.6	3.7	5.8
PIMCO:Income;Inst	PIMIX	75,368.2	0.8	2.9	9.9	6.1	8.4	9.1
PIMCO:Tot Rtn;Inst	PTTRX	74,231.7	-0.03	1.6	2.4	2.8	3.0	5.6
Vanguard Tot Itl BI;Adm	VTABX	73,191.7	–0.1	-0.03	1.1	4.0	N.A.	N.A.
Vanguard Sh-Tm Inv;Adm	VFSUX	58,993.1	0.1	0.8	1.9	1.9	2.1	3.3
DoubleLine:Tot Rtn;I	DBLTX	54,547.0	0.2	1.1	1.5	3.3	3.6	N.A.
Vanguard Sh-Tm Bd;ETF	BSV	48,317.6	0.1	0.6	0.4	1.3	1.2	N.A.
Dodge & Cox Income	DODIX	47,811.0	0.1	1.2	4.4	3.1	3.4	5.0
iShares:Core US Agg Bd	AGG	42,301.9	–0.1	0.8	0.4	2.6	2.3	4.1
Templeton Gl Bond;Adv	TGBAX	40,809.7	2.3	4.7	11.5	2.7	3.9	7.1
Lord Abbett Sh Dur;F	LDLFX	38,470.7	0.1	1.0	3.6	2.1	2.6	N.A.
T Rowe Price New Inc	PRCIX	32,405.9	–0.1	1.0	0.9	2.4	2.4	4.5
American Funds Bond;A	ABNDX	32,369.5	0.02	1.1	0.9	2.5	2.4	3.0
iShares:iBoxx $IG Corp	LQD	31,132.3	–0.3	1.2	2.6	3.7	4.0	5.5
Vanguard Int-Tm Bd;ETF	BIV	30,347.0	0.04	1.3	0.1	3.3	3.0	N.A.
Fidelity Str Adv Cre Inc	FPCIX	30,088.6	0.1	1.4	3.1	3.1	3.0	N.A.
Fidelity US B Id;IP	FXNAX	28,326.1	-0.04	0.9	0.3	2.7	2.3	N.A.
Vanguard Int-Tm Inv;Adm	VFIDX	28,206.4	0.1	1.3	1.7	3.5	3.6	5.4
JPMorgan:Core Bond;I	WOBDX	27,564.1	-0.04	1.0	0.4	2.5	2.3	4.5
BlackRock:Str Inc Opp;I	BSIIX	27,332.4	0.1	1.5	5.7	2.3	3.6	N.A.
Fidelity Total Bond	FTBFX	27,077.8	0.03	1.3	3.9	3.3	3.3	4.9
Vanguard Infl-Prot;Adm	VAIPX	26,424.7	-0.01	1.4	1.5	2.0	1.0	4.1
Vanguard GNMA;Adm	VFIJX	25,538.8	–0.1	0.3	0.4	2.8	2.0	4.4
Fidelity Srs Inv Gd Bd	FSIGX	23,531.0	0.01	1.2	2.4	3.0	2.8	N.A.
iShares:TIPS Bd ETF	TIP	22,731.0	–0.1	1.2	1.4	1.9	0.9	4.1
Vanguard HY Corp;Adm	VWEAX	22,367.2	–0.2	2.3	11.2	4.6	6.2	6.4
Vanguard ST Corp Bd;ETF	VCSH	21,039.5	0.1	1.0	1.8	2.0	2.3	N.A.
Pru Tot Rtn Bond;Z	PDBZX	20,422.1	0.1	1.8	3.4	3.7	4.0	5.9
BlackRock:HY Bd;I	BHYIX	19,224.0	-0.02	2.8	15.1	4.1	7.0	7.2
Vanguard ST InPS Idx;Ins	VTSPX	18,650.5	0.2	0.7	1.6	0.6	N.A.	N.A.
iShares:iBoxx $HY Corp	HYG	18,594.5	–0.3	2.2	13.4	3.0	5.3	N.A.
American Funds HI;A	AHITX	17,406.4	–0.1	2.7	16.2	2.8	5.1	5.4
iShares:US Pref Stk	PFF	17,212.8	0.6	5.1	5.3	5.8	6.1	4.3
WA Core Plus Bond;I	WACPX	17,031.0	0.4	1.9	4.1	4.3	4.1	5.6
Vanguard Lg-Tm Inv;Adm	VWETX	14,742.4	–0.8	1.4	2.4	6.0	5.8	7.2
Oppenheimer Sen Flt;Y	OOSYX	14,548.6	–0.1	1.3	13.2	3.9	4.9	4.5
Loomis Sayles:Bond;Inst	LSBDX	13,918.0	0.1	3.4	9.3	2.1	4.6	6.0
Vanguard Int Crp Bd;ETF	VCIT	13,854.8	-0.01	1.5	2.7	4.0	4.2	N.A.
Baird Core Plus Bd;Inst	BCOIX	13,281.5	0.04	1.2	2.8	3.4	3.4	5.4
JPMorgan:High Yield;I	OHYFX	13,220.5	–0.3	2.3	13.7	3.6	5.9	6.5
American Funds Intm;A	AIBAX	13,155.3	0.1	0.7	0.04	1.3	1.1	2.3
DFA 5-Year Gl Fixed;I	DFGBX	12,771.5	0.1	0.8	0.2	2.0	1.9	3.3
SPDR Bbg Barclays HY Bd	JNK	12,720.9	–0.3	2.3	14.8	2.3	4.9	N.A.
Van Instl IT;Inst Plus	VIITX	12,716.8	–0.1	0.2	–0.1	N.A.	N.A.	N.A.
JPMorgan:Str Inc Opp;I	JSOSX	12,417.6	–0.2	1.4	9.4	2.5	3.3	N.A.
American Funds CWBd;A	CWBFX	12,245.5	0.5	2.4	–0.6	–0.3	0.7	3.2
PIMCO:Short-Term;Inst	PTSHX	11,789.4	0.1	0.6	3.5	1.6	1.6	2.3
iShares:1-3 Cr Bd ETF	CSJ	11,323.7	0.1	0.6	1.3	1.2	1.3	2.8
Baird Aggregate Bd;Inst	BAGIX	11,261.3	0.01	1.0	1.5	3.2	3.4	4.7
PIMCO:High Yield;Inst	PHIYX	11,231.3	–0.2	2.4	12.2	4.4	6.2	6.5
Lord Abbett Flt Rte;F	LFRFX	11,126.0	–0.2	0.9	9.1	3.7	4.8	N.A.
Fidelity Capital & Inc	FAGIX	11,124.4	–0.3	4.1	14.6	5.5	7.5	7.7
iShares:1-3 Trs Bd ETF	SHY	11,066.4	0.1	0.2	0.1	0.6	0.5	1.9
MainStay:Hi Yld Crp;I	MHYIX	10,816.8	–0.3	2.1	15.3	4.8	6.5	6.3
Bridge Bldr:Core Bond	BBTBX	10,790.4	0.02	1.0	1.2	3.0	N.A.	N.A.
PIMCO:Real Return;Inst	PRRIX	10,787.3	0.1	1.9	2.7	1.7	1.0	4.5
Natixis:LS Str Inc;Y	NEZYX	10,719.6	-0.02	3.3	10.2	2.1	5.4	6.4
Fidelity Float Rate HI	FFRHX	10,511.1	0.1	1.0	9.4	3.0	3.6	3.8
iShares:MBS ETF	MBB	10,220.0	unch.	0.4	–0.2	2.5	1.8	3.8
PIMCO:Inv Grd Crp;Inst	PIGIX	10,135.9	0.4	2.4	6.0	5.0	5.5	7.5
T Rowe Price HY	PRHYX	10,008.5	–0.1	2.5	14.2	4.0	6.6	6.8
Pru Sht-Tm Corp Bd;Z	PIFZX	9,998.2	0.04	0.8	1.9	1.9	2.2	4.0
Lord Abbett Bond-Deb;A	LBNDX	9,997.1	–0.1	2.7	13.5	4.8	6.5	6.5
Vanguard Lg-Tm Bd;Inst+	VBLIX	9,806.2	–0.6	1.8	0.9	5.5	4.9	N.A.
TCW:Total Return Bond;I	TGLMX	9,655.3	0.1	0.8	0.3	2.6	4.0	6.3
iShares:JPM USD EM Bd	EMB	9,278.6	0.3	3.8	8.1	5.5	4.9	N.A.
Fidelity Inv Grade Bond	FBNDX	9,206.4	–0.1	1.1	3.2	2.8	2.8	4.0
BlackRock:Tot Rtn;Inst	MAHQX	9,173.1	0.01	1.2	2.1	3.4	4.1	N.A.
Fidelity Str Adv Sht Dur	FAUDX	9,093.4	0.1	0.5	1.9	1.0	1.1	N.A.
American Funds Govt;R-6	RGVGX	9,067.3	0.3	1.0	–0.5	2.4	1.8	N.A.
PIMCO:Low Dur;Inst	PTLDX	9,058.4	0.1	0.5	1.9	1.1	1.7	3.4
Janus Flexible Bond;I	JFLEX	9,015.3	–0.1	0.9	1.3	2.2	2.9	N.A.
PowerShares Senior Loan	BKLN	8,874.9	–0.2	0.5	7.3	2.0	3.4	N.A.

*Annualized N.A.=not applicable, fund is too new


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NEWS CHALLENGE: FUNDS AND INVESTING

Test Your Smarts...on Bitcoin

BY ROB CURRAN

AS THE WORLD'S monetary systems teetered on the edge in late 2008, some computer whizzes sought a digital solution. As Lehman Brothers lay dying, a math-based, completely digital means of exchange known as bitcoin was born.

A few months after the white paper that defined it, bitcoin went quietly into operation. As with the internet itself, bitcoin's first adopters were mostly the highly computer-literate and the highly criminal, followed by speculators. The image of the "digital gold" was first tarnished by association with online drug bazaars such as Silk Road and a massive theft called Mt. Gox, and later by price crashes.

This year, bitcoin returned to the headlines. Its dollar-denominated price hit a record in March amid speculation that the Securities and Exchange Commission would approve a bitcoin exchange-traded fund. In March, the SEC ruled against it, then rejected another ETF, from lower-profile firm SolidX, citing the same concerns about the lack of transparency and regulation in bitcoin markets. But bitcoin's price remains above $1,000.

Even without the ETF, investors are enticed by bitcoin's record run and a sense that, nearing its 10th birthday, the cryptocurrency is here to stay. But how much do you know about bitcoin? Let's find out:

DAVID GRAY/REUTERS

FROTHY CURRENCY? Bitcoin was accepted at a Sydney, Australia, bar in 2015.

1. *Who, or what, is known by the words Satoshi Nakamoto?*

A. The pseudonym of the individual who invented bitcoin.
B. A California computer engineer who might have played a role in the invention of bitcoin, but denies it.
C. A collection of computer scientists that jointly launched bitcoin.
D. Nobody really knows, but possibly all of the above.

ANSWER: D. Bitcoin's inventor has scrupulously remained behind a pseudonym that he or she uses for public statements. There have been multiple people fingered as "the" Satoshi Nakomoto, but none conclusively. And nobody has made a public statement under that name for years.

2. *In the world of bitcoin, what is the blockchain?*

A. The company that owns bitcoin.
B. The software on which bitcoin works.
C. A chunky gold necklace popularized by Mr. T.
D. The time-stamped ledger that records all bitcoin transactions.

ANSWER: D. Whatever happens with the value of bitcoin, the blockchain will be remembered as the most significant innovation in finance in the past couple of decades. The blockchain is what IBM, which sells a version of it for commercial accounting, has called a "shared, distributed ledger." It is like a massive version of one of those collaborative Excel spreadsheets that anyone in the office can jump aboard.

3. *What, according to Satoshi Nakamoto's October 2008 white paper, is bitcoin made of?*

A. Digital signatures.
B. Internet cloud particles.
C. Pixels. D. Silicon.

ANSWER: A. What you buy is effectively two sets of numbers. One is a private key, the number that only you—the new owner of the bitcoin—can know, and the other is the public key, which is the address of your wallet, much like a PayPal address. To send your bitcoin to someone else, you sign with your private key.

4. *Which of these had the biggest percentage gains in 2016?*

A. The S&P 500 index.
B. Shares of detention-center operator CoreCivic.
C. Bitcoin. D. Copper.

ANSWER: C. Bitcoin's five-year chart is as zigzag as they get, with a gentle slope leading to a peak in 2014 (around $1,200), and then a drop during 2015 and 2016 to as low as $170 before a rally in late 2016 and early this year back above $1,300.

5. *Who had a bitcoin-ETF application rejected by U.S. regulators?*

A. Mark Zuckerberg.
B. Satoshi Nakamoto.
C. Cameron and Tyler Durden.
D. Tyler and Cameron Winklevoss.

ANSWER: D. The Winklevosses won a large settlement from Facebook in 2010 and sunk a large amount of the winnings into bitcoin and bitcoin projects. The twins filed for SEC approval of their fund in 2014. On March 10, the SEC rejected the ETF on the grounds that there were no regulated exchanges. "It sort of feels like they're putting the ETF in a Catch-22 situation," says Jesse Powell, CEO of bitcoin exchange Kraken. "where to be traded on a regulated exchange you have to be traded on a regulated exchange."

6. *What is Bitcoin Investment Trust and what happened after the SEC ruling?*

A. The Winklevosses' next ETF.
B. An ETF-like fund that trades over the counter on the Pink Sheets.
C. An exchange-traded note that trades on the Nordic Nasdaq.
D. Warren Buffett's bitcoin company.

ANSWER: B. A funny thing happened on the way to the SEC's rejection of the ETF: The longstanding Bitcoin Investment Trust started acting more like the de facto ETF that some people had predicted it would be all along. The fund averted SEC oversight with an unorthodox design in which primary shares are issued only to high-net-worth investors who must hold them for a year and then sell only on the Pink Sheets. The structure caused dissonance between the price of bitcoin and the fund's shares. But as trading in the fund grew ahead of the anticipated Winklevoss launch, the spread between bitcoin and the shares on the electronic Pink Sheets narrowed.

7. *In bitcoin nomenclature, what is a hard fork?*

A. 10,000 bitcoin.
B. Potential split in the bitcoin network.
C. A method of storing bitcoin.
D. German potato delicacy with a crust that's difficult to penetrate with a fork.

ANSWER: B. Michael Moro, chief executive of bitcoin market maker Genesis Trading, says everyone in the bitcoin network would like to tweak the underlying software to speed up transactions, which were once instant but have slowed because of high demand. There's a divide on how to get there, says Mr. Moro. Miners—the independent programmers who solve the math riddles embedded in bitcoin transactions—want to update software unilaterally so they can process more transactions simultaneously. Software developers and bitcoin users and owners want to solve the problem in a way that's not so potentially lucrative for miners.

8. *What will happen in 2140 if bitcoin markets keep growing at this pace?*

A. The Winklevoss twins will be the world's richest men.
B. Bitcoin will stop working.
C. Miners will start their own ETF.
D. The last bitcoin will be created by miners.

ANSWER: D. When Satoshi Nakomoto launched bitcoin, it had a circumscribed size limit. To prevent the miners from eroding the value of the currency, the reward for "solving a block" of bitcoin would be halved every four years or so. It is now at $12.50 a block. In about 123 years, the rewards will dry up completely.

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