THE WALL STREET JOURNAL.

DOW JONES | News Corp ****** MONDAY, MARCH 5, 2018 ~ VOL. CCLXXI NO. 52 WSJ.com ★★★★ $4.00

Last week: DJIA 24538.06 ▼ 771.93 3.0% NASDAQ 7257.87 ▼ 1.1% STOXX 600 367.04 ▼ 3.7% 10-YR. TREASURY ▲ 5/32, yield 2.855% OIL $61.25 ▼ $2.30 EURO $1.2321 YEN 105.74

What's News

Business & Finance

Trump officials are pushing back against executives and America's trading partners over steel and aluminum tariffs. **A1**

◆ **Ride-sharing** companies are using money from SoftBank to face off with each other. **A1**

◆ **The stock-market** rally is at a crossroads, reflecting fears that Trump administration trade restrictions could threaten global economic expansion. **B1**

◆ **Beijing set** a target for economic growth for 2018 at about 6.5%, and its military budget will grow by 8.1%, up from 7% in 2017. **A9**

◆ **Qualcomm** shareholders are expected to decide on directors nominated by Broadcom, which has pursued the chip company. **B1**

◆ **Albertsons and** Rite Aid are bringing on retail veteran Jim Donald to steer the chains through their $24 billion merger. **B3**

◆ **Investors have lost** more than $700 million this year in hacks of two major cryptocurrency exchanges. **B8**

◆ **Oil prices** climbed back from early losses to settle higher as prices reacted to moves in the dollar. **B8**

World-Wide

◆ **Europe's year** of electoral showdowns has ended with the establishment weakened in Germany, where a new bipartisan governing pact was sealed, and battered in Italy, where EU-skeptic parties won half the vote. **A1, A6**

◆ **McMaster** is working with strained alliances inside and outside the White House, restricting his ability to craft security strategy. **A5**

◆ **Trump's effort** to devise a plan for Middle East peace has yet to materialize and faces an array of obstacles before it has been unveiled. **A7**

◆ **China** is emerging as a massive creditor to its economic allies, leaving many countries financially vulnerable. **A8**

◆ **GOP-affiliated** groups have poured $9.1 million into helping Pennsylvania's Saccone win a House seat. **A4**

◆ **South Korea** will send its top national security adviser to Pyongyang to discuss ways to facilitate dialogue between the U.S. and North Korea. **A8**

◆ **Saudi Arabia's** crown prince is going on the road to persuade allies that his plans for the kingdom will bring stability to the region. **A7**

Journal Report

Prepare for Stock Volatility

Investing in Funds & ETFs, R1-10

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Royal Runway for Rollout of Saudi Leader's Mideast Plans

THE EGYPTIAN PRESIDENCY/REUTERS

RED CARPET: Saudi Crown Prince Mohammed bin Salman, left, was greeted in Cairo on Sunday by Egypt's president, Abdel Fattah Al Sisi. The trip is part of the crown prince's efforts to persuade allies that his plans for the kingdom will bring greater stability to the region. **A7**

Officials Beat Back Warnings On Tariffs

Trump administration officials are pushing back against overseas officials opposed to planned steel and aluminum tariffs and U.S. executives who warn the move could undermine a strengthening American economy.

*By **Andrew Tangel, Harriet Torry** and **Mike Colias***

Manufacturing executives who use the metals to make beer cans, cars, refrigerators and other goods warn of price surges, shortages and retaliatory trade barriers on U.S. exports if the administration follows through on the plan, announced Thursday, to impose 25% tariffs on imported steel and 10% duties on imported aluminum. They also complain that a lack of detail about President Donald Trump's plan has injected unknowns into their business planning.

"It's the uncertainty that has many people concerned," said John Hayes, chief execu-

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◆ David Harrison: Tariffs' risk to infrastructure plan........ A2
◆ China glut splits trade alliances........ A2
◆ Steel town welcomes president's proposal........ A3
◆ Stock rally's inevitability fades........ B1

Votes Further Fray Europe's Center

Italian election, German coalition deal reflect wider dissatisfaction with establishment

By Marcus Walker

ROME—Europe's months of electoral showdowns between mainstream and populist parties have ended with the establishment weakened in Germany and defeated in Italy—and trouble brewing for both countries.

A new bipartisan governing pact sealed Sunday in Germany could further fuel voter discontent with longtime incumbents in the European Union's most important country, potentially sapping Chancellor Angela Merkel's authority in what is expected to be her final term.

Germany's center-left Social Democrats said rank-and-file members had approved joining a coalition led by Ms. Merkel's conservative Christian Democrats. The country is expected to have a new government by mid-March, ending an unprecedented political paralysis since September's national elections, when a fragmented vote exposed a decline in support for traditional parties.

Meanwhile antiestablishment, EU-skeptic parties won about half the vote in Sunday's parliamentary elections in Italy, leaving the shape of the next government murky. Backlashes against immigration, the euro's fiscal constraints and politicians decried as corrupt boosted support for populists such as the antiestablishment 5 Star Movement

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◆ No victor emerges in Italian parliamentary vote........ A6
◆ In Germany, Merkel's fourth term likely to be her last... A6

'The Shape of Water' Is Top Film

MARK RALSTON/AGENCE FRANCE-PRESSE/GETTY IMAGES

OSCAR NIGHT: 'The Shape of Water,' directed by Guillermo del Toro, right, won best picture at the 90th Academy Awards on Sunday. **A11**

China's Geely Emerges as Competitive Global Car Maker

Once derided as cheap, company capitalizes on its purchase of Volvo

*By **Trefor Moss** in Shanghai and **William Boston** in Gothenburg, Sweden*

Two decades ago, technicians at a little-known Chinese motorcycle company called Geely launched their quest to start building cars by stripping down their boss's beloved Mercedes-Benz, piece by piece.

They were unable to put Li Shufu's Mercedes back together again. But they did figure out how to make the company's first automobile, the 1996 Geely No. 1, a Mercedes knockoff.

Studying Mercedes is once again central to Geely's strategy. Mr. Li announced Feb. 24 that he had snared a 9.7% stake in Mercedes parent Daimler AG worth around $9 billion, making him the German auto maker's biggest shareholder.

The move takes Hangzhou-based Zhejiang Geely Holding Group Co. one step closer to becoming China's first global auto maker. China manufactures more cars than anywhere else, but no Chinese company has yet succeeded in making a car good enough to compete on the world stage. Geely, thanks to its

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◆ Bumpy ride opens European auto show........ B2

Surprise! Your City Has a Flag And It's Really Terrible

* * *

Milwaukee's 'hot mess' of a banner is getting a redesign; 147th place out of 150

By Jim Carlton

MILWAUKEE—Defenders of the Milwaukee city flag love its picturesque collage of factories, Lake Michigan, a church, giant barley stalk, clock tower, steamship, sports stadium, Indian chief and genie's lamp.

The offending flag

Haters point to the same things.

"It's a hot mess," said flag-obsessed designer Roman Mars, in a TED talk critique that drew more than three million views on YouTube.

The North American Vexillological Association, which tracks flags, ranked Milwaukee's 147th worst out of 150 cities surveyed. Only three were worse: Rapid City, S.D., Huntington, W.Va., and Pocatello, Idaho.

"Nothing can quite prepare you for one of the biggest train wrecks in vexillological history," Mr. Mars said of Milwaukee's flag.

Stung by the criticisms, Milwaukee set out to overhaul a municipal symbol that many residents learned about only after it became the target of ridicule.

Graphic designer Steve Kodis is ready to plant the "People's Flag of Milwaukee," a gold and navy banner with a white orb and three blue lines,

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KENNETH BACHOR/WSJ

YOU'RE BEING TRACKED, AND HACKERS LOOM

BUSINESS & FINANCE, B1

BLOOMBERG NEWS

IS CANADA A NATIONAL SECURITY RISK?

OPINION, A15

Uber, Rivals Battle Using Softbank Cash

SoftBank Group Corp., the world's biggest technology investor, has poured some $20 billion into ride-sharing companies around the globe, including Uber Technologies Inc.

*By **Newley Purnell** in New Delhi and **Mayumi Negishi** in Tokyo*

Now, those companies are spending at least some of SoftBank's money to battle each other.

In Japan, Uber is gearing up to fight China's Didi Chuxing Technology Co., which is planning to enter the market after an investment by SoftBank of around $10 billion.

In India, Uber is facing off with local champion ANI Technologies Inc.'s Ola, in which SoftBank has about a 30% stake and a board seat. SoftBank invested $7.7 billion in Uber for a 15% stake this year.

Uber and Ola are also grappling in Australia, where Ola started operations in February. In Southeast Asia, Uber is trailing Singapore's Grab Inc., whose president joined from SoftBank in 2016 after its $750 million investment in the company.

"If you're going to do business with SoftBank, you just have to get used to sometimes their doing business with the competition," Uber Chief Executive Dara Khosrowshahi said during a visit to Tokyo in February to meet with regulators and business partners. SoftBank's goal is to have the start-ups it invests in help each other, in what Mr. Khosrowshahi described as "the SoftBank family."

The idea, according to people familiar with SoftBank founder Masayoshi Son's thinking, is these companies can cooperate on research and development and seek joint ventures as the world moves

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U.S. NEWS

THE OUTLOOK | By David Harrison

Steel Tariffs Put Wrench in Infrastructure Plan

President Donald Trump burnished his tough-on-trade image last week by declaring he would impose tariffs on U.S. steel and aluminum imports. But the move could undermine another part of his "America First" economic agenda: Rebuilding U.S. infrastructure.

Tariffs on imported aluminum and steel could drive up the cost of infrastructure investments, accentuating price pressures already brought on by a growing global economy.

Over the past year, an improved economic outlook around the world has raised demand for globally traded products used in construction, such as oil or steel. Higher demand in the U.S., meanwhile, has propped up prices for concrete and other materials, making it more expensive to build roads, bridges, schools and other facilities when U.S. infrastructure is rapidly aging.

The Labor Department's producer-price index for goods used in construction industries—which include asphalt, concrete, diesel fuel and other materials—was up 4.9% year-to-year in January. In November, prices were up 5.6% on an annual basis, the steepest increase in seven years. A separate producer-price index for steel-mill products was up 7.8% in 2017, according to the Labor Department.

Those gains top overall economic growth—2.5% in the fourth quarter from a year earlier—and consumer price inflation, which stood at 2.1% in January over the previous year.

"It's an indication that industrial demand is picking up both domestically and globally," said Ken Simonson, chief economist at Associated General Contractors, an industry group.

Right now economists don't expect proposed tariffs to have a big impact on the broader $19.7 trillion U.S. economy. Steel and aluminum together account for just 1.6% of U.S. imports and 0.2% of economic output, according to UBS economists. The impact could become more severe if tariffs spark a broader trade war. Even if limited to metals, construction industries could be especially exposed, said Gregory Daco, chief U.S. economist at Oxford Economics.

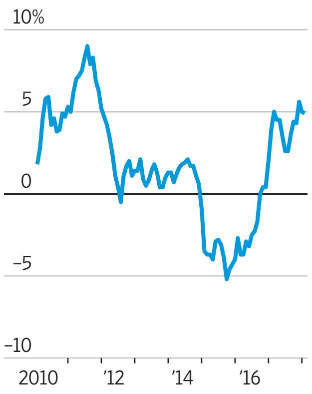
The American Iron and Steel Institute estimates that 43% of U.S. steel consumption goes to the construction industry. In 2005, the latest figures available, the Transportation Department estimated highway construction uses 56 tons of steel for every million dollars in project costs.

"The problem is that the steel-producing sector is a small share of the economy while steel consumption is present almost across the board," he said.

After President George W. Bush imposed steel tariffs in 2002, wholesale prices for primary metals in the U.S. went from near 4% deflation to 4% inflation, according to Labor Department data. The tariffs were responsible for a 3% increase in costs and were "extremely disruptive to U.S. firms that rely on steel imports to make consumer goods," concluded a 2003 review of Mr. Bush's move by the Peterson Institute for International Economics. Mr. Bush reversed the tariffs in 2003.

Rising Costs

Producer price index for goods used in construction industries, change from a year earlier



Source: Labor Department

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The Trump administration has proposed spending $200 billion to pay for more than $1 trillion over a decade in infrastructure projects using matching funds from state and local governments or the private sector.

"When you talk about any increase in project costs or materials prices when you don't have revenue sources that are keeping pace with those project costs, you're ultimately going to be able to perform less work," said Alison Premo Black, chief economist at the American Road and Transportation Builders Association.

Adding tariffs on top of the existing price pressures could make new state and local projects less likely, said David Stueckler, president and chief executive of Linbeck, a construction firm in Houston.

"We are equipped to deal with normal levels of price fluctuations but something like a tariff could put increases into the range that are very difficult for us or owners to deal with," he said.

In Tarrant County, Texas, officials have spent the past two years cultivating public support for an $800 million bond issue to finance a new public hospital while watching nervously as rising construction costs threatened to push up the building's price tag, said Roy C. Brooks, a county commissioner.

Steel tariffs could also hurt energy producers and the administration's goal of U.S. energy independence, industry groups say. Much of the steel used in pipelines is imported and domestic manufacturers don't produce enough to meet the industry's need, the Association of Oil Pipe Lines said.

The housing industry, meanwhile, is grappling with tariffs on softwood lumber imposed last year that could boost home prices this year. Lumber futures have hit records on the Chicago Mercantile Exchange. The National Association of Home Builders estimates the tariffs will result in about 9,400 construction jobs lost while raising the price of the average single-family home by $1,360.

China Glut Tests Trade Alliances

President Donald Trump's plan to impose steep tariffs on steel and aluminum imports is inflaming an argument between the U.S. and allies over how best to counter their shared challenge: confronting China's massive industrial overcapacity flooding global markets.

*By **Jacob M. Schlesinger** in Washington, **Emre Peker** in Brussels and **Bob Tita** in Chicago*

Mr. Trump and leaders across Europe, North America, and Asia agree that Chinese overproduction—fueled by Beijing's state-driven capitalism and heavy subsidies—is the root of the problem plaguing the global metals industry.

But in seeking to wall off the U.S. from the direct and indirect impact of China's exports, Mr. Trump's approach imposes more immediate pain on potential allies than it does on China itself, and complicates efforts at a coordinated response.

British Prime Minister Theresa May made that case to Mr. Trump in a Sunday call, "noting that multilateral action was the only way to resolve the problem of global overcapacity in all parties' interests," her spokesman said.

That intensified a trans-Atlantic war of words over the weekend, with Mr. Trump tweeting a threat to slap new taxes on European cars in response to a European threat to block U.S. exports of motorcycles, denim and bourbon.

Trump aides say that, while Chinese overcapacity may be the source of the industry's woes, their immediate priority is protecting U.S. manufacturers against all foreign competition, whether those producers are culprits or fellow victims.

"It doesn't matter who is sending us this product, the fact is if we keep receiving it the way we are, we're not going to have an aluminum industry, we're not going to have the steel industry," Peter Navarro, a White House trade adviser, told Fox News on Sunday.

The global steel and aluminum industries have been among those hit hardest by growth in Chinese exports since Beijing joined the World Trade Organization in 2001.

In 2016, China accounted for 49% of global steelmaking capacity, according to the Organization for Economic Cooperation and Development, up from 15% in 2000. Chinese aluminum smelter capacity similarly jumped from 5.4 million tons in 2002 to 41 million tons at the end of 2016, according to China's statistics bureau.

Washington responded by repeatedly slapping steep duties on Chinese products, curbing their share of the U.S. market. In 2017, China was the 11th-largest steel exporter to the U.S., supplying just 2% of imports, according to a Commerce Department study used to shape the new tariff policy. China was the second-largest foreign aluminum seller to the U.S., shipping 11% of imports—but well behind No. 1 Canada, the source of 41% of imports.

Industry executives and Trump officials say those numbers don't capture the full picture, arguing that Chinese producers "transship" product through other countries, who then sell to the U.S.—hence the need for the global tariffs to ensure full protection against the impact of Chinese overcapacity.

But Mr. Trump's attempt to save U.S. producers from the Chinese glut risks aggravating the problem for the European Union, steelmakers there fear. The bloc already has 53 measures in place on steel and iron products, 27 of which target China, and said Friday that it would monitor markets "very closely" to determine whether more safeguards are needed.

CHINATOPIX/ASSOCIATED PRESS

A flood of Chinese steel and aluminum have hammered global markets since Beijing joined the World Trade Organization in 2001.

IMPACT

Continued from Page One

tive of Ball Corp., a major producer of beverage cans and metal food packaging with about 9,000 U.S. workers. "We don't know what products it's on. We don't know from which countries it's on. We don't know how it's going to be implemented."

The administration's most prominent trade hawks took to the airwaves Sunday to play down concerns. They said the U.S. would apply steel and aluminum barriers expansively, leaving no country exempt.

"The notion that it would destroy a lot of jobs, raise prices, disrupt things, is wrong," Commerce Secretary Wilbur Ross said on ABC. He said the tariffs would be valued at $9 billion, a fraction of overall U.S. economic output, which is $19 trillion a year.

The TV appearances capped a weekend of sparring between the U.S. and its trading partners. Mr. Ross dismissed a European Union threat to impose penalties on $3.5 billion of U.S. exports including Harley-Davidson motorcycles, bourbon and denim as a "rounding error." Mr. Trump took to Twitter to say he might push for a tax against European-built cars if the EU retaliates against the steel duties.

Hans Jürgen Kerkhoff, president of the German Steel Federation, said that if the EU doesn't act to head off what he sees as a potential steel glut, "our steel industry is going to be left footing the bill for American protectionism."

The administration is expected to release details of the plan this week, or possibly next. While Mr. Ross and White House trade adviser Peter Navarro said no country would be exempt from the duties, they weren't definitive on the point. Mr. Navarro also suggested some companies might be able to apply for exemptions on some products scarcely made in the U.S.

"There will be an exemption procedure for particular cases where we need to have exemptions so that business can move forward," Mr. Navarro said on CNN.

Many U.S. parts makers fret that the plans could send their business overseas if tariffs drive up domestic prices and fuel inflation for the raw materials they need. They also fear tariffs could have unintended consequences, eventually diverting business away from U.S. steelmakers and shifting manufacturing abroad.

"It's just a terribly disruptive move," said P.J. Thompson, president of Trans-Matic Mfg. Co. in Holland, Mich., which fashions steel into parts sold to auto makers and other manufacturers. "I don't think he's trying to hurt us," Mr. Thompson said, referring to the president. "He's pursuing something other than what economic reality is."

The sheer size of the U.S. economy means the tariffs, by themselves, would have a modest impact on major indicators like growth or the inflation rate, said Seth Carpenter, chief U.S. economist at UBS. Steel and aluminum account for about 1.6% of imports and 0.2% of gross domestic product.

But discrete sectors could be affected, and fallout could reverberate if U.S. trade partners retaliate and Washington responds in turn.

A study last year by NERA Economic Consulting found that a tariff on aluminum imports of 7%, slightly below the 10% tariff Mr. Trump has proposed, would increase aluminum-sector employment by 1,000 jobs annually and boost aluminum output by $850 million a year. But the dent to supply and higher cost to consumers and industries would cause employment in other industries to decline by 22,600 jobs, and total output to decline by $5 billion a year, the study found.

The U.S. has run the experiment on steel tariffs before. In March 2002, President George W. Bush imposed sweeping tariffs and quotas on a range of steel imports before dropping them in late 2003. The tariffs were responsible for a 3% increase in steel prices and were "extremely disruptive to U.S. firms that rely on steel imports to make consumer goods," concluded a 2003 review by the Peterson Institute of International Economics.

A 2003 study by research firm Trade Partnership Worldwide estimated that higher steel prices cost 200,000 steel-consuming jobs that year, largely in manufacturing.

Wes Smith, owner of E&E Mfg. Co., a 700-employee Plymouth, Mich., supplier of metal stampings used in the auto industry, worries about a repeat of 2002. His customers—car makers and other large auto suppliers—were reluctant to absorb any of the cost increase or pass it on to customers, and he worries some could look to Canada or Mexico for cheaper options. "Until we see the particulars, nobody knows," he said.

U.S. manufacturers for more than a year have ramped up hiring and production as they cheered Mr. Trump's moves to roll back regulations and overhaul the tax code.

"This is going to unfortunately throw some cold water on that momentum," said Jason Andringa, chief executive of Vermeer Corp., an Iowa maker of construction and agricultural equipment. "It's going to bring a dynamic of risk and volatility that we haven't had to deal with in a while."

Following the tariff announcement, Swedish home-appliance maker Electrolux AB said it was putting on hold a planned $250 million investment to modernize and expand a plant in Springfield, Tenn.

Domestic steel companies, on the other hand, would likely expand production to alleviate supply shortages caused by the tariffs, analysts said.

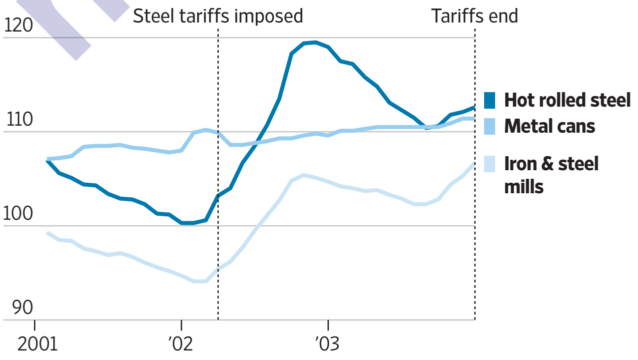
"I'm convinced there will be a great deal of investment in the industry," said Nucor Corp. Chief Executive John Ferriola.

—Rebecca Ballhaus, Josh Zumbrun and Bob Tita contributed to this article.

Steeled For Higher Prices

When the Bush administration imposed sweeping tariffs and quotas on a wide range of steel imports prices trended higher.

Producer-price index*



*Not seasonally adjusted

Source: Bureau of Labor Statistics

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CORRECTIONS & AMPLIFICATIONS

Scott Paul is president of the Alliance for American Manufacturing. A Page One article in some editions Saturday about President Donald Trump's tariff plans incorrectly said the organization's name was the Alliance for Manufacturing.

Readers can alert The Wall Street Journal to any errors in news articles by emailing **wsjcontact@wsj.com** or by calling 888-410-2667.

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An Aging Border Wall Gets an Upgrade

New, see-through barriers are replacing solid metal panels near Calexico, Calif.

By Alicia A. Caldwell

By mid-October, about 2 miles in the U.S. Border Patrol's El Centro sector will have a new, bollard-style barrier, part of a replacement project first proposed in 2009.

EARNIE GRAFTON/REUTERS

CALEXICO, Calif.—Along a dusty stretch of border, flanked by an outlet mall and farmland, a giant crane hoisted a 30-foot-high section of steel barrier and dropped it into a shallow trench last Wednesday.

The structure was one of the first new pieces of border wall put in place since the start of a lengthy construction project in February just west of the border crossing in downtown Calexico, a small, mostly Hispanic farming town.

The construction isn't part of President Donald Trump's long-promised wall with Mexico. Instead, the barrier is a replacement project first proposed by the U.S. Border Patrol in 2009 under the Obama administration, roughly a decade after the original fencing went up, according to David Kim, the Border Patrol's assistant chief patrol agent in the area.

By mid-October, roughly 2 miles in the Border Patrol's El Centro sector, which stretches for about half of the Mexican border in California, will have the new, see-through barrier.

Mr. Kim said the roughly $18 million project was funded by Congress last year. He said the project happens to be getting under way in the midst of Mr. Trump's continuing effort to build a wall along the Mexican border. "We want to make sure everyone knows what it is and what it isn't," Mr. Kim said.

While Mr. Trump's border-wall plan has drawn scorn from immigration advocates, environmentalists and some lawmakers, Enrique Morones, founder and director of the San Diego-based Border Angels, a nonprofit immigrant aid group, said the replacement fencing was little to worry about, since it was only replacing a barrier that was already there.

Lawmakers have yet to fund Mr. Trump's multibillion-dollar wall proposal, instead approving money primarily for repairs and replacement projects of existing barriers such as the one in Calexico, about 120 miles east of San Diego.

In New Mexico, existing vehicle barriers along the border will soon be replaced by new fencing in and around Santa Teresa, near the Texas state line.

California has become a flashpoint in the debate over the president's immigration policies, including his proposal to build a wall. The state has sued the administration multiple times challenging its immigration policies.

The wall proposal overcame a legal hurdle last Tuesday when a federal judge in San Diego gave the government the go-ahead to build along the border, despite complaints from environmental advocates and California. The groups sued last year, arguing the Trump administration didn't have the legal authority to bypass environmental and other regulations to build the barrier.

U.S. District Judge Gonzalo Curiel, whom Mr. Trump had criticized after the judge ruled against him in litigation involving Trump University, sided with the administration.

As part of Mr. Trump's border plan, eight border-wall prototypes were built last year in San Diego, and the president is expected to tour the mock-ups later this month.

California Attorney General Xavier Becerra, a Democrat, said the state would evaluate its options for continuing to fight Mr. Trump's proposal.

In a tweet, Mr. Trump called the ruling "a big victory," but said California wouldn't be getting any new wall until the entire project was funded.

In Calexico, construction crews manned heavy equipment last Wednesday, using the crane to maneuver the cement-filled, steel posts, which are fashioned together at both ends, into the ground.

Mr. Kim said the new barriers in Calexico are replacing solid metal panels that stood as high as 18 feet in some areas. But smugglers and border crossers have cut holes in them thousands of times, requiring near-constant repairs.

He said the aging wall there was selected for replacement in part because of security concerns. Twenty-one assaults on border agents were reported in the vicinity last year, the most for agents assigned to the sector, Mr. Kim said.

The new bollard-style barriers are likely to be harder to breach and will offer agents more security, because they will be able to see what and who is on the other side.

The Border Patrol has established a "First Amendment zone" for potential protesters, Mr. Kim said, but so far the area at the western edge of the project hasn't been used.

#MeToo Champion in California Faces Claims, Too

By Alejandro Lazo

When allegations of sexual misconduct by male lawmakers rocked California's capitol last year, an outspoken Latina legislator from a working-class corner of Los Angeles County emerged as a leading advocate for the #MeToo movement in Sacramento.

Now, Cristina Garcia, a prominent Democrat in the state Assembly, faces accusations of improper sexual behavior. It is a surprising turn in a statehouse that has been beset by scandal of late.

The allegations against the 40-year-old lawmaker, which were first reported by Politico, include an accusation that she groped one man at a softball game, propositioned a male subordinate to join her for a game of "spin the bottle" and fostered a workplace environment fueled with alcohol and frequent talk of sex.

Ms. Garcia has adamantly denied the allegations. She took a voluntary leave of absence on Feb. 9, while she faces an investigation by a legislative committee.

"In each case, these accusations are simply not true and are inconsistent with my personal value system and how I seek to conduct myself as an elected official," Ms. Garcia said in a statement.

RICH PEDRONCELLI/ASSOCIATED PRESS

Assemblywoman Cristina Garcia

She said she would cooperate fully with the investigation into her conduct.

Hers is one of the first instances of a powerful woman caught up in the wave of misconduct accusations that has swept across the political and business world in recent months.

Twelve legislators in seven statehouses, all of them men, have resigned since October due to allegations of sexual misconduct, according to a tally by the National Conference of State Legislatures.

The issue of workplace misconduct at the California statehouse exploded last year, when a public letter describing "pervasive" harassment in the state capitol gathered more than 300 signatures from women involved in California politics and business.

In the wake of the letter, two Democratic assemblymen and one Democratic state senator resigned over allegations of improper behavior.

Ms. Garcia, a former math teacher, first won her state assembly seat in 2012 and swiftly rose to prominence as a liberal champion of the environment and women's rights. In her five years in Sacramento, Ms. Garcia has written several bills aimed at curbing sexual harassment and assault, and improving the treatment of women.

Kevin Liao, a spokesman for Assembly Speaker Anthony Rendon, a Democrat, said the rules committee was investigating all of the allegations against Ms. Garcia.

Christine Pelosi, chair of the Women's Caucus of the California Democratic Party and the daughter of U.S. House Minority Leader Nancy Pelosi, called the accusations against Ms. Garcia "very serious."

State Sen. Connie M. Leyva, a Democrat and vice chair of the California Legislative Women's Caucus, said in a statement that she was committed to ridding the state capitol of sexual harassment.

"Anyone proven to have sexually harassed or assaulted another person, regardless of their gender, should be held accountable for their actions," she said.

Steel Town Welcomes President's Plan

By Kris Maher

KRIS MAHER/THE WALL STREET JOURNAL

Jim Johnston, the local union president, in front of Edgar Thomson Steel Works in Braddock, Pa.

BRADDOCK, Pa.—President Donald Trump's proposed tariffs on steel and aluminum imports have many economists and lawmakers worried about a coming trade war. But workers and others in this community, where steel has been made for well over a century, see a chance for more jobs and bigger paychecks.

Many details of the president's plan to levy a 25% tariff on steel imports and a 10% tariff on aluminum imports have yet to be announced. But steel-industry experts, union officials and workers generally believe the trade protections would give a big lift to the domestic steel industry. American auto and appliance makers, meanwhile, warn the tariffs could increase their costs as well as prices for consumers.

"Overall it's going to be great if we're able to compete against these other countries on a level playing field," said Jim Johnston, president of Local 1219 of the United Steelworkers in Braddock. He said workers have had a wage freeze since 2014, and added, "Hopefully better wages and benefits come from this."

Mr. Johnston, 36 years old, works at U.S. Steel's Edgar Thomson Steel Works, a sprawling complex along the Monongahela River east of Pittsburgh that has been churning out steel since Andrew Carnegie opened the plant in 1875.

David Burritt, U.S. Steel's CEO, hasn't said what the company would do after the tariffs take effect. A company spokeswoman referred to remarks Mr. Burritt made at the White House on Thursday, in which he agreed that so-called dumping—overseas companies selling steel at a below-market rate price or sometimes below the cost of production in the U.S.—was killing jobs.

In recent years, U.S. Steel has idled operations in Lorain, Ohio, and Granite City, Ill.

"Hopefully we can get Lorain and Granite City back up and running and some expansion in the" Mon Valley, a former steelmaking powerhouse, said Leo Gerard, president of the United Steelworkers.

Braddock has been hanging on, while many other steel towns outside Pittsburgh saw jobs disappear completely. Still, its population is just 2,100, down from a peak of about 20,000 in the 1920s.

"I'm glad U.S. Steel is here," said Tina Doose, president of the Braddock council, even though she said she worries about the health risks from the plant's emissions.

Beside empty storefronts, there are signs of rebirth in several restaurants, including Superior Motors, which has a rooftop greenhouse and apiary on the site. At Peppers N' At, which has been offering pierogies and 22 beers on tap for nearly a year and a half, owner Bob Portogallo said of the tariffs: "I don't have any opinion, except if it's good for the mill and the guys, it's good for us."

John Gornall, 40, a third-generation steelworker, said he voted for Mr. Trump partly because of his promise to steelworkers.

Some industry analysts cautioned that tariffs could end up hurting steelmakers, and they said uncertainty remains.

"Who would want to build a steel mill not knowing who is going to be president in three years when the steel mill is finished?" said Charles Bradford, a steel analyst in New York.

UBER

Continued from Page One

toward self-driving vehicles.

"If management at Uber, Didi or Grab were to talk with one another and come to an agreement, and in so doing raise shareholder value, we will study that," Mr. Son said at a news conference recently. "But we will not force them to do anything."

Venture capitalists say typically they are careful not to invest in companies that compete with each other, because doing so can sow distrust or raise concerns of conflict of interest. Also, the traditional view has been that it makes little sense to fund companies that might cannibalize one another's revenues.

SoftBank is breaking these rules in part because it has so much money that it is more like "a private-equity buyout firm that's looking to consolidate a market," said Vinnie Lauria, a founder of Golden Gate Ventures, a Singapore-based venture-capital firm.

Founded by Mr. Son in 1981, SoftBank began as a software distributor, investing in more than 1,300 companies. Its most famous investment was a $20 million bet in 2000 on a fledgling Chinese e-commerce firm, Alibaba Group Holding Ltd., which is now valued at about $140 billion.

With SoftBank heavily indebted from its large acquisitions of U.S. wireless carrier Sprint Corp. and U.K. chip designer ARM Holdings PLC, Mr. Son last year turned to outside investors to launch the $92 billion Vision Fund, the world's largest technology fund.

That giant war chest gives SoftBank more flexibility to make global long-term bets on industries such as on-demand transportation. SoftBank executives say they are willing to tolerate periods of infighting among their ride-hailing investments and are prepared to wait a decade or more for big payouts.

Eventually, the SoftBank executives say, one ride-hailing company will dominate in each region, and given the magnitude of each market these companies are unlikely to feel the need to expand further. Meanwhile, though, the executives say, they wouldn't mind more cooperation.

SoftBank has limited influence over strategy at the companies it invests in, however: It owns minority stakes and controls perhaps a board seat or two. But for Uber, Didi and the other startups, the extra cash from SoftBank means more firepower to continue battling as they search for global growth.

"While SoftBank may have an opinion, theirs is not the only opinion in the room," Uber's Mr. Khosrowshahi said recently during a meeting with reporters in New Delhi. He declined to comment on whether SoftBank was pushing Uber to merge with competitors.

In Japan, one of the few major markets still largely untouched by the global ride-hailing wave due to strict local rules, SoftBank's desired family ties are already fraying. SoftBank-backed Didi and Uber have hit upon similar strategies to tackle the Japanese market, setting the stage for a fight.

Uber currently is in Japan with Uber Eats and a black-cab deployment service. In February, Didi said it would form a joint venture with SoftBank to enter the market and introduce an app to connect riders with licensed taxis instead of regular cars.

Meantime, Mr. Khosrowshahi has said Uber will shift course to better tap opportunities in Japan's $16 billion taxi industry. "Clearly we needed a different way of doing business"—namely, "a partnership with the taxi industry," he said at an event in Tokyo in February.

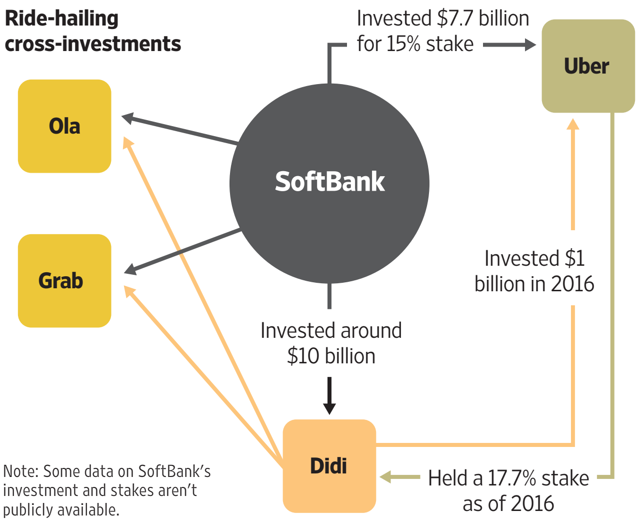
In India, Ola is concerned that SoftBank might push it to potentially combine business operations with Uber rather than remain independent, said people familiar with the matter. Ola was founded in 2011, two years before Uber's arrival in India. Last year, SoftBank participated in a $1.1 billion fundraising round in Ola led by China's Tencent Holdings Ltd., adding to smaller earlier investments.

Meanwhile, Uber is fighting Grab Inc., another SoftBank-backed opponent, for supremacy in Southeast Asia. Grab last year announced it was raising $2.5 billion in a round led by SoftBank and Didi. Founded in 2012, Grab operates in 178 cities across the region. Uber arrived in the region in 2013 and operates in more than 60 cities, an Uber spokesman said.

—Phred Dvorak in Tokyo contributed to this article.

Traffic Jam

SoftBank has invested in several ride-sharing companies, including a 15% stake in Uber, that are becoming competitors as they seek growth in Asia



Note: Some data on SoftBank's investment and stakes aren't publicly available.

Source: staff reports

THE WALL STREET JOURNAL.

Republicans Open Spigot For Special House Vote

By Joshua Jamerson

MT. LEBANON, Pa.—For Republicans, it's all hands on deck to help Rick Saccone win a special election for a U.S. House seat that is deep in Trump country.

GOP-affiliated groups—including the National Republican Congressional Committee, the House GOP's campaign arm; the Congressional Leadership Fund, a super PAC aligned with House Speaker Paul Ryan; the Republican National Committee; and two pro-Trump PACs, 45Committee and America First Action—have poured about $9.1 million into the Pittsburgh-area race, according to a Wall Street Journal analysis of data from the Center for Responsive Politics.

President Donald Trump has rescheduled a political rally to be held near the district just days before the March 13 vote.

Alarms went off at Republican groups when Mr. Saccone's Democratic rival, Conor Lamb, raised more money than he did. The Lamb campaign pulled in more than $3.8 million while Mr. Saccone has raised less than $1 million, according to public campaign filings released last week.

"If it was all about money, Hillary Clinton would be president and Jeb Bush would've been our nominee," Mr. Saccone said in an interview.

"Rick has never been a particularly prolific fundraiser," said Charlie Gerow, a longtime Republican strategist in Pennsylvania politics. But Mr. Saccone is still likely to win the race because he has benefited in previous elections by being underestimated by opponents, Mr. Gerow said.

Mr. Saccone and Mr. Lamb are running to succeed former Republican Rep. Tim Murphy, who announced his resignation late last year after it was revealed the antiabortion lawmaker asked a woman with whom he had an affair to consider terminating a pregnancy.

Mr. Lamb, 33 years old, is a Marine and a former federal prosecutor. Mr. Saccone, 60, is also a military veteran and currently serves in the state legislature.

The race is also important for Democrats, who need to flip 24 seats to gain a majority in the House this fall. They are targeting the 23 House Republicans whose districts backed Mrs. Clinton in 2016. If Democrats can pick off those 23 incumbents and add one district that backed Mr. Trump, they would get their majority and be in the position to stymie the president's legislative agenda. Mr. Trump beat Mrs. Clinton here by 19 points.

Mr. Lamb's campaign has sought distance from national media and Washington groups like the Democratic Congressional Campaign Committee, the House Democrats' campaign arm. The DCCC has spent about $312,000 on the race, according to the Center for Responsive Politics.

"As I got to know Conor better, he was really adamant about this being a local race, not a Washington race," said Rep. Mike Doyle (D., Pa.), whose district includes Pittsburgh.

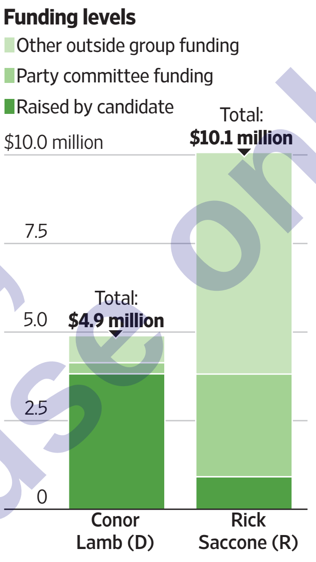
Mr. Lamb on Friday was working the room at a fish fry in Castle Shannon, Pa., where he met Meg Wilson of Bethel Park, a Republican who voted for Mr. Trump.

"I was impressed with him," Ms. Wilson said of Mr. Lamb, but added that negative ads stuck with her She said she was leaning toward voting for Mr. Saccone.

—Julie Bykowicz contributed to this article.

Funding Imbalance

In the special election for Pennsylvania's 18th Congressional District, Democrat Conor Lamb has raised more money than Republican Rick Saccone, but an inflow of outside funding gives Saccone a financial edge.



Source: Center for Responsive Politics

THE WALL STREET JOURNAL.

GOP Groups Link Lamb to Pelosi

Most of the outside spending on behalf of Rick Saccone has focused on attacking Democrat Conor Lamb as a pawn of House Democratic leader Nancy Pelosi.

It is a similar tactic that Republicans, and even some Democrats, believe helped sink Jon Ossoff in a special election in Georgia last year to fill a House seat. Republican Karen Handel won in the most expensive congressional race in U.S. history.

Last week, two paid canvassers knocked on doors in the district near Greensburg, Pa. They were targeting traditional Republican voters, leaving door hangers that read: "Stop Hillary. Stop Pelosi. Stop Lamb."

Democrats say a win for Mr. Lamb would show that attempts to attach Mrs. Pelosi to candidates may not always work.

Beleaguered McMaster Soldiers On

By Dion Nissenbaum And Gordon Lubold

EVAN VUCCI/ASSOCIATED PRESS

National security adviser H.R. McMaster listens during a meeting in the Oval Office on Feb. 2.

WASHINGTON—Even before he took the job last winter as President Donald Trump's national security adviser, Lt. Gen. H.R. McMaster had a target on his back.

He stepped into the role with lukewarm support from the president and outright resistance from high-ranking Trump loyalists who saw in Gen. McMaster the embodiment of the Washington status quo they were trying to upend.

Working under a constant cloud of innuendo that his days in the West Wing were numbered, Gen. McMaster through the year positioned himself as one of Mr. Trump's most hawkish allies in fractured debates on the president's top national-security challenges, including North Korea.

But that, in turn, has put Gen. McMaster at odds with other members of the national-security team, especially Secretary of State Rex Tillerson and Defense Secretary Jim Mattis, who have pushed for more measured approaches in policy debates, according to current and former Trump administration officials.

Now, Gen. McMaster is working with strained alliances both inside and outside the White House that have restricted his ability to craft national-security strategy in the Trump White House, the current and former officials said.

Hobbled in his ability to translate Mr. Trump's sometimes-unorthodox ideas into concepts acceptable to more cautious members of the national-security team, Gen. McMaster has been thrust into a precarious position, with persistent speculation he will be pushed out of his post as soon as the Pentagon finds a suitable new job for him or the White House settles on someone to take his place.

The military is actively looking for a new job for Gen. McMaster, but it could take time to find a suitable position, according to U.S. officials. And the search has been made more difficult in part by his advocacy on behalf of the president's views and actions. The White House is knocking back speculation that Gen. McMaster will be replaced sooner rather than later. "It's not a great fit," said one U.S. official, "but it fits for now."

'It's not a great fit,' said one U.S. official of the general, 'but it fits for now.'

While Gen. McMaster may have shallow support in some corners of the administration, he has won grudging praise even from some critics for bringing a sense of order to the National Security Council after the tumultuous month-long tenure of his predecessor, Mike Flynn, the retired Army general pushed out for misleading the White House about his talks with the Russian ambassador to the U.S.

Other U.S. officials believe Gen. McMaster has been miscast. He is doing an effective job at exploring and then providing a range of policy options to the president, and then helping Mr. Trump to implement that policy, they say. But he is sometimes undermined by those within the administration who don't agree with those decisions, these officials say.

"In general, I think H.R. has been slightly more hawkish on most questions than most cabinet members and, in that regard, he's aligned with the president's instincts," said Sen. Tom Cotton, the Arkansas Republican who has worked closely with Gen. McMaster and Mr. Trump to shape the administration's strategy for confronting Iran.

The issue that has brought the internal divisions to the forefront is North Korea, where Gen. McMaster has been a firm advocate for beefing up military options, according to administration officials.

Gen. McMaster has raised the idea of taking a "preventive" strike against North Korea's nuclear-missile program if diplomacy fails. And he has promoted the administration's "maximum pressure" strategy against Pyongyang.

That has created alarm at the Pentagon and State Department, where officials worry that Gen. McMaster's efforts could make it more likely that Mr. Trump would decide to strike North Korea.

Gen. McMaster also has alienated prospective allies in the military by directly calling combatant commanders around the world without first telling Mr. Mattis, U.S. officials said. This has been a particular source of friction in South Asia, where Gen. McMaster is seen by some to have undermined Gen. Joe Votel, head of U.S. Central Command, by reaching out directly to Pakistani leaders to convey a tougher administration message than the one favored by other members of the national security team, according to current and former U.S. officials.

U.S. Central Command wouldn't comment on Gen. McMaster's efforts in Pakistan.

U.S. WATCH

FIREARMS LEGISLATION

Schumer Proposes New Gun Measures

Citing the activism of students around the country, New York Sen. Chuck Schumer on Sunday announced legislative measures that he will introduce in the coming weeks in an effort to curb gun violence.

The first initiative calls for universal background checks, ensuring that no one with a felony conviction or who has been found to be mentally ill can buy a gun over the internet or at a gun show. Mr. Schumer, a Democrat, said at a news conference in Washington that he also would urge Congress to pass a law that would allow for protective court orders to temporarily take away firearms from an person who has shown a credible sign of harming themselves or others.

Finally, Mr. Schumer is asking for a formal debate on abolishing the sale of assault weapons. The Senate minority leader is seeking a floor vote on all three measures.

The proposals, noted Mr. Schumer, are timed to coincide with a March 24 student-led march in Washington in support of gun control and school safety.

"Young people are leading us. Thank God for that," he said.

A spokesperson for the National Rifle Association didn't respond to repeated requests for comment on Mr. Schumer's proposals. The powerful gun-rights group has been resisting calls for tightening gun laws.

—*Melanie Grayce West*

WEATHER

Atlantic Seaboard Emerges From Storm

Northeast and Mid-Atlantic utility crews raced to restore power Sunday to at least 750,000 customers as a strong weekend storm subsided.

Eversource Energy said it brought in out-of-state workers and private contractors to help fix outages in Massachusetts, and expected the majority of the work to be done by Tuesday night.

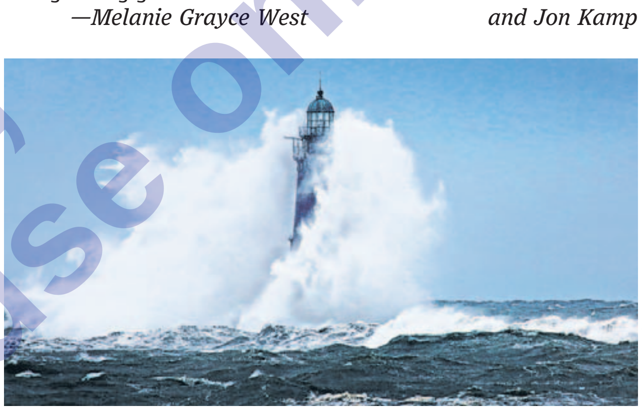
Utilities in other states said they are working round-the-clock to restore service but that some customers could remain without power until midweek.

Meanwhile, Amtrak said it expected to resume normal service between Boston and Washington on Sunday.

At least eight people died in the nor'easter, according to news reports and local officials. Falling branches and trees were responsible for many of the deaths.

As the East Coast recovered, heavy snow hit the Great Basin, Northern Rockies and Northern Plains on Sunday, with parts of the Dakotas and Nebraska under blizzard warnings. In California, avalanches disrupted ski resorts in the Sierra Nevada. At Tahoe's Squaw Valley Ski Resort, two people were injured in an avalanche Friday. Mammoth Mountain, a destination for Southern California skiers, closed Saturday after avalanche-mitigation work triggered a large snow slide. The slopes reopened Sunday.

—*Sara Randazzo and Jon Kamp*



GREG DERR/ASSOCIATED PRESS

Waves crashed against a lighthouse off the coast of Scituate, Mass., on Sunday as a nor'easter continued to batter the region.

No Winner Emerges in Italy Election

MIGUEL MEDINA/AGENCE FRANCE-PRESSE/GETTY IMAGES

Former Premier Silvio Berlusconi voted at a polling station in Milan on Sunday. His conservative coalition made a strong showing.

Populist parties win about half of votes, setting stage for period of instability

By Giovanni Legorano And Deborah Ball

ROME—Italy's national elections yielded no outright winner, initial projections showed, likely ushering in a protracted period of political instability and tension in the eurozone's third-largest economy.

Populist parties staged a strong showing on Sunday, winning about half of all votes cast, according to the polls, underscoring the depth of anger among Italians at the country's direction and the continued power of right-leaning populist parties in European politics.

If confirmed, the outcome could crack the door open to the possibility of an alliance between antiestablishment parties to form a new government.

A conservative coalition headlined by former Prime Minister Silvio Berlusconi was set to secure between 36.4% of the popular vote for the lower house, according to early projections by pollsters commissioned by state broadcaster RAI, giving it between 248 and 268 seats in the lower house out of 630. The projections were based on about a quarter of votes counted.

That would make the group—which also includes an anti-immigration party and a far-right group that traces its roots to Italy's fascist movement—the largest coalition in Parliament, but leave it short of an outright majority.

Meanwhile, the antiestablishment 5 Star Movement—one of Europe's largest populist parties—is set to emerge as the single-largest party, riding a powerful wave of discontent in Italy over a weak economy and anger with Italy's legacy politicians.

It was projected to receive 32.4% of the popular vote in the lower house, according to projections. That would give it between 216 and 236 seats in the lower house—far outstripping the 163 seats it won in both chambers in 2013.

A center-left alliance headed by the ruling Democratic Party trailed its rivals with just 22.9% of the popular vote for the lower house. Final results were due Monday morning.

If the results confirm a largely fragmented Parliament, that would likely lead to weeks or months of horse trading in an attempt to form a new government, with a likely battle emerging between 5 Star and the center-right coalition.

As the biggest single coalition, Mr. Berlusconi's alliance could demand the right to try to form a minority government that would rely on support from other parties for votes of confidence. Mr. Berlusconi can't immediately return as prime minister, as he is banned from public office until next year because of a tax-fraud conviction. But he has backed European Parliament President Antonio Tajani, a longtime ally, to become Italy's next premier.

Similarly, as the largest single party, the 5 Star Movement could also insist it be allowed to attempt to form a minority government.

Alessandro Di Battista, a 5 Star leader, described the result as a triumph. "Other political forces will now have to come talk with us," he said. "This will happen in the coming days and week."

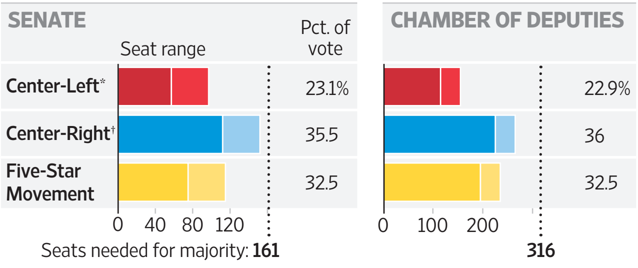
Parliament is scheduled to convene for the first session of newly elected lawmakers on March 23 to elect the presidents of both chambers. Then it will be up to President Sergio Mattarella to decide how to resolve the impasse.

The 5 Star Movement has traditionally repudiated the idea of governing alongside other parties, but its 31-year-old prime minister candidate, Luigi Di Maio, has softened that stance.

Matteo Salvini, the 44-year-old leader of the League, suggested during the campaign that he would be open to breaking with Mr. Berlusconi and strike a deal with 5 Star. The League won 17.7% of the votes for the lower house in Sunday's vote, according to projections, and would have between 122 and 132 seats in the lower house.

"Our guiding principle is: Italians first," Mr. Salvini said during the campaign. "If saying 'Italians first' is xenophobic, then I don't know what to say."

Italian Election Results



*Includes Democratic Party, More Europe, Popular Civic List, and Together
†Forward Italy, League, Brothers of Italy, and We're With Italy
Note: Excluding overseas constituencies; Senate: Exit poll seat ranges as of 6:03 p.m. EST; Pct. of vote projections as of 7:44 p.m. (margin of error: +/- 2.8 pct. pts.) Chamber: Exit poll seat ranges as of 5:45 p.m.; Pct. of vote projections as of 7:52 p.m. (margin of error: +/- 3.8 pct. pts.)
Source: Opinio Italia consortium for RAI
THE WALL STREET JOURNAL.

Merkel's Fourth Term Likely Her Last as Chancellor

By Bojan Pancevski

BERLIN—It is not the end of Angela Merkel's remarkable political career. But it is surely the beginning of the end.

Germany's center-left Social Democratic Party voted on Sunday to join a grand coalition with Ms. Merkel's conservatives, clearing the way for her to become chancellor for a fourth time.

But close aides to Ms. Merkel say this term, which would make her postwar Europe's longest-serving leader, will be her last.

The vote among 460,000 SPD members kept the political establishment on tenterhooks for weeks, as the left-leaning party split on whether to enter its third alliance with Ms. Merkel following its worst post-World War II election result last September.

Over 66% of SPD members endorsed the coalition in a mail-in ballot, the results of which were unveiled on Sunday.

FELIPE TRUEBA/EPA/SHUTTERSTOCK

The Social Democrats joined forces with Angela Merkel's Christian Democrats, permitting her to become chancellor again.

Party officials said a new government would be formed by March 14, replacing the caretaker administration that has governed the country since September.

By the end of this term, Ms. Merkel will have served 16 years at the head of the government, a rarity in Europe's tumultuous political landscape, where the shelf life of democratically elected leaders is getting shorter and shorter.

In her remaining years, the chancellor, less encumbered by domestic power struggles, will be able to focus on overhauls at home and engage with French President Emmanuel Macron on his reform agenda for the European Union and the euro.

Ms. Merkel, who has preached austerity for Germany's neighbors over much of her time in power, has accepted that Berlin must increase its contributions to the EU budget to fill the gap created by Britain's departure.

To Mr. Macron, she will likely offer closer integration in the fields of defense and taxation, and some limited improvement in eurozone governance, such as the creation of a European Monetary Fund to help fight future financial crises on the continent.

"It's good news for Europe," Mr. Macron's office said of the Social Democrats' decision to endorse the coalition.

But analysts said German politics would face further turbulence. Ms. Merkel's new coalition will leave the right-wing populist Alternative for Germany as the parliamentary opposition. The antimigration party, which won nearly 13% of the vote in September, is now polling at 15% and rising.

"The danger now is that the whole German political class will pretend that everything has gone back to normal. It hasn't," said Yascha Mounk, a Harvard University politics lecturer.

"The legacy of Ms. Merkel's politics is AfD's entry into the parliament," Christian Lindner, leader of the pro-business Free Democrats, told journalists in Berlin. "Her legacy is unleashing centrifugal powers and cultural alienation in her own country."

Ms. Merkel's pending departure also sets up a contest between her Christian Democratic Party's conservative and liberal wings over its future direction.

She appointed her preferred heir, Annegret Kramp-Karrenbauer, formerly prime minister of the small German state of Saarland, as secretary-general of the CDU, a post that catapulted Ms. Merkel into the top job.

Ms. Kramp-Karrenbauer, 55 years old, who goes by the moniker AKK, is seen as conservative yet supportive of the liberal course plotted by Ms. Merkel that placed the CDU firmly in the political center.

On the other side of the arena, Ms. Merkel placed Jens Spahn, a darling of the conservative caucus and her most outspoken critic. Mr. Spahn, 37, designated health-care minister, is a rarity in German politics. Openly gay and married to a leading journalist, he is a charismatic speaker who rarely misses an opportunity to attack Ms. Merkel's liberal migration policies, which have led more than one million people to seek asylum in the country since 2015.

"The main candidates now have the platform to present themselves, and the party will be able to make a decision when the time comes," a person familiar with her thinking said.

EUROPE

Continued from Page One

and the right-wing Lega.

A populist-led government appeared possible, albeit politically challenging, given 5 Star's strong performance. Lengthy wrangling is expected.

The weekend's events capped a year of elections in which the EU's broadly centrist governing establishment faced its strongest-ever challenges from insurgent movements, ranging from far-right nationalists to far-left anticapitalists. The outcome: The center's hold is slipping, and its enemies are here to stay.

At stake is the survival of Europe's order since the end of the Cold War, based on steadily deeper economic and political integration among liberal democracies ruled by pragmatic, postideological elites. That model faces challenges from the U.K.'s decision to leave the EU, along with authoritarian tendencies in some of the EU's eastern members such as Hungary and Poland.

Whether Europe's insurgents grow stronger in coming years, and how much pressure they put on the EU's cohesion, depends in large part on whether mainstream politicians can win back ordinary Europeans' trust. That would require tackling issues such as economic inequality and the stifled opportunities for young people, barely controlled immigration that is spreading fears about security and cultural identity, and a pervasive perception that technocratic elites are offering voters little choice, hollowing out democracy.

The battle also hinges on how well Europe heals from the economic and migration crises of recent years, which did much to inflame discontent.

"The center is shifting right in response to non-European immigration. The nation-state will take back some of its powers from the EU, notably control over borders," said Josef Joffe, a senior fellow at Stanford University and publisher of German weekly newspaper Die Zeit. "As Europe shifts rightward, populism will be absorbed and contained."

Others aren't so sure. "Our mainstream politicians aren't learning," said Cas Mudde, a specialist on populism at the University of Georgia. Some think economic growth alone will save them, while others are betting on copying populists' messages, he said.

Italian populist parties won close to 50% of the vote in Sunday's elections, according to exit polls. In 2008 elections, antiestablishment parties won barely 15%. Those populist parties might be able to form a governing majority in Italy's new parliament, depending on the final seat count. In practice, though, it is unclear whether the 5 Star Movement would be sufficiently willing to share power.

Italy shows how populists can drive the national debate even in opposition. "They don't need to win to force the mainstream onto the back foot, making them reactive," said Wolf Piccoli of political risk consultancy Teneo Intelligence in London.

Germany's bipartisan coalition between Ms. Merkel's conservatives and the Social Democrats, or SPD, will be the third since 2005. Back then, the two long-dominant parties had around 70% of voters' support. Now it has declined to barely 50%. Many people in both parties have strong reservations about the pact because they fear it will strengthen the far-right Alternative for Germany, or AfD, now Germany's largest opposition party.

SPD members approved the coalition pact partly because they feared new elections would decimate the party.

Many Christian Democrats aren't happy either. The discontent on the party's right and September's weak election result are likely to constrain Ms. Merkel's authority in negotiating overhauls to the EU with France's President Emmanuel Macron in coming months.

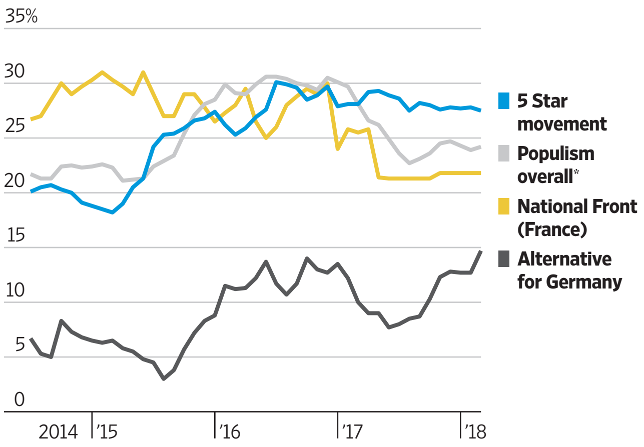
Mr. Macron is pushing for deeper integration and mutual economic support among eurozone countries.

France increasingly looks like Europe's exception, however. The fragmented politics of Germany and Italy appear to be Europe's new norm.

Here to Stay

Populists have conquered an important part of Europe's electorates, Italy's 5 Star Movement among them.

Party popularity in recent polls



*Polling includes Germany, France, Italy, Spain, Netherlands and Austria.
Sources: National polling agencies; Shinya Harui, Nomura (populism overall)
THE WALL STREET JOURNAL.

U.S. Peace Plan Faces Obstacles

Arab mistrust and political woes in Israel and Washington blunt hopes for endeavor

By Felicia Schwartz

WASHINGTON—After nearly a year, a Trump administration effort to devise a blueprint for Middle East peace has yet to materialize and now faces a growing array of obstacles even before it has been unveiled, experts and diplomats say.

White House adviser Jared Kushner, who has been leading the effort, and chief U.S. negotiator Jason Greenblatt have been pressing ahead with what officials describe as a detailed plan that will address core Mideast issues, such as security and borders, after shuttling across the region last year for ideas.

Secretary of State Rex Tillerson and other officials have said the plan is almost finished and that it will be up to President Donald Trump to decide when to present it.

Last month, Messrs. Kushner and Greenblatt met with the United Nations Security Council, but provided no details of the blueprint at the meeting.

On Monday, Israeli Prime Minister Benjamin Netanyahu will make his second trip to see Mr. Trump at the White House, but the president isn't expected to roll out the plan then, officials said. It is uncertain when the administration might present the plan, but Trump administration officials have said it will be presented at some point this year.

"We are as committed to peace as ever and are working on our plan which is designed to benefit both the Israeli and Palestinian people," said White House spokesman Josh Raffel. "We will present it when it is done and the time is right."

According to Western and Arab diplomats, the climate for doing so appears only to be growing worse.

"The opportunity to present that plan and not have it be dead on arrival is very challenging," said Daniel Shapiro, a former U.S. ambassador to Israel during the Obama administration.

NICHOLAS KAMM/AGENCE FRANCE-PRESSE/GETTY IMAGES

Israeli Prime Minister Benjamin Netanyahu, left, is making his second official trip to the U.S. to talk to President Donald Trump.

Among the obstacles facing the peace plan, mistrust of the Trump administration by Palestinians and their Arab allies has grown, and both the American and Israeli leaders are beset by political and legal problems.

Now, Mr. Kushner, Mr. Trump's son-in-law, is facing deepening problems of his own, as his security clearance at the White House was downgraded last month, creating tensions within the White House, and regulators in New York are investigating his ties to several banks.

Several former officials who worked on the Middle East process said a top-secret clearance is needed for high-level meetings at the White House and to review intelligence related to negotiations. Trump administration officials said Mr. Kushner still will work on the issue, and other former officials said leaders in the region value Mr. Kushner's closeness to his father-in-law.

"He doesn't need a security clearance to do what they're going to do, which is basically identify in rather detailed form U.S. positions on all of the major issues as a possible basis for negotiations," said Aaron David Miller, a former U.S. negotiator on Middle East peace.

Across the diplomatic community, expectations for the peace plan are low. The Trump administration insists the plan it will put forward will have positions that appeal to both Israelis and Palestinians.

But a series of Trump recent administration moves have been seen as favoring Israel by Europeans, Palestinians and their supporters. These moves include a cut to funds to the United Nations' Palestinian refugee agency, a restriction on the Palestine Liberation Organization's activities in Washington, a formal recognition of Jerusalem as Israel's capital and the announcement of plans to move the U.S. embassy to Jerusalem from Tel Aviv.

Mr. Shapiro said one way to handle the peace plan would be to roll it out in tandem with the opening of the embassy in Jerusalem, as a show that the Israelis, too, will have to make concessions as part of the negotiations.

Saudi Leader Pivots From Home Turmoil to Diplomacy

Saudi Arabia's heir to the throne is going on the road to persuade allies that his efforts

By Margherita Stancati in Beirut and Jared Malsin in Cairo

to remake the kingdom's politics and economy will bring greater regional stability and commercial opportunities.

The crown prince, Mohammed bin Salman, arrived Sunday in Cairo, where he met Egypt's president, Abdel Fattah Al Sisi, in a visit that was tantamount to an endorsement of the former general who has jailed or sidelined challengers ahead of national elections.

Saudi Arabia sees Egypt, the Arab world's most-populous country, as a valuable strategic ally in the Middle East as Riyadh seeks to blunt Iran's expanding regional influence. It views Mr. Sisi's government as central to preventing a repetition of the 2011 Arab Spring uprisings that toppled several of the region's strongmen and rattled the Gulf's monarchies.

The decision to start his travels abroad from Egypt "is proof of the depth of the historical ties and the continuing special cooperation between the two states," Saud al Qahtani, a senior Saudi official, said on Twitter.

According to the Egyptian president's office, the two leaders discussed economic cooperation and importance of unity in the face of "attempts to divide the region."

After Egypt, Prince Mohammed is due to travel to the United Kingdom and then the U.S. The Trump administration has embraced Saudi Arabia, with which it shares deep suspicions of Iran. President Donald Trump has tweeted in support of the prince's self-proclaimed anticorruption campaign, which upended Saudi politics.

It is the first foray abroad by the 32-year-old prince since he ousted a powerful cousin to become heir to the throne last year, triggering a period of tumult and uncertainty. A son of King Salman, the prince is now the country's effective ruler. His decision to travel is a sign of confidence in his hold on power.

WORLD WATCH

SOUTH KOREA

Seoul to Send Top Officials to North

South Korea said it would send its top national security adviser to Pyongyang this week to discuss ways to facilitate dialogue between the U.S. and North Korea on denuclearization, pushing forward engagement even as the U.S. remains wary of talking to the nuclear-armed state.

Chung Eui-yong, the head of the South's National Security Council, and Suh Hoon, Seoul's top intelligence official, will lead a 10-member delegation to Pyongyang for a two-day trip beginning Monday, Yoon Young-chan, a spokesman for the presidential office in Seoul, said on Sunday.

The special envoys are expected to open discussions for a possible summit meeting between South Korean President Moon Jae-in and North Korean leader Kim Jong Un, who extended an invitation last month for Mr. Moon to visit Pyongyang.

Following the trip to Pyongyang, the South Korean officials will travel to the U.S. for meetings to debrief their counterparts in Washington, Mr. Yoon said.

—Jonathan Cheng

SYRIA

Turkish Airstrikes Back Afrin Offensive

Turkey's offensive against the Kurdish enclave of Afrin in northern Syria intensified over the weekend, as forces loyal to the regime of Bashar al-Assad continued to bomb a suburb of Damascus despite a United Nations resolution calling for a cease-fire.

On Sunday, Turkish warplanes carried out airstrikes in support of a ground offensive in Afrin. The bombing comes a day after dozens of pro-Assad militiamen who had come to support the Syrian Kurdish YPG were killed in airstrikes.

Meanwhile, Mr. Assad's regime continued its attacks on the rebel-held area of Eastern Ghouta near Damascus, where nearly 400,000 residents are living under daily bombardment.

—Sune Engel Rasmussen

WORLD NEWS

China's Help Leaves Allies in Debt

Beijing's financing for building projects in 68 countries potentially puts recipients at risk

BY JOSH ZUMBRUN AND JON EMONT

ADEEL AHMED/ASSOCIATED PRESS

Road work is being done in Pakistan as part of China's Silk Road initiative, a network of road and rail routes across Asia.

China is emerging as a massive creditor to its economic allies taking up projects to upgrade roads, harbors and airports, making it an increasingly important financial influence on the world stage.

China is financing as much as $8 trillion in deals as part of its "Belt and Road Initiative" in 68 countries winding through Asia, Africa and Europe.

New data from the Center for Global Development, an international think tank, estimate the program has left eight countries financially vulnerable: Djibouti, Kyrgyzstan, Laos, the Maldives, Mongolia, Montenegro, Pakistan and Tajikistan.

Those countries occupy footholds in Southeast Asia (Laos), an African port city-state (Djibouti), an inroad to Europe (Montenegro), a string of Indian Ocean ports (the Maldives and Pakistan), and a network of road and rail routes across central Asia.

Montenegro is using its Chinese funding to build a super highway that will improve its connections with Balkan neighbors. Tajikistan and Kyrgyzstan are getting rails, roads, hydropower plants and a major gas pipeline. Mongolia will receive funding to build hydroelectric power plants and a highway from the airport to the capital.

In the process, debt levels and dependence on China are rising. Kyrgyzstan's debt from infrastructure projects is projected to rise from 62% of gross domestic product to 78%, and China's share of that debt will jump from 37% to 71%. China's share of debt in Djibouti, where it has its only overseas military base, will rise from 82% to 91% of GDP as a result of infrastructure funding, according to authors Scott Morris, John Hurley and Gailyn Portelance. Their data were assembled from public reports on individual projects.

Concerns have been raised in the past about the amount of U.S. debt that China owns, but this situation is different. China holds $1.2 trillion in U.S. debt, according to Treasury Department data, which is roughly 18% of American debt held by foreign holders. And China's holdings here are mostly Treasury securities, rather than stakes in critical infrastructure projects.

Mr. Morris said these trends will place Chinese authorities at the center of financial decisions if debt in these countries becomes unsustainable, supplanting the International Monetary Fund, the U.S. or private creditors in importance.

"The rules of the road are really that whoever holds the most debt is going to be calling the shots," said Mr. Morris, deputy assistant secretary for development finance at the U.S. Treasury from 2009 to 2012.

Two more countries—Cambodia and Afghanistan—could soon owe more than half their external debt to China, though unlike the other eight their overall debt hasn't reached alarmingly high levels.

An example of China's financial sway was evident in December at the sprawling Hambantota Port on the Indian Ocean in Sri Lanka. The nation struggled to make payments on over $1 billion of Chinese debt.

Chinese officials negotiated to relieve the debts in exchange for a Chinese state-owned company leasing the port for 99 years. Only about 12% of Sri Lanka's debts are held by China, though that figure will rise to about 17% due to Belt and Road projects.

"If Sri Lanka happens again and happens again, I do think it represents a challenge for China's president Xi Jinping," said Mr. Hurley. "He's promoting the Belt and Road Initiative as being in the best interest of other countries and their people."

Mr. Xi has said the guiding principles of the projects are "peace and cooperation, openness and inclusiveness, mutual learning and mutual benefit."

In Pakistan, China's projects have sparked protests from locals in Baluchistan, including fishermen who are being displaced by Chinese developments around the Gwadar port. Kaiser Bengali, the former economic adviser to the Chief Minister of Baluchistan, estimates 91% of revenue at the port will go to China, and only 9% to Pakistan.

"No one gives anybody free money," said Mr. Bengali. "The Chinese companies are getting blanket tax concessions," he said, and "instead of buying materials from here they buy in China. So the multiplier effect of development happens in China, not here."

But many others are optimistic about increased Chinese investment in their country, even if it means China will have increased influence.

"I don't see too much dependence on one country in terms of debt," said Datpurev Ayushuren, an independent economist and consultant in the Mongolian capital of Ulaanbaatar, where China could extend as much as $30 billion of credit to fund projects. Mr. Ayushuren said these are "long-term projects that could actually stimulate economic activities, I feel gains outweigh risks if managed properly."

Beijing Sees Growth Of 6.5% This Year

By Lingling Wei And Chun Han Wong

BEIJING—China's government laid out plans to keep economic growth steady this year, as nearly 3,000 lawmakers gathered in the capital with the heftier mandate of entrenching President Xi Jinping's dominance over the nation.

Opening the annual session of China's legislature on Monday, Premier Li Keqiang spoke of Beijing's resolve to control debt growth, revamp the country's bloated state sector and open its markets wider for foreign capital, but didn't signal any major shift in tactics.

Calling the tasks of economic and social development "formidable," Mr. Li set a target for economic growth for 2018 at "about 6.5%," a slight recalibration from last year's objective of "around 6.5% or higher if possible."

China's actual growth rate came in at 6.9% in 2017, buoyed by global demand and aggressive government efforts to keep the economy stable. Economists have projected China's economic expansion to moderate to 6.5% this year, as the government continues to rein in risky lending practices and trade tensions with the U.S. rise.

Mr. Li didn't announce any significant new initiatives and the stay-the-course tone of his report signaled that the focus of this year's congress lies elsewhere. On Sunday, lawmakers are due to approve constitutional changes that scrap presidential term limits, allowing Mr. Xi to stay in power indefinitely, and entrench the Communist Party's leading role in governing China.

The National People's Congress will also fill senior government posts—with Xi allies likely to benefit—and review plans to overhaul the government bureaucracy that would give the party greater authority over decision making, a key step in Mr. Xi's plans to install himself at the center of Chinese political power.

In a policy blueprint Mr. Xi unveiled at a Communist Party congress in October, he demanded greater loyalty and commitment from his 89 million party members as a way of cutting through graft and bureaucratic inertia that has hampered his policy agenda.

In his speech, Premier Li suggested challenges from rising global protectionism but didn't mention the threats of new trade sanctions from the U.S.

NG HAN GUAN/ASSOCIATED PRESS

Premier Li Keqiang addressed the party congress on Monday.

Cape Town Faces 'Day Zero'

South African coastal city is ready to turn off the taps if water supply reaches a critical low

By Gabriele Steinhauser

CAPE TOWN, South Africa—Officials who huddled recently to discuss a debilitating drought delivered an unexpectedly apocalyptic conclusion: Unless Cape Town's four million residents slash consumption, the seaside city under Table Mountain must take the rare step of shutting its taps to avoid running out of water.

The shock announcement in late January triggered a race to prevent what officials and residents have dubbed Day Zero—the moment when municipal water supply would be cut for most households and businesses.

Since Feb. 1, Capetonians have lived with some of the most stringent municipal water restrictions on earth—13.2 gallons per person a day, enough on average for a 2-minute shower and three toilet flushes. Officials punish water guzzlers by installing consumption-control devices that slow water flows to a trickle after the daily limit is reached.

Cape Town last week pushed back Day Zero to July 9 from April 12. Officials say a cutoff can still be avoided with cooperation from residents, adequate rainfall and successful efforts to desalinize water and pump it from aquifers. But in any case, the city's depleted reservoirs need three to four years of regular rainfall and low water use to recover, experts say.

Police are confiscating hoses from people caught using public water to wash cars or sprinkle lawns. The government has set a plan to call in the army to secure 200 central collections points, where residents would have to line up. Officials also worry about typhoid and cholera spreading from unsafe drinking water.

"There [is] an unreal kind of feeling about trying to fathom the massive impact that Day Zero could actually result in and how we could manage that," said Xanthea Limberg, the city councilor in charge of Cape Town's water and sanitation.

Like many others, Ms. Limberg has changed her lifestyle due to the crisis. She chopped about 10 inches of her curly hair to preserve water while showering; uses water left over from washing to flush the toilet or sprinkle the garden; serves meals on paper plates to avoid having to wash dishes; covered her pool to limit evaporation and provide emergency storage.

Cape Town, known to South Africans as the Mother City, is the latest example of how climate change, and the resulting extreme weather patterns, are forcing cities around the world rethink how they function.

Storm surges in New Orleans, Houston and New York in recent years threatened entire neighborhoods. From Los Angeles to Rome—where the pope in July turned off the Vatican fountains to raise awareness of a drought—officials are rethinking urban systems created to flush toilets and bathe with potable water.

Drought-induced water scarcity forces governments and individuals to make tough choices. Is it more important to preserve next season's harvest and industrial production or ensure residents can have their daily shower? Switch off water for part of the day or rely on residents to respect their rations? Shower or do a load of laundry?

In 2017, Cape Town, whose rainy season usually runs from May to August, got less than half of its median rainfall, making it the driest year on record. Combined with 2015 and 2016, the city has never experienced as little precipitation as in the past three years. And while it is impossible to attribute specific weather events to climate change, most scientists believe that southern Africa, like many other regions in the world, will become progressively drier, making droughts more frequent and severe.

"Cape Town is a really good example of what might happen in the future in many other places," said Piotr Wolski, a hydrologist and climatologist at the University of Cape Town. "I hope that other cities will learn a lesson from us."

Critics say Cape Town should have set stricter water limits sooner and better emphasized the threat. Once that reality sank in, the prospect of Day Zero prompted a scramble for water. Consumption soared as people started stockpiling municipal water. Storage tanks to collect rain and containers for 6.6 gallons—the amount residents would be allowed to collect from new communal taps—quickly sold out.

NIC BOTHMA/EPA/SHUTTERSTOCK

A resident of the city's Masiphumelele settlement collects water from a communal municipal tap.

GEELY

Continued from Page One

growing international footprint and ability to absorb foreign technology, is poised to make that leap.

"Three years ago nobody would have thought it could be Geely," said Hakan Samuelsson, chief executive of Sweden's Volvo Cars, which Geely bought in 2010. "But today it's a good guess."

Mr. Li has been predicting his own success since at least 2001, when he declared in an interview with Chinese state-run television that "American auto makers like General Motors and Ford will definitely collapse" while Geely and other newcomers will rise.

For a long time, that looked like an empty promise. Geely sales were lukewarm in China until very recently, plateauing at 500,000 cars a year or less. The company's first attempt to market itself abroad at the 2006 Detroit Auto Show led to humiliation, with Car and Driver magazine branding its cars as "hopelessly outdated."

Geely began laying the groundwork for future success with its 2010 acquisition of Volvo from Ford Motor Co., which put it in a class of its own among Chinese auto makers by enabling it to tap directly into advanced auto technology, said Michael Dunne, a Hong Kong-based auto consultant.

Last year was a milestone. Sales of Geely Auto, the company's main domestic line, nearly doubled to 1.25 million, making it the best-selling Chinese local brand. Its Hong Kong-listed shares tripled in value. With new acquisitions and brand launches, Geely's portfolio now spans from trucks to supercars, with no parallel in China's auto sector.

Its expanded roster includes Malaysia's Proton, in which Geely took a 49.9% stake last year, British race-car legend Lotus, and the London EV Co., maker of the iconic black taxicab.

Urban buyers

In 2017 Geely and Volvo also co-launched two new brands: Lynk & Co., and Polestar. Lynk went on sale in China last fall and targets young urban buyers with built-in mobile internet apps. Polestar is a premium electric-car company designed to take on Tesla Inc., and is set to hit the market in 2019. Geely has even invested in Terrafugia, a Woburn, Mass.-based startup developing flying cars.

Geely group sales volume, at nearly 2 million last year, still lags far behind industry giants Volkswagen AG, Toyota Motors Inc. and General Motors Inc., which sell about 10 million vehicles annually. It's yet to be seen whether Mr. Li's Daimler swoop will get him access to Mercedes know-how that could help Geely close the gap, and Mr. Li told German media Wednesday that gaining a seat on Daimler's supervisory board wasn't his priority.

What's more, despite improvements in quality, Chinese cars are still regarded skeptically—even in China, where scores of local auto makers are kept alive by government support. Foreign marques manufactured in joint ventures still outsell domestic brands.

At Geely's helm is the 54-year-old Mr. Li, the company's controlling shareholder, ranked by the wealth-tracking Hurun Report as China's 10th richest man, with a $17.4 billion fortune.

FROM TOP: ASSOCIATED PRESS; QILAI SHEN/BLOOMBERG NEWS

Geely's Li Shufu, above, with Hakan Samuelsson, chief executive of Volvo Cars. Right, a Lynk 03 concept vehicle.

A farmer's son, he worked in high school as a photographer in his eastern China hometown before realizing he could make more money extracting silver from photo-development chemicals than he could selling pictures, according to his official biography. In the 1980s he founded a refrigerator company and later started Geely, which initially produced aluminum plates before shifting to motorbikes.

Private-sector auto makers weren't allowed in China then, but Mr. Li clung to his dream of building cars even after the government ordered him to stop making his Geely No. 1, the Mercedes clone, on safety grounds. Mr. Li, who declined an interview request, later wrote of his lonely crusade in one of his many poems.

"There were but a few sincere, wise, brave children who walked barefoot on the ice in order to realize the dream of a Kingdom of Cars," he mused.

After exploring ways to skirt the rules—including making cars at a prison factory through a company called Geely Boeing Auto that drew complaints from the U.S. aerospace giant—Mr. Li finally received clearance to produce cars in 2001, becoming the first private-sector auto maker in China.

Geely started making a name at home for its bargain-priced cars, but the calamitous trip to Detroit in 2006 showed

> *Mr. Li once predicted that 'American auto makers…will definitely collapse.'*

Mr. Li that his company needed to focus on quality, as well as cost. He had a plan: Acquire to improve.

Mr. Li returned to the Detroit show the following year, undeterred, and walked up to executives at the Ford booth. "I'm Li Shufu from Geely, a Chinese car company: I'm interested in buying Volvo," Mr. Li said, according to Geely Vice President Victor Yang.

The Ford people had no idea who he was. They told him politely that Volvo wasn't for sale.

Then came the global financial crisis, and Ford, desperate to raise cash, remembered the Chinese businessman who'd come calling and unloaded loss-making Volvo to Geely, Mr. Yang said. The price, $1.8 billion, was a fraction of what Ford had originally paid.

Many assumed the takeover would fail—including Mr. Li's own Geely colleagues, according to Freeman Shen, a former Geely executive who helped manage the deal. As Geely shareholders with much at stake, his senior colleagues made Mr. Li complete the purchase through a company outside the main Geely group, Mr. Shen said.

Convincing skeptical Europeans was even harder. "We were scared," says Glenn Bergström, the stocky chief of the local chapter of the IF Metal trade union. "We had our prejudices. All we knew was that it was a Communist country and everything was state-owned."

Shortly before the final deal was signed, Mr. Bergström said Mr. Li agreed to sign a statement assuring that Volvo would remain Swedish—while also insisting that the document wasn't legally binding.

"The Chinese said that signature isn't worth the paper it's signed on," Mr. Bergström said. "But he did so anyway, and it was more than Ford did, when they purchased Volvo Cars in '99. And until this day, it's eight years ago, he's still honoring that deal."

Starved for money

Starved for investment under Ford, Volvo has gotten $11 billion in capital funding under Geely, according to Mr. Yang—paying for new models, technology platforms and factories.

Volvo sold a record 572,000 cars in 2017, up 72% since 2009, and announced record profits of $1.75 billion. Volvo's Swedish workforce has nearly doubled to 21,000 and a Belgian plant now employs 5,000 people, up from 2,000.

Geely's turnaround of Volvo also succeeded partly thanks to Mr. Li's willingness to let the Swedes run their own shop, said the chief executive, Mr. Samuelsson. Still, culture clashes do happen, as in 2012 when Mr. Li visited Sweden to discuss plans for a Chinese version of Volvo's S90 executive sedan.

In a Swedish car "the back seat is where the dog goes," said Mr. Samuelsson. "Our engineers don't pay too much attention to the back seats." The designs horrified Mr. Li. "But, guys, you don't get it: In China the guy who's paying for the car is sitting in the back" he blurted out, according to Mr. Samuelsson.

For the first time since it was founded in 1927, Volvo has production facilities in the world's three big automotive markets: China, the U.S. and Europe. That includes Volvo's first automotive factory in the U.S., a $500 million plant near Charleston, S.C., that will start production later this year.

The takeover was no less critical for Geely itself, as it drew on Volvo's expertise to help turn its drab Chinese cars into objects of desire.

Peter Horbury, the British ex-head of design at Volvo and at Ford's premium car unit, was among those shaking things up in his new assignment as Geely's design chief.

Fragmented Market

The top 10 auto makers in China account for barely half of the country's local passenger-car market.

SALES	MARKET SHARE
Shanghai Auto-Volkswagen 2.06 million units	8.5%
Shanghai Auto-General Motors 2.00	8.3%
FAW-Volkswagen 1.96	8.1%
Shanghai Auto-GM-Wuling 1.55	6.4%
Geely + Volvo 1.35	**5.6%**
Dongfeng-Nissan 1.11	4.6%
Chang'an 1.06	4.3%
Great Wall 0.95	3.9%
Chang'an-Ford 0.83	3.4%
Beijing Auto-Hyundai 0.79	3.3%

Note: 2017 total sales in China = 24.21 million vehicles
Sources: China Passenger Car Association; the companies

That included giving Mr. Li a warts-and-all assessment of Geely's product lineup.

"You might not like what I have to say," Mr. Horbury recalled telling a roomful of Geely's top brass in Beijing. He then launched a withering critique, using a presentation slide likening Geely's cars to different animals in a zoo with nothing in common. He then projected another slide showing different types of cats. Like the cats, Geely cars needed to become recognizable as members of the same species, he said.

Mr. Li took the criticism on the chin, Mr. Horbury said, and approved a redesign of the entire Geely line, with a distinctive front grille and a new Geely Auto badge. The first of Geely Auto's reconfigured cars hit the market in December 2014 and sales took off, tripling over the last three years.

With China's government leading a global push to electric vehicles, Mr. Li is positioning Volvo to ride the wave. Starting next year, Volvo is set to produce only pure-electric or hybrid models. Geely itself wants 90% of its cars to be electric by 2020.

Launch party

At a November launch party at the Ningbo International Speedway for the new Lynk model, Mr. Li characteristically hung back, avoiding the limelight and leaving his lieutenants to hype up the debut model, which is a mix of Geely and Volvo technology.

Though heavy on Nordic input and design, Lynk is mainly a symbol of China's newfound auto prowess, Geely executives made clear. "China is reshaping the global automobile industry at the highest level," Geely president An Conghui said at the launch.

Geely believes it can sell 500,000 Lynks a year in China, Europe and the U.S. by 2020. The Lynk car shares 90% of its underlying technology with Volvo's compact model, the XC40. It sold the first 6,000 Lynk 01s online within minutes of their release.

"We sold out in 137 seconds and thought, 'Shit, we should have offered 15,000,'" says Lynk CEO Alain Visser.

Though Geely had a stellar 2017, some analysts think that might not last. "It's Geely right now, but it's been others in the past," said Paul Gong, an analyst at UBS. The fast pace of technological change in the auto sector could soon see Geely, and other traditional auto makers, eclipsed by more innovative rivals, Mr. Gong said.

In a written statement, Mr. Li said his investment in Daimler was about securing new "friends, partners and allies" to help meet the challenge of technology disruption.

What Mr. Li intends to do with his Daimler stake also isn't clear. Daimler already has a Chinese partner, state-run Beijing Auto, to build Mercedes cars there. A Daimler spokesman said the company doesn't know what Mr. Li's goals are or why he invested in the company.

For now, Geely's Mr. Yang said the Chinese auto maker is focused on increasing sales to 3 million annually by 2020, which would likely put it in the ranks of the world's top 10 auto makers.

That would be rapid progress, he said, for an ex-fridge maker that "started with nothing—no money, no talent, no market recognition, no technology."

—Zhang Chunying in Shanghai contributed to this article.

FLAG

Continued from Page One

an image of the sun rising over Lake Michigan meant to symbolize the city's rising economy.

Two years ago, it was the top vote-getter in a contest to chose a new symbol for the city. It won the most votes out of 1,006 entries, and Mr. Kodis and his supporters were thrilled the city might finally get a new symbol.

"Milwaukee is a great city and deserves to have a great flag," said the 31-year-old Mr. Kodis.

Supporters of the original Milwaukee flag aren't, well, flagging.

"I'm so mad right now," said Evan Rytlewski, 36, editor for an alternative weekly. "I didn't know we had a Milwaukee flag. Then I discovered it and I truly fell in love. Everything about it is wrong and right at the same time."

JIM CARLTON/THE WALL STREET JOURNAL

Steve Kodis with a proposed new flag for Milwaukee.

Tyler Maas, co-founder of a Milwaukee news blog, is more than a little attached to the old flag.

"It's not this perfect thing" but it reflects the city's industrial past, Mr. Maas said on tape as a tattoo artist etched its image into his skin. In a recent email, Mr. Maas said he stands by the flag. "No regrets at all. I love the tattoo."

Provo, Utah, unfurled a more appealing flag in 2015 after its old banner depicting simply the name "Provo" with a swoosh was ranked as 143rd worst. The new flag depicts the sun rising behind lake-framed mountains.

Provo's then-Mayor John Curtis said such a low ranking "wasn't becoming of a city which has been named as seventh happiest in the U.S."

Sioux Falls, S.D. decided it needed professional help to redesign its flag, and so empaneled the Committee to Establish a Suitable Flying Banner for the City of Sioux Falls.

After being ranked 150th, Pocatello, Idaho, convened a Flag Design Ad Hoc Committee in 2016 and asked volunteers for ideas to replace a flag with the words "Proud to Be Pocatello" squished between two trademark symbols of differing color and design.

Out of 709 entries from around the globe, the city last July selected a more soothing image: the sun framed by snow-capped mountains.

"You never want to be dead last at anything," said Logan McDougall, chair of the committee.

At a Manchester, N.H. city meeting in 2016 to approve its redesign efforts, Alderman Nick Pappas complained the process was wasteful and unnecessary.

"I would be shocked if 90 percent of the people in Manchester know we even have a city flag," Mr. Pappas complained. The city still flies its old flag.

The flag of Joplin, Mo., didn't make the worst flag ranking list, but civic boosters in 2016 launched a contest to replace it out of belief it wouldn't adhere to a requirement of the Vexillological Association—namely, that it be so simple a child could draw it from memory.

"Most people couldn't tell you what our flag looked like, because it was too complex," Jeremy Haun, a local illustrator who led the #joplinflag effort, said of a flag which features stripes, a map, city symbols and Latin phrasing.

The winner selected from more than 70 entries was a blue and white flag depicting four roads intersecting at a city. Although the council has never acted on it, the new flag has circulated on hundreds of T-shirts, stickers and posters.

Milwaukee, for now, flies two flags. The city has yet to take official action on replacing its old banner. Advocates for new flag and the original are lobbying the City Council.

"Having a new face for the city would be appropriate," said Milwaukee Alderman Jim Bohl, who calls the old flag a "mish mash" that has outlived its time.

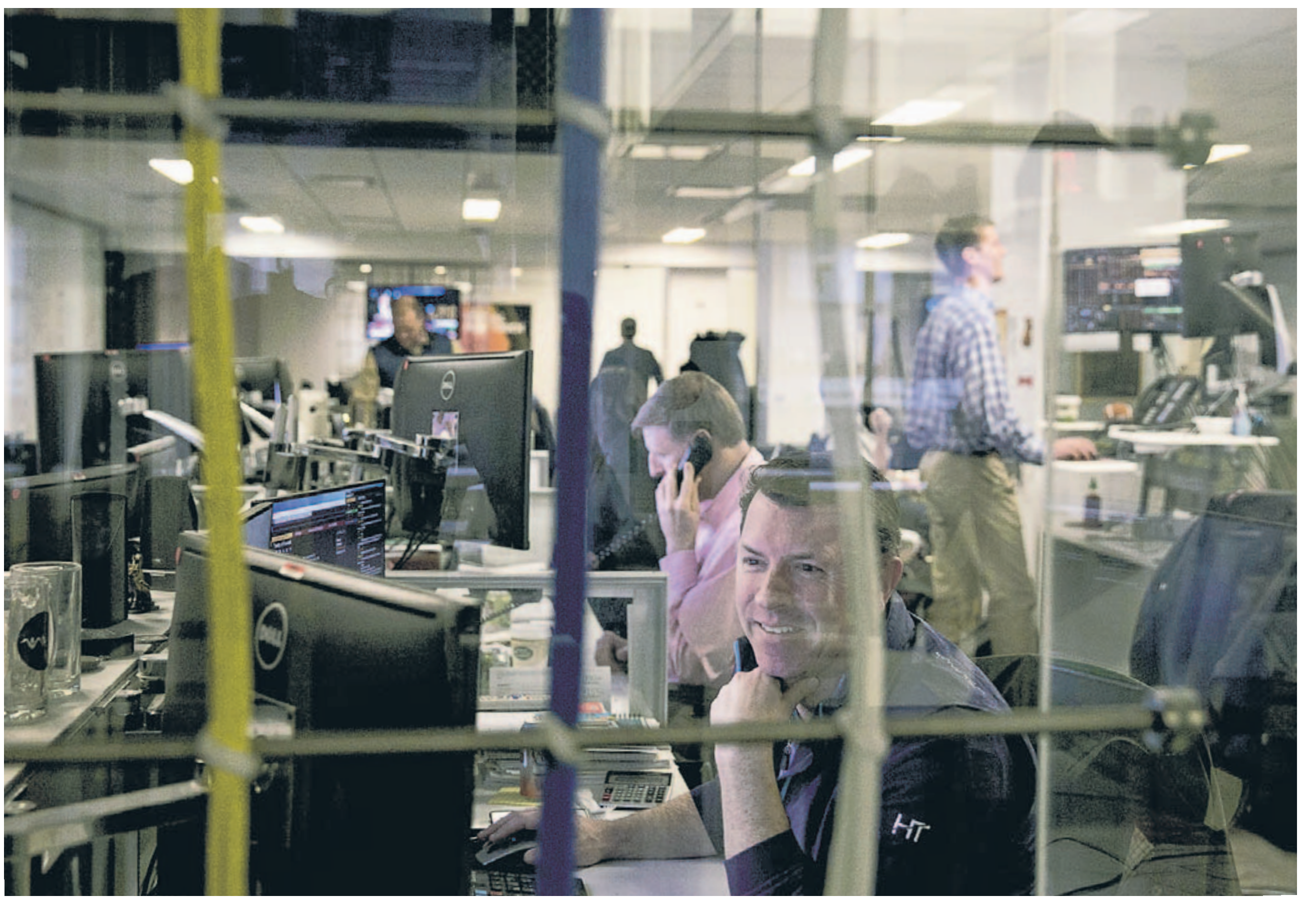
Another alderman, Tony Zielinski, said he wants to follow the wishes of his constituents, "and right now they are all over the place."

The original flag still flies over some businesses downtown and at least one college campus. The alternative Milwaukee flag has spread all over town—it now hangs in shops and restaurants, and flies over some gas stations.

The new flag's image is emblazoned on bottles of a new IPA released by the Milwaukee Brewing Co.

Marketing director Hannah Falk talked her team into adopting the flag logo after seeing its burgeoning popularity. "It just kind of spoke to us," she said.

GREATER NEW YORK



CAITLIN OCHS FOR THE WALL STREET JOURNAL

Employees at Liquidnet's office in Manhattan's Garment District. The company has signed a lease for a larger space at 620 Eighth Ave.

Manhattan Now a Magnet for Tech

By Keiko Morris

PROPERTY

Financial-technology providers are gobbling up Manhattan office space as they expand operations and seek to tap the city's growing tech labor force.

The space leased by financial-technology companies or units of larger companies totaled about 877,000 square feet last year, almost triple the amount in 2014, according to real-estate services firm JLL.

The big drivers of demand have been the established financial-services firms and banks, which are adding space for digital operations aiming to shake up the status quo. The city also has become fertile ground for not-so-young startups that are ratcheting up their staff, as well as for outposts of firms based in Silicon Valley.

"They are tapping into the acumen of the financial-services sector here and the acumen we have built around the technology sector," said Sean Coghlan, JLL director of research.

The growth of leasing in the financial-technology sector, often referred to as fintech, reflects the maturity of the city's overall technology sector in the past decade, with household names such as Alphabet Inc.'s Google, Facebook Inc. and Amazon.com Inc. continuing to increase their presence in New York City. Venture-capital funding for financial technology reached about $2.2 billion in 2017, roughly double the figure in 2014, according to PricewaterhouseCoopers LLP.

Earlier this year, Alphabet agreed to acquire the 1.2 million-square-foot Chelsea Market building for more than $2 billion. Last year, Mastercard Inc. signed a lease for all of the 212,500 square feet at 150 Fifth Ave. in the Flatiron District, almost tripling the size of its current Manhattan technology hub now located at 114 Fifth Ave. JPMorgan Chase & Co. also more than tripled the amount of office space leased last year for its digital teams at Five Manhattan West, a redeveloped building that is part of a rising mixed-use project on the far West Side.

"With fintech, it's the tech part of that that is affecting everybody and everything," said David Levinson, chief executive of L&L Holding Co., which is overhauling 150 Fifth Ave. "Everybody is trying to figure out how to get ahead of this so they don't get blindsided by something that a competitor is doing."

In addition to the growth of New York City's overall tech sector and its concentration of financial firms, the city's attraction as a place young college grads want to live is another reason rapidly growing financial-technology firms have chosen locations here.

An estimated 36.4% of people living in Manhattan are millennials, defined as those born between 1980 and 2000, compared with 28.5% nationwide, according to Ken McCarthy, principal economist for real-estate services firm Cushman & Wakefield.

Seth Merrin, chief executive and founder of Liquidnet, a global institutional trading network, started the firm in 2000 in New York City with about 10 employees. Today, the company has about 400 employees world-wide, with 250 to 300 located in a 100,000-square-foot Garment District office.

Liquidnet has signed a lease for a larger space of 126,427 square feet at 620 Eighth Ave., the New York Times building.

"We're doing a lot of recruiting at universities and bringing in kids that might have gone to Silicon Valley," Mr. Merrin said. "First, we're in New York and that's cool. And it's a great experience to be able to disrupt the financial services area."

Midtown South Isn't the Only Draw

While many fintech companies have targeted the popular neighborhoods of Midtown South such as Chelsea and the Flatiron District, these firms also have set up shop across other Manhattan submarkets, as well as Brooklyn.

SS&C Technologies Holdings Inc. last year signed a lease for 135,603 square feet at the Durst Organization's 4 Times Square, more than doubling the space at the company's previous office, according to Durst.

DailyPay, a company that allows employees to control the timing of their pay, has more than doubled its space at 55 Broad St., according to the Rudin family, the building's owner. Dock 72, the Rudin family's office venture with Boston Properties Inc. in the Brooklyn Navy Yard, also has garnered some interest from firms in this sector.

"The rise of fintech is tied to the strength of the city," said Bill Rudin, chief executive of Rudin Management Co., the operating arm of the Rudin family's real-estate holdings. "We've created an ecosystem that supports these companies."

Mayoral Aide Takes Position at Network Of Charter Schools

By Leslie Brody

NEW YORK CITY MAYOR'S OFFICE

Deputy Mayor Richard Buery will leave for a job at KIPP.

Richard Buery, a New York City deputy mayor who tried to build bridges between the district and charter schools, will leave to take a senior post this month at KIPP, a national charter-school network.

Mr. Buery will be chief of policy and public affairs. He will be responsible for advocating for federal and state policies that make it easier for low-income students to afford college and overcome other barriers to success, KIPP Chief Executive Richard Barth said in an interview.

Mr. Buery, who serves as deputy mayor for strategic policy initiatives, announced last fall his intention to step down after four years at City Hall. He has overseen Mayor Bill de Blasio's expansion of prekindergarten and mental-health services.

He will join KIPP at a difficult time for the organization. Last month it fired co-founder Mike Feinberg after an investigation into allegations of sexual misconduct. A news release from KIPP stated that Mr. Feinberg "categorically denies any wrongdoing." He couldn't be reached for comment.

Richard Buery sought to foster collaboration between district schools and charters.

KIPP is one of the nation's largest charter networks, with about 87,000 students in 209 schools. Supporters of charters say they offer innovation and escape from failing schools. Teachers unions and other critics say charters drain funding from traditional public schools.

While Mr. de Blasio clashed publicly with Eva Moskowitz, CEO of Success Academy Charter Schools, over the city's obligation to provide building space and other issues, Mr. Buery sought to foster collaboration between district schools and charters. Now some of them share resources for teacher training and college counseling.

"I'm frustrated by the idea that folks all over the country who want the best for kids can find it so hard to work together," said Mr. Buery, a 46-year-old father of two. "We have to find a way to build bridges."

The son of a public school teacher, Mr. Buery grew up in the Brooklyn neighborhood of East New York and was one of the few black students attending the highly competitive Stuyvesant High School in Manhattan. Riding the subway home, he said, he was "traveling between two worlds...one where the institutions of the community were arranged for kids to succeed and one where they were not."

With degrees from Harvard College and Yale Law School, he became president of the nonprofit Children's Aid Society. He founded the Children's Aid College Prep Charter School in the South Bronx in 2012.

Wine Show Returns After Long Dry Spell

By Charles Passy

New York is a place where a wine lover doesn't have to venture far to find a good bottle, be it at a corner bistro or prominent retailer. But the city itself hasn't played host to a major wine trade show in more than a decade, according to industry professionals.

That will change when Vinexpo, a France-based producer of such shows across the globe, hosts a two-day event at the Javits Center starting Monday.

About 500 wine producers from 23 countries are expected, showcasing all manner of red, white and sparkling wines. The anticipated 3,000 attendees range from executives for wine importers and distributors to owners of wine shops and sommeliers working for restaurants.

While the show will draw a large contingent from the metropolitan area, many attendees are traveling from throughout the U.S. and Canada.

For years, such wine professionals had to venture elsewhere for trade shows, particularly to Europe. They say they are glad an opportunity has arisen to attend an event closer to home.

"To have it in New York is special," said Mel Dick, president of the wine division of Southern Glazer's Wine & Spirits, one of the nation's largest wine distributors.

By many industry accounts, New York's last major wine trade event was in 2002, when Vinexpo held a show at the Javits. But by Vinexpo officials' own admission, that event wasn't a success.

"The market was probably not ready for it at the time," said Guillaume Deglise, Vinexpo's chief executive officer.

Mr. Deglise wouldn't comment on how much it cost to produce the 2018 show. He did say, however, that demand for exhibition space, priced starting at $5,000, exceeded the supply, with Vinexpo having to turn away some winemakers.

A show at Javits already is in the works for next year, Mr. Deglise said.

The U.S. wine market has grown considerably since Vinexpo's previous appearance in 2002. In the past decade, annual sales have increased to about $35 billion from $24 billion, according to industry tracker IWSR.

But just as important, say industry insiders, is that American consumers are becoming open to a greater variety of wines and are looking to countries well beyond such established producers as France, Italy and even Australia.

Which explains why a number of wine producers from Moldova will be exhibiting at the show. The Eastern European country has a winemaking tradition going back centuries, but its wines are largely unknown in the U.S.

$35B

Estimated annual U.S. wine sales, up from $24 billion a decade ago

When the producers learned about the Javits show, "they jumped at the chance to go," said Debbie MacDougall, a marketer who has been working on a campaign to promote Moldovan wine.

The challenge for attendees will be to taste wines without overindulging. Professionals know to be selective in their sampling and to do plenty of spitting along the way, says Gino Colangelo, a veteran New York-based publicist for wine brands. "You always have to be strategic in your approach," he said.

New Jersey Tops Nation in Foreclosure Activity

By Melanie Grayce West

MIKE SEGAR/REUTERS

A foreclosed home in Ridgefield in 2015. Last year, 1.61% of New Jersey homes were in foreclosure.

Foreclosures are surging in New Jersey, and that could be a boon for the state's housing market.

While bank repossessions across the U.S. fell to an 11-year low in 2017, they reached an 11-year high in New Jersey, according to ATTOM Data Solutions, a housing-research firm.

New Jersey, along with New York and some other states, practice "judicial foreclosure," in which foreclosures are handled through the court system. The process is typically friendlier to owners who fall behind on payments, but it can take years.

Other states, such as Texas and Michigan, have mainly nonjudicial foreclosures. After the housing bubble burst a decade ago, those states tended to work quickly through their backlog, flooding the market with fresh supply when there were few buyers.

"The pig is now finally at the end of the snake," said Michael Affuso, director of government relations for the New Jersey Bankers Association. "We had the extraordinary slowness of foreclosures occurring at the judiciary, and that problem has reasonably resolved itself."

More than a decade after the start of the housing bust, New Jersey leads the nation in overall foreclosure activity, with 1.61% of the state's housing in foreclosure last year. The number of new bank-owned homes in December jumped to 2,308 from 1,448 in November, according to ATTOM.

The number of bank-owned homes started rising about a year ago, according to an analysis by Jeffrey Otteau, an appraiser and president of Otteau Group Inc.

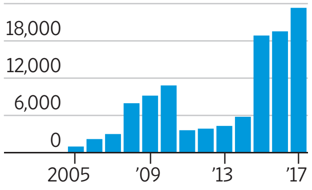
The increase in distressed homes for sale is coming as the market is starved for inventory. Homes sold in January were on the market for an average of 72 days, according to data from New Jersey Realtors, a trade group, down from 86 days for the same month in 2017 and 94 days in January 2016.

Housing experts caution the increased pace of foreclosure actions could affect parts of the state differently. Areas where there already is too much inventory—the outer rings of the state and South Jersey, for example—will further behind Northern New Jersey and other suburban areas.

Still, the surge in foreclosures is attracting investors looking to buy homes and convert them to rentals.

Supply Surge

The number of bank-owned homes in New Jersey hit an 11-year high in 2017.



Source: ATTOM Data Solutions

THE WALL STREET JOURNAL.

Christian Schlueter, president of New Jersey Realtors, said bank-owned inventory is increasing for his Toms River-based office. A recent waterfront bank-owned home, he said, attracted eight offers in three days and went into contract for more than the asking price. The home will have to be completely gutted, he said.

"There's a lot of experienced investors who are buying [bank-owned homes] and some new people are buying them believing they are going to be investors," he said.

Howard Banker, director of housing finance at New Jersey Community Capital, a nonprofit community development organization, said he is seeing many distressed homes being converted to rentals. There is a growing market of displaced lower- and middle-income former homeowners who are unable to get another mortgage, he said.

"Investment firms have been able to acquire these homes in bulk and therefore at a discount," he said.

The Board of Trustees and President of Manhattan College announce the naming of

THE O'MALLEY SCHOOL OF BUSINESS

through the generosity of alumnus Thomas D. O'Malley '63, former chair of the board of trustees and past executive chairman of PBF Energy Company LLC.

This generous gift will support innovative teaching and research at the undergraduate and graduate level, foster the integration of ethics and integrity in the curriculum, and strengthen and expand Manhattan College's already extensive connections throughout the New York City business world.

Manhattan College was founded in 1853, and the School of Business is accredited by The Association to Advance Collegiate Schools of Business (AACSB).

manhattan.edu

1853

MANHATTAN COLLEGE

LIFE & ARTS

Gary Oldman won best actor for his performance in 'Darkest Hour.'

Guillermo del Toro was named best director for 'The Shape of Water,' which also won best picture at this year's Oscars.

CLOCKWISE FROM TOP LEFT: KEVIN WINTER/GETTY IMAGES; CHRIS PIZZELLO/INVISION/ASSOCIATED PRESS (2); LUCAS JACKSON/REUTERS

THE OSCARS

'The Shape of Water' Wins Best Picture

BY BEN FRITZ

"THE SHAPE OF WATER" won best picture at the Academy Awards Sunday, an evening that featured an array of winners but few surprises.

Guillermo del Toro also won best director for the movie, a fantastical love story about a mute woman and an amphibious creature. Other big winners included best-picture nominees "Three Billboards Outside Ebbing, Missouri," "Get Out," "Call Me by Your Name" and "Darkest Hour."

Gary Oldman and Frances McDormand won the lead acting prizes for "Darkest Hour" and "Three Billboards," respectively. Accepting her award, Ms. McDormand asked every female nominee in the Dolby Theatre to stand.

"We all have stories to tell and projects we need financed," she said.

Accepting the award for best picture, Mr. del Toro dedicated his prize to "the youth that is showing us how things are done." He added: "Growing up in Mexico, I thought this could never happen."

The awards show took on the #MeToo movement, sparked by revelations of sexual misconduct by powerful men throughout Hollywood, in serious remarks as well as tongue-in-cheek ones. During his opening monologue, host

Jimmy Kimmel, left, hosted the Academy Awards for the second consecutive year. Frances McDormand, right, won best actress for 'Three Billboards.'

Jimmy Kimmel joked that, "here's how clueless Hollywood is about women. We made a movie called 'What Women Want'— starring Mel Gibson."

Later in the ceremony, the show featured a montage of women and people of color talking about the importance of diversity on screen. Kumail Nanjiani, nominated for writing "The Big Sick," in which he also starred, said he grew up loving many movies made by and about white men.

"Now straight white dudes can watch movies by me and relate to my life," he said.

The racism-themed horror movie "Get Out" won best original screenplay. "I stopped writing this movie about 20 times, I thought it was impossible," said writer and director Jordan Peele.

"Call Me by Your Name" won best adapted screenplay, a first-time win for the 89-year-old filmmaker James Ivory, who had been nominated three times previously.

Sam Rockwell won best supporting actor for his portrayal of a racist cop in "Three Billboards." Allison Janney, who like Mr. Rockwell was favored to win, took home the best supporting actress trophy for her role as Tonya Harding's domineering mother in "I, Tonya."

The veteran television actress got big laughs by first stating "I did it all by myself," before adding, "OK, nothing further from the truth."

Cinematographer Roger Deakins won on his 14th nomination for his work on "Blade Runner 2049," earning a standing ovation from the audience.

"Phantom Thread" won for costume design, while "Darkest Hour" won for makeup and hairstyling. "Dunkirk" won for film editing, sound editing and sound mixing, while "The Shape of Water" won for production design.

Best musical score went to Alexandre Desplat for "The Shape of Water," and best song was won by "Remember Me" from "Coco."

"Coco" also won best animated feature, giving Pixar Animation Studios its eighth win among the 17 Oscars the Academy has given out in the category since establishing it in 2001. Former Los Angeles Lakers star Kobe Bryant won an Oscar for the animated short film he wrote, "Dear Basketball."

There were few unexpected wins, with most of the favored nominees arriving with prizes they had already picked up from critics, Hollywood guilds and January's Golden Globes.

Last year featured perhaps the biggest Oscars surprise ever, when Warren Beatty and Faye Dunaway were given the wrong envelope and announced heavily favored "La La Land" as the winner.

Minutes later, amid acceptance speeches by that film's producers, the shocked audience found out that dark horse "Moonlight" had actually won.

This year, Mr. Beatty and Ms. Dunaway presented best picture once again. Introducing them, Mr. Kimmel joked: "Nothing could possibly go wrong from here on out."

Before handing out the prize, Ms. Dunaway said, "as they say, presenting is lovelier the second time around."

There were no flubs, though, and few surprised faces when "The Shape of Water," a leading contender for the prize along with "Three Billboards" and "Get Out," won.

The night ended with a laugh when Mr. Kimmel announced the winner of the Jet Ski that he said early in the evening would go to the person who gave the shortest acceptance speech. Mark Bridges, costume designer for "Phantom Thread," then appeared onstage atop his prize.

FASHION

Stars Shine On the Red Carpet

Hollywood's biggest evening doubles as the Super Bowl of fashion, where, to some, winning a spot on best-dressed lists is almost as important as winning an Academy Award.

The Oscars is where movie stars bring their A game, hoping to nail a look that resonates with television viewers, style watchers and the broader public: something like the pink, Grace Kelly-inspired, Ralph Lauren confection that Gwyneth Paltrow wore in 1999, the year she won best actress for "Shakespeare in Love."

But this year's red carpet was trickier to navigate. The national debate over guns in the wake of last month's high-school shooting in Parkland, Fla., and the continuing reverberations of the #MeToo movement, meant that actors and their stylists had to think harder about what message to send with their clothes.

The decision was more straightforward at the Golden Globes in January, where actresses, many of them speaking out against sexual harassment and gender inequality, wore black in solidarity. On Sunday, some stars wore "Time's Up" pins to support the legal defense fund for women who have experienced workplace harassment or abuse.

—Ray A. Smith

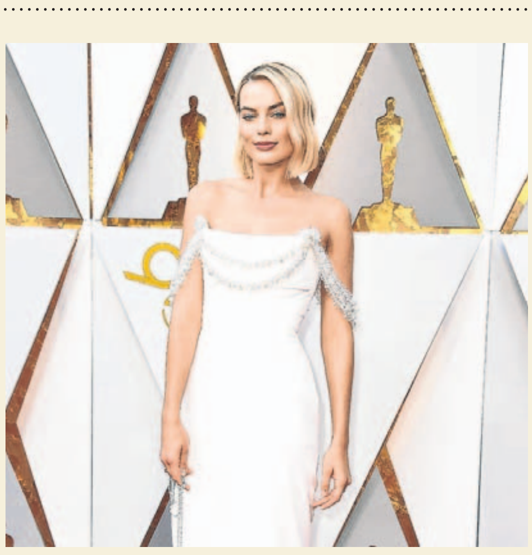
Best actress nominee Saoirse Ronan arrived in a pink strapless dress by Calvin Klein by Appointment.

Armie Hammer, one of the stars of 'Call Me by Your Name' wore a velvet made-to-measure tuxedo by Giorgio Armani.

Rita Moreno, who won best supporting actress in 1962 for 'West Side Story,' arrived in the gown she wore 56 years ago.

Mary J. Blige, who scored Oscar nods for best supporting actress and original song, wore Atelier Versace.

Jordan Peele, who won best original screenplay for 'Get Out,' arrived in a custom tuxedo from Calvin Klein by Appointment.



Margot Robbie, a best actress nominee, wore Chanel Haute Couture. She was named the brand's ambassador on Sunday.

JORDAN STRAUSS/INVISION/ASSOCIATED PRESS (4); VALERIE MACON/AGENCE FRANCE-PRESSE/GETTY IMAGES; KEVORK DJANSEZIAN/GETTY IMAGES

WHAT'S YOUR WORKOUT? | By Jen Murphy

A Sky-High Path to Backcountry Skiing

A 51-year-old CEO pushes himself to get a rare view of the Austrian Alps with speed flying

THOMAS RAFFEINER takes extreme skiing to new heights, combining skiing and paragliding. Ski-paragliding, or speed flying, entails trekking up a mountain on skis, then taking off for flight and landing on skis. Mr. Raffeiner, 51, is the founder and CEO of the Mobility House, a charging and energy storage company that supports car manufacturers in over 10 countries from its offices in Munich, Zurich and Cupertino, Calif.

Growing up in St. Anton, Austria, nicknamed the cradle of Alpine skiing, he mastered the slopes at a young age. To escape the crowds, he began exploring backcountry terrain in the Alps when he was a teenager. For summer thrills, he learned to paraglide. About 15 years ago, he combined the two activities. "You get to know the mountain a lot better when you're seeing it from above," he says.

Backcountry flying adventures are great endurance training. Mr. Raffeiner carries between 20 to 40 pounds of equipment, including his paraglider, avalanche gear and food, on his back as he skins up the mountain on his skis. His expeditions help him prepare for both downhill and cross-country ski racing.

Each year he tries to compete in legendary races, including Vasaloppet, a 56-mile event in Sweden. It takes place March 17.

Mr. Raffeiner also plans to compete in St. Anton's Weisse Rausch, which translates as "White Rush" or "White Thrill," a ski race in April. Known for its mass start of 555 skiers and snowboarders, the race begins atop the Valluga Ridge. When the gun goes off, racers face a short uphill sprint before they descend 4,429 feet to the valley floor, covering a total of 5.6 miles.

"It's far from flat," he says. "There are a lot of moguls and in spring the terrain can be slushy, so your muscles really feel it." Depending on the conditions, he says he usually finishes the race between eight and nine minutes. "This will be my 18th year racing, and I somehow still have a wife," he jokes.

Thomas Raffeiner, above and below, considers the Austrian Alps his winter gym.

FROM TOP: SIMON RAFFEINER; DOMINIC NAHR FOR THE WALL STREET JOURNAL

So You Want to Try Speed Flying

Speed flying, a sport that combines skiing and paragliding, is a relatively new sport. In the 1970s, French mountaineers began experimenting with gliders and skis. Since then, the sport has gained popularity in Europe but is still banned in U.S. ski resorts, says Alex Palmaz, a United States Hang Gliding & Paragliding Association-certified instructor and co-owner of Aspen Paragliding in Colorado.

A solo paraglider is between 205 and 322 square feet, Mr. Palmaz says. A "speed wing" is 86 to 172 square feet. "The smaller the wing, the faster the speed and thus the more danger and less room for error," he says. Unlike paragliding, where a person remains in the air, the smaller wing used in speed flying allows riders to occasionally take flight above trees, rocks and other obstacles before touching down to continue descending the mountain on skis. Mr. Palmaz stresses that speed flying is an activity for experienced fliers and skiers.

"People are drawn to the allure of untracked snow," says Drew Kneeland, ski patrol director at Jackson Hole Mountain Resort in Wyoming. "When you exit the ski-resort area boundary, you leave behind slope-grooming, obstacle-marking and avalanche-hazard mitigation. For these very reasons it is inherently more dangerous to ski in the backcountry."

Mr. Kneeland says avalanche-rescue gear and the knowledge to use it is imperative. "But it only comes into play once things have already gone wrong," he says. "Preventive actions, such as taking an avalanche awareness course, can contribute to making informed decisions. Knowledge of the terrain is also necessary." He says if you are going to ski out of bounds and don't have a lot of experience, hire a certified guide.

The Workout

"I have access to the biggest gym you can imagine," says Mr. Raffeiner, referring to the outdoors of St. Anton. He cross-country skis one to two hours daily if his schedule allows. He can do it straight from his house. He'll don a headlamp and go out for 9 to 12 miles at night if he can't get out during the day.

Once or twice a week he joins friends for a backcountry adventure. "You should never be in the backcountry alone," he says. "Too much can go wrong." A typical day trip could involve five to seven hours of hiking and skiing. "We hike up to one valley then paraglide over to the next and ski, hike up again, fly and ski," he says. "Sometimes we underestimate how long it will take to get home. I've had to sleep in a snow cave."

Mr. Raffeiner lives in Zurich the rest of the year and regularly gets out to run and bike. He tries to keep business trips as short as possible and will run outdoors when on the road.

"In some places, like China, it's just not possible," he says. "And I'd rather take two days off than have to work out in a gym."

The Diet

Mr. Raffeiner is an omnivore but mostly eats fish and vegetables. He avoids farm-raised seafood and tries to eat as local as possible. "If I'm in St. Anton, I'm not eating sushi," he says. "If I'm in Japan, I eat sushi." He always starts his mornings with muesli. When he's off adventuring, he fuels himself with power bars and energy gels. Most nights he'll have a glass of good red wine.

The Gear & Cost

Mr. Raffeiner isn't shy about investing in gear. His Atomic downhill skis cost just over $1,000 and his Nordica Dobermann World Cup 150 ski boots cost $800.

He races in a Schöffel downhill racing suit ($500). "I buy a size smaller to be more aerodynamic," he says. He wears a POC ski helmet ($200) and Giro goggles ($200).

For cross-country skiing, he uses Fischer Worldcup skis ($800) and Fischer Race skate boots ($200). He prefers apparel from Norwegian brand Dæhlie, named for the cross-country legend Bjørn Dæhlie. His Gin Yeti 4 paraglider and harness cost $4,000. For backcountry and flying adventures he uses Dynafit Ultralight carbon skis ($1,000), Dynafit carbon boots ($1,000) and skins and crampons ($200).

He always carries safety equipment, including a shovel, probes, avalanche ball, walkie talkie and GPS tracker.

The Playlist

Mr. Raffeiner acknowledges that skiing and flying while listening to music is dangerous.

"Ninety percent of my workouts and adventures are done in silence, but if I do listen to music, I love Coldplay," he says. "Sometimes I sing, but I'm not a good singer. When I go to Colorado, my friends will ask me to sing. They say it scares off the bears."

Detail of Zoe Leonard's 'You See I Am Here After All' (2008), above; Ms. Leonard's 'TV Wheelbarrow' (2001), above left; Ms. Leonard's 'Untitled' (1989), center

TOP FROM LEFT: COLLECTION OF THE NEW YORK PUBLIC LIBRARY; ZOE LEONARD/GALERIE GISELA CAPITAIN, COLOGNE

ART REVIEW

Diverse, Yet Single-Minded

Zoe Leonard is a protean artist, engaged by the events and politics of the world she inhabits and its visual phenomena

BY KAREN WILKIN

New York

ZOE LEONARD (born 1961) is a photographer, sculptor, installation artist and activist whose work is both diverse and single-minded. She seems equally engaged by the real-life events and politics of the world she inhabits and its visual phenomena, especially those visual phenomena ignored or insufficiently considered by the rest of us. She embodies those wide-ranging concerns in ways that can seem, at first, extremely various. But we soon become aware of insistent constants. We realize that we're meeting a perceptive, engaged individual with an acute eye, a rigorous sense of organization, and an ability to make us look hard at things we might have otherwise dismissed and consider them as potent metaphors for loss, anger, mourning, obsession and more.

"Zoe Leonard: Survey," at the Whitney Museum, is a tightly focused but comprehensive overview of this protean artist that includes photography from the late 1980s to 2016; two- and three-dimensional installations made between 1992 and the present; and a new, site-specific text installation that visitors must seek out. Unfortunately, the show lacks any of Ms. Leonard's magical camera-obscura rooms, with their random quotidian occurrences projected, inverted, around the walls. Organized by Bennett Simpson, senior curator, with Rebecca Matalon, curatorial associate, the Museum of Contemporary Art, Los Angeles, where the show originated, the exhibition has been elegantly installed at the Whitney by the museum's assistant curator, Elisabeth Sherman. The handsome catalog contextualizes everything on view with many additional works and informative essays.

Confronted by Ms. Leonard's early images of rushing water, clouds through airplane windows, a surprising take on Niagara Falls, and distant views of the urban landscape (photographed between 1986 and 1989, but often printed later), we grasp her taste for repetition and shifting viewpoints, her quirkiness and individuality. A railroad yard or a chunk of suburbia seen from above becomes an abstract pattern because of the multiplicity of similar elements, further abstracted by the blurring of detail in Ms. Leonard's gelatin silver prints. A black border surrounding each frame reminds us of the artifice of printing and affirms that Ms. Leonard doesn't crop her images.

Photographs dominate, but the installation is enriched, at intervals, by other works. In the first gallery, there's a robust, ad hoc table with literally thousands of postcards of Niagara Falls, sorted by image and stacked, along with a row of worn blue suitcases, annually added to, one for each year of Ms. Leonard's life. As we move through "Survey," other kinds of repetitions, like a subtle drumbeat, assert themselves. A vast wall papered with more postcards of Niagara Falls, grouped to restate the site's geography, reiterates the dull blues of the suitcases while revealing the shifts in color and clarity in apparently identical, mass-produced images. We think about accumulation, obsession, visual codes and the reduction of a physical phenomenon to a logo, while remembering that almost unrecognizable aerial view of the falls at the beginning of the show.

Elsewhere, a gallery is devoted to "Strange Fruit" (1992-97), a large scattering of stitched-together fruit skins and banana peels, allowed to shrivel and decay. Made during the AIDS crisis, before effective treatment, when the gay community, with which Ms. Leonard identifies, was both decimated and stigmatized, the work and its blackened, crumpled objects can be read as a memento mori, a comment on the passage of time, and an uningratiating still-life.

Other works catalog the weird (eerie female wax anatomical models with their vital organs exposed), the ephemeral (half-glimpsed reflections in ornate mirrors), and the gritty (rude graffiti). Some of Ms. Leonard's most compelling series are of the notably ordinary. "The Analogue Portfolio" (1998-2009), 40 dye-transfer prints, documents shop fronts in Ms. Leonard's Lower East Side neighborhood and abroad. The modest-size typological comparisons remind us of Bernd and Hilla Becker's dispassionate collections of building types and water towers, while the shop displays and reflections make us think of Eugène Atget's records of Paris, but Ms. Leonard's interest in incongruous juxtapositions and wordplay provides a wry, personal subtext. The rich, matte color and square, head-on, tightly cropped views intensify the blunt, rough-hewn quality of the subject matter, making the workaday poetic and poignant.

Trees—trapped by fences, grown into railings intended to protect them, fused with and distorted by their surroundings—become the tragic protagonists of wordless narratives. Photographed in 1998, they could be read as surrogate victims of the AIDS crisis, here memorialized more subtly than in "Strange Fruit." Yet, at the same time, the trees' triumphant survival despite brutal constraints can be read as a sign of hope. Near-abstract, suffocating images of sealed-up windows have no such ambiguity.

At her best, Ms. Leonard conveys her passionate convictions through expressive, visually arresting images. The title's "survey" could be a verb, connoting active looking, rather than a noun meaning "overview."

Zoe Leonard: Survey
Whitney Museum of American Art, through June 10

Ms. Wilkin is an independent curator and critic.

BOTTOM FROM LEFT: WHITNEY MUSEUM OF AMERICAN ART, NEW YORK; ZOE LEONARD

Detail of Zoe Leonard's 'The Fae Richards Photo Archive' (1993-96)

SPORTS

FOOTBALL

Jones's Case Against NFL

The NFL wants the Cowboys owner to reimburse the league for legal fees, but Jones is appealing

BY ANDREW BEATON

Jerry Jones has been on the losing side of some high-profile battles lately. He lost his star running back Ezekiel Elliott for six games after a protracted legal battle. He lost his fight to derail NFL commissioner Roger Goodell's contract.

Now, after a brief detente during the playoffs, the Cowboys owner has another clash with the league on the horizon. This time, however, he may have a chance to prevail.

The topic this time is what price the league will seek to extract from Jones for the string of conflicts last fall, when Jones strayed so far afield that other owners called his behavior detrimental to the league.

But Jones isn't being fined for his behavior. At least not technically. Goodell recently told Jones he has to reimburse the league for its legal fees related to those battles, a seven-figure sum that's less than $3 million, people familiar with the matter said. The league is looking to recoup legal fees stemming from Elliott's lawsuit to fight his suspension and Jones's threatened litigation over Goodell's contract. Jones will appeal the penalty early this week when owners are in Florida for meetings.

Jones said Saturday he wanted to "address the facts" with Goodell and that he wanted to discuss both instances with the commissioner. "Looking forward to my time with him regarding both the issues of how we were involved or not involved in the Ezekiel Elliott issue as well as the issue of what we did or didn't do relative to his contract negotiation," Jones said in Indianapolis, according to The Dallas Morning News.

And it is shaping up as a test of Goodell's ability to mete out discipline to the league's teams. According to league bylaws, Goodell essentially has unilateral power in this matter. The idea that he'd reverse course seems unlikely.

But some legal experts say Jones has a good argument to make in questioning whether he should have to pay up. And they say if Jones wants to litigate the matter, he would have a strong argument in front of a neutral party.

"They've decided on an amount before Jones had any due process on it," said Brad Snyder, a professor at Georgetown Law.

The basis for the NFL's punishment dates back more than two decades to an obscure and rarely used resolution that says owners or clubs can be obligated to reimburse the league for legal fees on a case that the club or owner loses.

LM OTERO/ASSOCIATED PRESS

NFL commissioner Roger Goodell, left, told Cowboys owner Jerry Jones he has to reimburse the league for legal fees for a string of conflicts. Some legal experts say Jones has a good argument to make in questioning the penalty..

In other words, the league got tired of the late Raiders owner Al Davis's extensive legal battles and wanted to send a message.

"It's really designed to create a disincentive for a club to sue the league or the commissioner," said Matt Mitten, executive director of the National Sports Law Institute.

The majority of the fees the league wants are the result of the Elliott case. And that may be key to Jones's argument: Neither Jones, nor the Cowboys, were officially a party to that lawsuit.

> The battle is shaping up as another test of Roger Goodell's ability to mete out discipline.

After Elliott was suspended before the season under the league's personal conduct policy, he appealed within the league's framework. When he lost the appeal, he and the NFL Players' Association took the matter to court. That produced a stay on the suspension, allowing Elliott to play while a hostile and costly legal battle took place that challenged the fairness of the league's investigatory process and Goodell's disciplinary power. When the U.S. Second Circuit of Appeals eventually terminated the stay on Elliott's suspension, the litigation was dropped and Elliott sat for six games toward the end of the year.

Whether Jones is actually liable for these fees, despite the suit coming from Elliott and the NFLPA, depends on whether the club provided "substantial assistance" in the matter, according to the league's resolution. The league believes that's the case, two people familiar with the matter said, because the Cowboys' general counsel worked closely on the case and filed a declaration.

But legal experts say it's only natural for a team to work closely on a case involving one of its players. "You would expect the club to support the player," Mitten said.

And in some expensive past instances, the league hasn't asked to be repaid. Most notably, the NFL racked up a giant legal bill fighting to maintain Tom Brady's suspension in the Deflategate case. And the Patriots were not forced to reimburse the league.

Many owners believe the acrimony over the Elliott case led to the next fight Jones picked with the league: over Goodell's contract. Although all 32 owners, including Jones, voted unanimously to authorize an extension last year, he reversed course and sought to thwart the deal before it was finished. Jones has denied this was revenge for the Elliott affair and said he was concerned with the direction of the league, noting matters such as declining television ratings and the continued player protests during the national anthem.

During these efforts, Jones hired high-profile litigator David Boies and threatened to sue the league and the owners on the compensation committee, tasked with negotiating Goodell's extension. That triggered a hostile back-and-forth in which some owners believed Jones's behavior was so damaging that they privately discussed the possibility of removing him from the league, people familiar with the matter said in November. Still, Jones never actually wound up filing a lawsuit.

The problem for Jones: The same person who levied this punishment against him is Goodell, who is also the person hearing out his attempt to fight it. Although the people said Goodell doled out this bill with the support of owners—who believed Jones's actions couldn't go unchecked—there's an inherent trickiness to the ordeal given that the penalty is coming from him after Jones opposed his contract.

That would theoretically leave one option left for Jones to challenge. He could take it to court, where a judge would review whether Goodell actually had the power to assess Jones these fees. And a potential court case would be oddly ironic: the NFL would rack up more legal fees in order to collect other legal fees.

"What Texas judge is going to rule against Jerry Jones?" Snyder said.

NFL

THE STAR OF THE COMBINE

BY ANDREW BEATON

The most remarkable story at this year's NFL Scouting Combine comes from a college star and folk hero who wasn't even supposed to be at the pre-draft event in the first place.

Shaquem Griffin, who lost his left hand at the age of 4 because of a rare pre-birth condition, was a notable omission on the combine's original list of attendees. He was a star at Central Florida, where he was the Peach Bowl Defensive MVP against Auburn to cap the Knights' undefeated season.

But Griffin's impending absence from the event that showcases college players before the draft produced backlash, and he was later invited. Now he's putting on a performance that's even stunning himself.

He pulled off 20 reps on the 225-pound bench press, using a prosthetic hand to grip the bar. His goal going into the event: six. And this was just the appetizer.

In the 40-yard dash, he unofficially finished in 4.38 seconds. That's not only one of the few fastest times for any player at any position at this year's event. It's the speediest time for a linebacker since 2003, according to the NFL.

That time was important for another reason, too. It means nobody in the Griffin family has bragging rights. His twin brother, Shaquill, a cornerback who also played at UCF, also recorded a time of 4.38 seconds at last year's combine, before he was drafted in the third round by the Seattle Seahawks.

Shaquem Griffin may not be done yet shattering norms and expectations yet. There isn't a known instance of an NFL team drafting a one-handed player in modern football history.

"I'm going to check every box off of the things people say I can't do," he said.

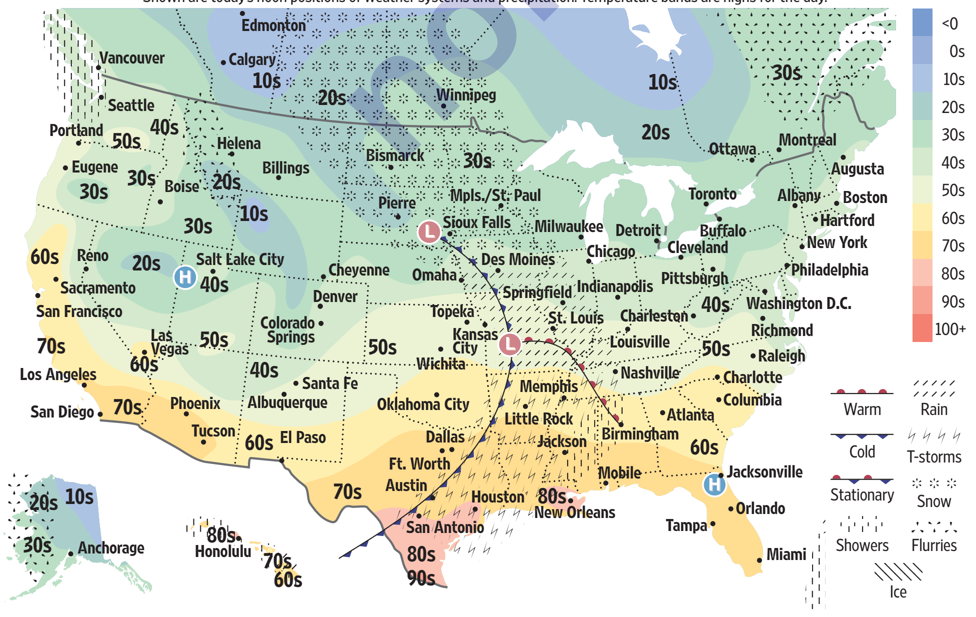
MICHAEL CONROY/ASSOCIATED PRESS

Former UCF star Shaquem Griffin

Weather

AccuWeather DOWNLOAD OUR APP TODAY

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



U.S. Forecasts

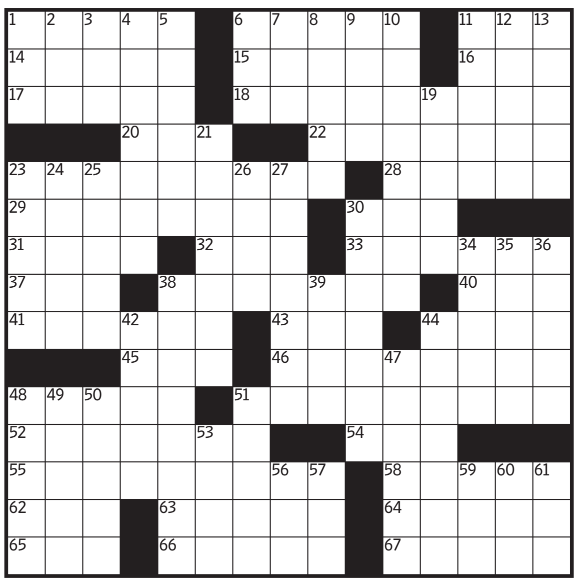
s...sunny; pc... partly cloudy; c...cloudy; sh...showers; t...t'storms; r...rain; sf...snow flurries; sn...snow; i...ice

City	Today Hi	Today Lo	Today W	Tomorrow Hi	Tomorrow Lo	Tomorrow W
Anchorage	30	13	pc	28	23	sn
Atlanta	64	51	pc	64	41	r
Austin	76	44	c	70	41	pc
Baltimore	46	26	s	44	34	pc
Boise	45	26	pc	49	25	s
Boston	42	31	c	41	33	pc
Burlington	39	26	pc	40	29	pc
Charlotte	60	42	pc	55	39	r
Chicago	44	32	r	41	25	sn
Cleveland	36	29	pc	45	31	r
Dallas	71	43	pc	68	37	s
Denver	46	21	pc	45	17	s
Detroit	38	28	pc	40	30	sn
Honolulu	80	70	pc	79	68	pc
Houston	80	53	t	72	45	pc
Indianapolis	48	33	pc	50	31	pc
Kansas City	54	35	pc	43	26	c
Las Vegas	62	42	s	68	47	pc
Little Rock	69	37	sh	62	33	s
Los Angeles	72	51	s	77	54	pc
Miami	76	60	s	80	66	pc
Milwaukee	39	32	c	39	26	sf
Minneapolis	33	27	sn	34	16	sf
Nashville	55	41	sh	63	36	r
New Orleans	81	63	pc	69	51	t
New York City	44	33	pc	44	35	pc
Oklahoma City	62	33	s	59	30	s
Omaha	47	30	c	37	24	c
Orlando	76	52	s	83	61	s
Philadelphia	45	30	pc	46	33	pc
Phoenix	73	47	s	78	51	pc
Pittsburgh	41	27	s	46	31	r
Portland, Maine	41	28	c	39	27	pc
Portland, Ore.	52	33	pc	57	36	s
Sacramento	62	35	s	66	38	pc
St. Louis	55	37	r	51	32	c
Salt Lake City	42	25	pc	46	27	s
San Francisco	62	44	s	66	47	pc
Santa Fe	50	18	s	54	22	s
Seattle	49	34	c	51	34	pc
Sioux Falls	36	25	r	33	18	sf
Wash., D.C.	48	30	s	45	37	c

International

City	Today Hi	Today Lo	Today W	Tomorrow Hi	Tomorrow Lo	Tomorrow W
Amsterdam	49	35	c	48	33	sh
Athens	66	55	t	67	55	pc
Baghdad	83	60	s	85	59	pc
Bangkok	95	79	pc	94	79	c
Beijing	46	23	s	44	27	pc
Berlin	46	27	pc	40	31	r
Brussels	52	39	c	51	36	pc
Buenos Aires	84	51	pc	80	53	s
Dubai	77	64	s	79	66	s
Dublin	44	32	sh	43	32	c
Edinburgh	41	33	r	43	32	r
Frankfurt	53	32	pc	48	36	sh
Geneva	48	39	r	44	35	sh
Havana	81	57	s	83	59	s
Hong Kong	77	68	pc	73	63	pc
Istanbul	51	47	c	58	52	sh
Jakarta	88	76	t	88	76	t
Jerusalem	73	54	s	71	48	s
Johannesburg	82	61	s	81	61	sh
London	51	40	c	50	37	pc
Madrid	50	37	r	51	33	sh
Manila	93	77	s	93	78	s
Melbourne	68	54	c	79	54	s
Mexico City	81	52	pc	79	53	pc
Milan	49	37	c	50	38	c
Moscow	18	-1	sn	15	3	c
Mumbai	91	78	pc	92	78	pc
Paris	55	39	c	52	40	pc
Rio de Janeiro	88	76	t	90	76	pc
Riyadh	82	63	pc	88	64	s
Rome	55	48	r	57	46	r
San Juan	80	71	pc	80	70	pc
Seoul	49	26	r	48	30	s
Shanghai	51	45	pc	53	44	c
Singapore	90	77	pc	91	78	pc
Sydney	74	67	c	75	67	sh
Taipei City	86	59	r	67	63	c
Tokyo	64	44	r	52	38	s
Toronto	37	25	s	35	28	sf
Vancouver	45	32	pc	45	31	s
Warsaw	37	26	pc	37	31	i
Zurich	50	34	c	44	33	sh

The WSJ Daily Crossword | Edited by Mike Shenk



TO-DO LIST | By Melina Merchant

Across

1 "The Rachel Maddow Show" carrier
6 Indian state noted for its tea production
11 Everglades Natl. Pk. setting
14 Sung drama
15 Produce evidence of
16 Joined the race
17 Tap output
18 Subdued
20 Pendulum's path
22 Daughter of King Minos
23 Very high price
28 Throw for ___
29 "Snow-Bound" poet
30 Words before distance or disadvantage
31 Apiece
32 Low-ranking USMC member
33 Sounds from stallions
37 Significant time
38 Yorkshire terriers and Brussels griffons, e.g.
40 "Alley ___"
41 Abel who explored Australia
43 Suffix for ethyl or methyl
44 Singer Guthrie
45 Co. with brown trucks
46 Can shape
47 Subject to a ribbing
51 Amount needed to produce a harmful effect, in medicine
52 Hospital staffer
54 Bus. bigwig
55 Folk song that was a #1 hit for the Kingston Trio
58 Statement of beliefs
62 Nabokov book
63 Brother, in Bordeaux
64 Item in a quiver
65 Gridiron great Dawson
66 Plants with fronds
67 Analyze grammatically

Down

1 Cut, as 12-Down
2 Relaxing resort
3 Tennis court sight
4 Side-to-side measure
5 Figurative enticement
6 Fitting
7 Hit show letters
8 Sub system
9 State to be the case
10 Acts as an arbitrator
11 He carried the One Ring to Mount Doom
12 Grassy expanses
13 Queen ___ lace
19 ___ Lama
21 Some ties
23 Posting from @realDonaldTrump
24 Scarlett's last name
25 Printer's units
26 Impose, as a fine
27 Style embodied by the Chrysler Building
30 Perfectly behaved
34 Nickname of astronaut Cooper
35 Colander features
36 Puffball emanation
38 Lessen gradually
39 Cameo stone
42 Said reflectively
44 Nation in the Pyrenees
47 Polar feature
48 Complete
49 Lessen gradually
50 Don Draper, for one
51 President before Polk
53 Traditional tales
56 End for north, east, south or west
57 Agreeable answer
59 Go wrong
60 Half of cuatro
61 Be behind

Previous Puzzle's Solution

The contest answer is SLOPPY JOE. Each of the five longest answers contains the letters J-O-E in some permutation (in grid order: EOJ, OEJ, JEO, EJO, OJE). These jumbled JOEs suggest the contest answer.

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

OPINION

Is Canada a National Security Risk?

AMERICAS
By Mary Anastasia O'Grady

When Donald Trump makes a national-security argument for raising the cost of imports of metal, as he did last week, his base may think he's getting tough with dictatorships like China. But the 25% tariffs on steel and 10% on aluminum that he announced Thursday will hit Canada hardest.

Canada is the largest exporter of steel to the U.S.; China ranks 11th. In 2016 Canada exported 5.4 million metric tons to the U.S. and bought more than 50% of U.S. steel exports. Canada is also America's largest supplier of aluminum. In 2016 total cross-border trade with Canada was more than $628 billion.

Making a phony argument about national security to block Canadian exports and increase the profits of a small group of U.S. metals producers undermines U.S. credibility in the world. But that is only one reason that the latest Trump tariff tantrum is a bad idea.

It will alienate Canada, which may look for new suppliers—as Mexico has since Mr. Trump began threatening to withdraw from the North American Free Trade Agreement. New tariffs on imported steel and aluminum also would make manufacturing in the U.S. more expensive while making Canada and Mexico more attractive destinations for capital. That will raise the odds that the next big fabricating plant built in North America won't be in the U.S.

In a display of classic Canadian politeness, Foreign Minister Chrystia Freeland issued a statement Thursday that called the effort to frame Canadian exports as a national-security risk "entirely inappropriate."

Absurd is more like it. Islamic suicide bombers are stalking the free world, Russia is saber-rattling, Venezuela is smuggling Hezbollah terrorists into the Western Hemisphere, Iran is building nukes, North Korea is testing missiles to deliver them—and Mr. Trump says that Americans drinking beer out of cans made from Canadian metal is a national-security risk.

In the event Mr. Trump confuses good manners with weakness, Ms. Freeland made clear that Ottawa won't take Mr. Trump's trade provocation lying down. "Should restrictions be imposed on Canadian steel and aluminum products, Canada will take responsive measures to defend its trade interests and workers," she said in her statement. Jean Simard, chief executive officer of the Aluminum Association of Canada, was more direct. He called the announcement "an all-out trade war."

One wonders why Mr. Trump cannot grasp the fundamentals of international trade. It isn't high finance. It's basic arithmetic, and the irony of the Canadian pushback is that if it is successful in preventing the blunder, the biggest beneficiaries will be Americans. If it fails, the Yanks are the biggest losers, and that's even before taking into account the retaliation Canada and other U.S. trading partners are likely to impose on U.S. exports.

There isn't anything dangerous about buying steel from a democratic ally.

Mr. Trump tweeted Friday that "trade wars are good, and easy to win." But a trade war with Canada would be neither. Our neighbor to the north has long been the U.S.'s largest trading partner. In 2016 it slipped to the No. 2 slot behind China, but not by much.

It's preposterous to think that the deterioration of such an important commercial relationship won't be counterproductive. As to easily winning a face-off with Canada, Mr. Trump is likely underestimating northern national pride, which won't bow so quickly to American bullying. Ottawa is already set to sign, this month, the new Trans-Pacific Partnership with 10 other countries, which Mr. Trump rejected. Although less trade with the U.S. wouldn't be optimal, Canada could mitigate the pain by boosting its international commerce elsewhere. That would harm U.S. exporters since Canada is the No. 1 foreign destination for U.S. goods and more than eight million U.S. jobs rely on U.S.-Canada trade.

Americans, in a sense, have a foot in Canadian factories. According to a 2016 study by Trade Partnership Worldwide for the Embassy of Canada in Washington, "U.S. value accounted for $70 billion, or 8.5% of the value of Canadian manufacturing output" in 2014. This included motor vehicles and components but also chemicals, rubber, plastics and industrial machinery.

When counting imports from Canada, it is important to note the American content. Some are goods that originated in the U.S. and to which Canada has added value. According to the Organization for Economic Cooperation and Development, in 2011—the latest year for which data is publicly available—for every dollar of value-added merchandise imported to the U.S. from Canada, almost 15 cents originated in the U.S. This is far greater than the average U.S. content of all valued-added imports, which is 6.4 cents.

There is nothing about trade with Canada that threatens national security, and claims to the contrary make Mr. Trump look like a buffoon. If he wants to rant against Canadians, he ought to go to a Ranger game and sit in the blue seats.

Write to O'Grady@wsj.com.

A New Business Takes On Fake News

By L. Gordon Crovitz

The internet broke down publishing by enabling everyone to become a publisher. The unintended consequence was the fake-news epidemic. Teenagers in Macedonia discovered they could make a small fortune from online advertising by concocting outlandish click-bait stories. RT.com, one of the top news sources on YouTube, doesn't disclose that it is funded by the Russian government, and in 2009 changed its name from Russia Today.

One cause of the problem is the weakening of news brands, an effect of social media and search engines. A 2017 study by the Reuters Institute and Oxford, "I Saw the News on Facebook," found that most people couldn't remember the news brand of stories they accessed through social media. That makes it easy for purveyors of knowingly false news or propaganda to fool users by looking like legitimate news publishers. A site called "Denver Guardian" was set up before the 2016 election to show how easy it is to publish knowingly false stories, according to its founder.

Before the internet, displays of newspapers and magazines featured well-known brands. No one mistook the National Enquirer for the Philadelphia Inquirer. The internet often feels like a mass of pages ripped out of publications and scattered randomly on the floor.

Silicon Valley deserves credit for allowing a largely free flow of information. It's commendable that Facebook, Google, YouTube, Twitter and other platforms don't want to make judgments about journalistic brands. Their engineers use artificial intelligence to limit pornography and hate sites, but interpreting the nuances isn't a task for computers.

The internet often feels like a mass of pages scattered randomly on the floor.

"What's Vox?" my teenage son recently asked. "They have great videos explaining news, but aren't they kind of left-wing?" It's a challenge for readers like him to get the context they need to be better informed about news brands—including Vox's progressive viewpoint.

This is why Steve Brill and I are launching NewsGuard. Instead of black-box algorithms, NewsGuard will use human beings to rate news brands Green, Yellow or Red depending on whether they are trying to produce real journalism, fail to disclose their interests, or are intentional purveyors of fake news. Our team of journalistically trained analysts will also create "nutrition label" write-ups reporting key facts about each brand. The nutrition labels will profile the 7,500 news brands that account for 98% of online news engagement in the U.S., with overseas markets to follow. We will be transparent about our criteria and processes, and invite readers and publishers to contribute. Our evaluations will reflect the wisdom of both experts and the crowd.

Our nutrition labels will describe publishing missions, history, and the political and other viewpoints expressed by sites so that readers can make their own judgments. We'll release our first set of ratings and nutrition labels before November's U.S. midterm elections.

Legitimate news publishers badly need a solution for fake news. An increasing number of advertisers concerned about their brand safety don't want to risk their reputations by having their ads appear on fake news sites. Thus many have told their agencies to keep their ads off news sites altogether. That puts more financial pressure on publishers. NewsGuard will produce a "white list" of legitimate news publishers for advertisers to avoid fake news sites. (Publicis Groupe, one of the world's largest advertising-agency holding companies, is the lead investor in NewsGuard.)

NewsGuard's business model is to charge the digital platforms, which created the problem in the first place, so that their users can access the ratings and nutrition labels, and to charge advertisers to keep their ads off fake news and propaganda sites. We won't charge publishers to be rated and will make a version of the ratings available free to individuals and news-literacy groups.

One reason for the great success of Silicon Valley is the "permissionless innovation" of the internet. Entrepreneurs don't have to get government approval to launch new services on a largely free, open and unregulated internet. When problems emerge there are naturally calls for regulation, which is hard to impose without crimping worthy innovation. We propose a free-market solution: Have journalists apply journalistic values of transparency and disclosure to help online users become discerning consumers in the marketplace of ideas.

This approach will succeed if digital platforms take responsibility for solving a problem they unintentionally created—and which they cannot solve on their own without becoming editors. If they truly believe that more information is better than less, they will agree to arm their users with better information about the sources of information they display on their platforms.

Mr. Crovitz is a co-founder of NewsGuard and a former publisher of The Wall Street Journal.

Churchill Wasn't 'Over the Hill' in 1940

By Paul Irving

Gary Oldman's Oscar-nominated portrayal of Winston Churchill in "Darkest Hour" has kindled a re-examination of the British prime minister's leadership during the early days of World War II. One fact often missed is that Churchill was 65 when his defining moment arrived. It came only because voters believe in second acts.

Too often, employers do not. Because of the ageist assumptions prevalent in the modern workplace, many people Churchill's age never get their own second shot. Age should never be the sole basis for deciding whether a person is hired or fired, promoted or demoted. The law requires as much. Yet many employers have mastered workarounds that make discrimination difficult to prove.

The tragedy is that age discrimination is based on perception rather than performance. Workers over 50 are burdened by an outdated definition of "old." Despite evidence to the contrary, they are unfairly judged to be costly, less productive and agile, and unable to learn. Yet there are many examples of older adults who have accomplished extraordinary things.

His example should prompt us to question ageist assumptions.

At 87, Warren Buffett remains one of the world's savviest investors. Ray Kroc was 52—over the hill by ageist standards—when he switched careers to turn McDonald's into the world's largest restaurant chain. Anna Moses, better known as Grandma Moses, started painting seriously at 78. Diana Nyad at 64 became the first person to swim from Cuba to Florida without a protective shark cage.

Advances in health are making accomplishments that require mental acuity and physical endurance commonplace among older people. Whatever declines they may experience with age can be offset by their accumulated knowledge, perspective and balance.

While those facing discrimination often turn to government, the record shows that business can shatter cultural barriers more quickly. Companies have contributed to the advancement of women, people of color, and the LGBT community. Yet older workers are rarely represented in corporate diversity and inclusion initiatives.

What might business advocacy for them look like? First, companies should avoid stereotypes in campaigns aimed at older consumers. Second, they should evaluate employees on performance, without any stigma on age. Finally, they should recognize that the tone at the top matters. Executives ought to recognize the contributions of older workers and engage them in planning and product development. Hollywood can harness its power to foster respectful, dignified images of older people. Silicon Valley can shift its youth-obsessed culture.

With the success of "Darkest Hour" keeping conversation about Churchill's achievements alive, this much is beyond debate: His words and actions in the summer of 1940 were the product of a long life checkered by soaring triumphs and catastrophic failures. Each prepared Churchill for that critical time. Although the challenges of the 21st-century workplace are more benign, the qualities older workers have acquired over their lives are just as important to success.

Mr. Irving is chairman of the Milken Institute Center for the Future of Aging, chairman of Encore.org, and distinguished scholar in residence at the University of Southern California Davis School of Gerontology.

BOOKSHELF | By Peter Neville-Hadley

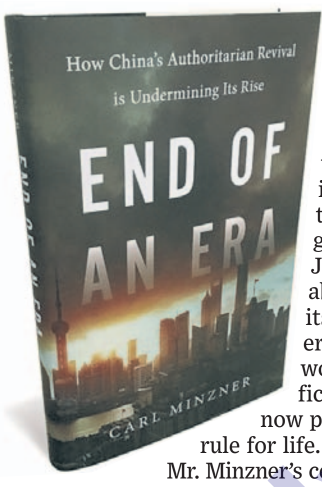
China's Own Worst Enemy

End of an Era

By Carl Minzner
(Oxford, 255 pages, $29.95)

In 1978 Deng Xiaoping launched his policy of "opening and reform," which permitted a carefully restricted measure of private enterprise. The official view from Beijing has since been that conditions across the country have continually improved, and some foreign pundits, relying on economic data that even the Chinese consider unreliable, parrot the case for China's inevitable rise to global economic dominance.

Carl Minzner briskly and bluntly rejects this position. In "End of an Era: How China's Authoritarian Revival Is Undermining Its Rise," he argues that China is not on an unstoppable upward trajectory but has already begun its decline, its prospects for progress sabotaged by the current leadership's rejection of further political reforms and its reversal of the modest steps taken by past leaders toward a partly commercialized media, limited local elections and other institutions governed by the rule of law. Xi Jinping's move last week to abolish presidential term limits, for instance, undoes a leadership succession policy that would have seen him leave office by 2023. Instead, he has now potentially set himself up to rule for life.



Mr. Minzner's central theme is that the current regime is its own worst enemy. Under Mr. Xi's increasingly autocratic rule, Mr. Minzner argues, top-down control has undermined the development of society at every turn.

The author, a professor at Fordham Law School, provides no shortage of examples to make his case. Mr. Xi's campaign against graft, for instance—or, at least, the graft of his political rivals—has led to mass capital flight and to paralysis among bureaucrats who fear a wrong move will terminate their careers. For most Chinese, the "Chinese Dream" is not to enjoy the modest domestic prosperity Mr. Xi suggests, but to send their children overseas for study and a better life. Incentives to meet targets for economic growth and social stability have resulted in data falsification at every level of government. China's rulers risk losing touch with the country's social and economic challenges as they are fed only positive, bonus-earning information.

On social policies, the decision to persecute Falun Gong has turned the spiritual movement into an international conglomerate of newspapers and cable-television stations dedicated to the downfall of the Communist Party. Strict birth-control policies have created an industry of enforcement focused on profit for officials through fines and confiscations that in 2013 amounted to $3.1 billion. The policies have also created a vast population imbalance between males and females, young and old. Antisocial activity among unmarried men, widespread unrest due to labor shortages and a national pension crisis are just some of the other looming problems. Meanwhile, the push for higher education has produced millions of graduates who are now four times more likely than laborers lacking a high-school diploma to be unemployed; those who do find jobs can expect to earn barely double what laborers do.

Xi Jinping's increasingly autocratic rule is undermining the economic and social progress achieved in China since the Deng Xiaoping era.

In his determination to criticize top-down control, Mr. Minzner sometimes gives earlier post-Mao leaders more credit than they deserve. Deng's reforms were only impressive because of the repression and chaos that preceded them. Reluctantly allowing a limited measure of private enterprise is no economic masterstroke. Rather than leading reforms, Deng's administration often struggled to catch up with the grass-roots changes already taking place in the private sector.

Remember also that it was Deng who ordered the tanks into Tiananmen Square to quell what Mr. Minzner mentions cursorily as "student unrest," much of which was sparked by resentment toward the corruption within Deng's administration. Deng's government may have issued hundreds of new statutes and reopened the nation's law schools, but the Party, not the courts, continued to decide the outcome of political cases. Other verdicts often remained for sale to the highest or best-connected bidder. Mr. Minzner tells us approvingly that lawsuits against the government rose to roughly 100,000 by 2001 from zero in the 1990s. Not mentioned is how few of these cases were successful.

Mr. Minzner also says that in 1997 "central authorities adopted 'rule according to law' (*yifa zhiguo*) as a core Party slogan. Parallel constitutional amendments followed two years later." But this was the same constitution that supposedly guaranteed the freedoms of speech, assembly and the press—all of which remained nonexistent. In China, an announcement of a change in rules should never be mistaken for meaningful action or any guarantee of meaningful action.

Mr. Minzner does demonstrate that China's rapid growth and openness to the outside world are now coming to an end. Inefficient state-owned enterprises are privileged at the expense of private firms, wealth is concentrated in the hands of an ever-tinier proportion of the population and a dramatic slowdown in economic growth is expected. Meanwhile, "hostile foreign forces" are blamed for any setback. The Party has ensured not only that democracy is held at bay but that any stable transition in the future will be impossible. "In the narrow pursuit of maintaining political power," Mr. Minzner writes, Party leaders "have eroded the late-twentieth-century bedrock on which China's success has been built. Rather than serving as the poster child for successful authoritarian governance, China is actually an example of the perils of failing to undertake political reform."

There's little here that will be new to dedicated China observers or those who read the newspapers closely. But Mr. Minzner's arguments are lucid, readable and well-sourced, making this compact volume compulsory reading for those who continue to insist that China's authoritarian governance might be an improvement on democracy. For all the Communist Party's persistence in identifying its own well-being with that of the Chinese people, it is the people who are in peril, not the Party. Mr. Minzner sees no possible outcome in which the Party is dislodged from power. For China's communist leaders, that is the best of all possible outcomes.

Mr. Neville-Hadley is a Vancouver-based writer.

OPINION

REVIEW & OUTLOOK

The Qualcomm Question

Why are the feds passing on a review of Broadcom's takeover bid?

Broadcom Ltd.'s hostile bid to buy Qualcomm Inc. is playing as a typical brawl for corporate control, but sooner or later it will also become a national security issue. Qualcomm shareholders ought to know this going into their vote Tuesday on Broadcom's slate of directors who would give the Singapore-based company effective control.

As a financial matter, Broadcom's $117 billion bid is a familiar corporate fight over value and management. Broadcom's Malaysian-born CEO Hock Tan says he can apply his private-equity style of financial engineering to get more value for shareholders out of Qualcomm's assets. Qualcomm, a leader in computer chips for smartphones, says the offer is inadequate and that it is poised for a new era of growth after costly patent battles.

What makes this fight more broadly consequential is Qualcomm's technology and its role in developing the standard for the 5G wireless internet. Foreign investment is crucial to U.S. prosperity, and so is a healthy market for corporate control. Takeover bids discipline bad management, and poorly run companies sometimes use national security to thwart a hostile bid.

But this principle has to be qualified by a concern about vital technology, especially as China tries to become the world's dominant military and economic power. China has relentlessly tried to steal U.S. business and military secrets, and it has used discriminatory policy against foreign companies operating in China to coerce the transfer of intellectual property.

Qualcomm does some work for the U.S. government that is classified, but the larger concern is who will set the standard for the 5G internet. The 5G web will make possible what is called "the internet of things," such as autonomous cars and home appliances run over networks.

The U.S. and Europe set the standard for 3G, while U.S. companies led in 4G. The two leaders in 5G are Qualcomm and Huawei, the giant Chinese telecom company. The concern among U.S. technologists is that Broadcom's management methods of slashing costs and selling assets will mean less spending on research and diminish Qualcomm's ability to compete with Huawei.

Broadcom says this is unfair, but the stakes are high. Qualcomm licenses its technology to Chinese handset competitors of Huawei, and they are also worried that once in control of Broadcom Mr. Tan could strike a deal with Huawei that cuts them off. He also could be pressured to do so to get Chinese antitrust (i.e., political) clearance for a Qualcomm merger. A 2012 Congressional report highlighted concerns that Huawei might facilitate Chinese government spying, though Huawei denies it.

All of this is further complicated by a debate inside the Trump Administration over the Broadcom bid. The transaction would typically be reviewed by the interagency Committee on Foreign Investment in the U.S., known as Cfius. Our sources say U.S. intelligence officials are concerned and some were poised to issue a judgment before this week's vote by Qualcomm shareholders.

But we're told that Treasury, which chairs Cfius, sought and won a delay in any formal consideration. Treasury claimed the Cfius law isn't clear about the committee's jurisdiction because it isn't clear Broadcom will prevail. Others who know the law disagree, and in any case Qualcomm shareholders ought to know before the vote if the feds are likely to block a takeover.

A Treasury spokesman told us: "The CFIUS process operates under strict confidentiality requirements, and Treasury will not comment on any specific transaction. Treasury is acutely aware of the importance of Qualcomm's work to the U.S. national interest." Sounds like our sources are right.

In further intrigue, Mr. Tan publicly promised President Trump last year at the White House that he would move Broadcom's headquarters from Singapore to the U.S. Soon thereafter Broadcom made its bid for Qualcomm and closed its purchase of Brocade Communications Systems that passed Cfius review. Broadcom says it will let shareholders vote this year on moving to the U.S., which would mean the Qualcomm takeover would no longer be subject to Cfius review.

Yet that still wouldn't address concerns about how Broadcom would manage Qualcomm's technology. Presumably it isn't buying Qualcomm to destroy it, but Broadcom's history and intentions deserve scrutiny. Qualcomm is important enough to U.S. national security that Broadcom's takeover warrants a careful Cfius review no matter what its CEO promised Donald Trump.

Steel Tariffs Without Jobs

Taxes on imports won't bring back the jobs of yore in Pittsburgh.

The reaction against Donald Trump's new steel and aluminum tariffs has been fast and negative, from foreign leaders to business groups to financial markets. As the President absorbs the damage to the economy and his political standing, we hope he also reconsiders the illusion that his tariffs will create new American jobs.

"So steel and aluminum will see a lot of good things happen. We're going to have new jobs popping up," Mr. Trump told steel and aluminum executives last Thursday at the White House as he announced his 25% and 10% tax on imports.

Someone should tell him about Voestalpine AG's steel plant in Austria, which reveals the reality of steel production and jobs. A Bloomberg News story from June 20, 2017 offered a fascinating look at how a modern plant can now produce high-quality steel with few workers.

The plant in Donawitz, a two-hour drive from Vienna, needs all of 14 employees to make 500,000 tons of steel wire a year. The same mill in the 1960s would have needed as many as 1,000 workers to produce a similar amount albeit of lesser quality.

"We have to forget steel as a core employer," Voestalpine CEO Wolfgang Eder told Bloomberg reporter Thomas Biesheuvel. "In the long run we will lose most of the classic blue-collar workers, people doing the hot and dirty jobs in coking plants or around the blast furnaces. This will all be automated."

Voestalpine long ago concluded it couldn't compete with the low-cost blast furnaces of the Chinese and others. So it has invested in technology to reduce costs while competing to make high-quality niche products. The so-called U.S. mini-mills have done something similar to stay competitive. Tariffs will let those mills raise prices and profits, but they won't add much more than a token number of new jobs.

The policy point is that Mr. Trump's tariffs are trying to revive a world of steel production that no longer exists. He is taxing steel-consuming industries that employ 6.5 million and have the potential to grow more jobs to help a declining industry that employs only 140,000.

Like King Canute, Mr. Trump is trying to roll back the economic tides. The difference is that Canute knew it was folly.

Italian Government: An Oxymoron

The remarkable fact about Italy's national election Sunday is that roughly seven years into a simmering economic crisis, a vote in the eurozone's third-largest economy could settle so little. If investors want something to panic about, that should be it.

Exit polls as we went to press suggested a dispiriting but not entirely surprising result. The sometime-euroskeptic 5-Star Movement founded by comedian Beppe Grillo was the most successful single party, projected to win a bit more than 30%. That's better than some polls predicted.

But 5-Star was second to a right-leaning coalition of Silvio Berlusconi's Forza Italia, the euroskeptic, anti-immigrant League (formerly the Northern League), and two smaller parties; together they won around 35%. The big loser was the incumbent center-left Democratic Party of former Prime Minister Matteo Renzi, which limped in with 20%.

The likely outcome is a hung parliament. Markets may still take fright from the first-place finish of a "populist" party like 5-Star, but 5-Star's leader Luigi Di Maio had played down support for an anti-euro referendum. 5-Star's real sins are inexperience and naiveté—Mr. Di Maio is 31 years old—and support for the unaffordable spending promises every other party made. Its electoral success says more about voter frustrations with Italy's pathetic political class than antipathy to the euro.

The Democrats lost because Mr. Renzi pushed through important but modest economic reforms that he failed to explain to voters, and then became fixated on a constitutional amendment concerning the size of the parliament. The amendment failed.

The right-wing coalition's result marks Mr. Berlusconi's return to power, sort of. The media tycoon can't serve in government due to a conviction for tax offenses, but his Forza Italia will heavily influence whichever figurehead the coalition puts forward as a Prime Minister. Mr. Berlusconi presented himself as the voice of reason and experience compared to 5-Star. His mixed economic record in office and his implausible campaign promises of more spending and a flat tax (which can't pass) gave voters little else to go on.

The theme of this election was voters' struggle to decide which of these losing contenders represented the least bad option. The return of economic growth, though lagging most of the eurozone, may have eased some of the political urgency around an 11.1% jobless rate and an economy that still hasn't made up the ground lost to recession since 2011.

Immigration was the other big issue. The European Union has been unable to help Italy manage the flow of migrants from North Africa and at times has made it worse. Maybe events will prove that Italians have succeeded in finding some way out of this confusion. But for now it appears the election has mainly given them a government they don't need, and none of the economic answers they do.

LETTERS TO THE EDITOR

Both Memos Highlight a Surveillance Abuse

Your claim that the Democratic memo supports the Republican memo is just as specious as President Trump's claim that the Nunes memo shows there was "no collusion" ("Democrats for Eavesdrop Abuse," Review & Outlook, Feb. 26). The absence of evidence in a partial telling does not prove the opposite was true. Both memos, along with the unfinished results of the Mueller investigation, show that we should let Robert Mueller finish the job, without any further attempts to undermine the process.

TOM SCOTT
Morgan Hill, Ca.

In the opening paragraph, the Democratic rebuttal begins by saying that the GOP's memo risked "public exposure of sensitive sources and methods for no legitimate purpose," before going on to have some 39 redactions of its own, depending on how you count single words and line breaks.

Furthermore, the assertion that the opening of an FBI probe of Carter Page in July 2016—weeks before the Steele dossier was presented to the FBI in September 2016—does not invalidate the dossier as the basis for the FBI's investigation of Mr. Page. He was already under scrutiny for his Russian ties for at least a year. However, the fact that former Associate Deputy Attorney General Bruce Ohr's wife was working for Fusion GPS in conjunction with Mr. Steele made Mr. Ohr a perfect conduit for providing the contents of the dossier to the FBI before the FBI's official receipt of the entire dossier in September.

The Ohr nexus makes the Democratic memo's point about the July 2016 "starting date" of the Page investigation moot and hardly exculpatory as far as the FBI's reliance on the dossier for a FISA warrant is concerned. And burying the partisan origin of the dossier in a vague footnote without stating it explicitly in the application's main text was a double red flag that calls into question not only the FBI's integrity but the competency of the FISA court as well.

RICHARD REAY
Riverdale, N.Y.

Antitrust Exemption Not an Answer for News

David Chavern's "Protect the News From Google and Facebook" (op-ed, Feb. 26) suggests that an ease in antitrust law could help revive the print press and the income of its journalists. Not mentioned is that the source of the problem is the fall off in print advertising revenue, which has shifted to internet media. This shift has hit local print news media hardest. It is not clear how change in the trust law would improve the business outlook for print media.

Advertising funding has shifted because as the internet news media has grown, consumers of news have gradually divided into those who have interest only in headlines and those who want in-depth coverage. The first group probably accounts for the largest percentage of news consumers. The second group accesses both media, using the internet source primarily for interim updates on important events.

Of growing concern among all news consumers is that the few large internet news providers are attempting to qualify the type of news reported. Rather than easing antitrust laws for the print media, some thought should be given to whether government intervention is warranted to assure internet free speech.

HOLLISTER SYKES
Cranford, N.J.

Mr. Chavern claims that U.S. antitrust laws are "designed to promote fair competition and prevent consolidation." This is incorrect. U.S. antitrust laws are designed to protect consumers. His call to allow news publishers to "get together and agree to withhold their product" is an appeal to protect competitors, not competition. The current antitrust statutes are the best avenue for policing any conduct by the tech giants that creates or preserves a monopoly. Using declines in the newspaper industry, trends that long predate the likes of Google and Facebook, doesn't justify turning antitrust from this well-grounded objective.

SETH SACHER
Herndon, Va.

Prescriptions for the Hospitals of the Future


ISTOCK/GETTY IMAGES

Regarding "The Future of Hospitals" (Journal Report, Feb. 26), hospitals of the future must move health care from the expensive, inefficient and inequitable model we have now to one that truly empowers consumers to manage their own health, wherever they are. We also need to reimagine the roles clinicians will play in the future. While health systems focus on bringing care to patients, instead of patients to care, we must also select and foster doctors to embrace technology, collaborate across disciplines and deliver care with empathy rather than automaticity. Artificial intelligence will provide an opportunity to let the robots be robots. Meanwhile, doctors must be the humans in the room, regardless of where that room is located, or even if it's virtual.

STEPHEN K. KLASKO, M.D., M.B.A.
President and CEO
Thomas Jefferson University and Jefferson Health
Philadelphia

What we need now is a way for Medicare to reimburse clinicians for evidence-based, cost-effective hospital-level care in the home, which isn't feasible under the traditional fee-for-service system. The Physician-Focused Payment Model Technical Advisory Committee, created under recent legislation, has recommended implementation of a hospital-at-home payment mechanism to the U.S. Department of Health and Human Services. This is the first payment model that the committee has recommended for full implementation and it is awaiting a determination from HHS. Until Medicare has a way to pay for the program, it won't recoup the cost savings associated with avoiding hospitalizations and people in need will remain unable to receive this innovative and effective type of care.

TERRY FULMER, PH.D., RN, FAAN
President
The John A. Hartford Foundation
New York

GE Minions Suffer as Execs Deploy Golden Parachutes

It's sad and unjust that the hard-working minions who dedicated their entire careers to generating multiple millions of dollars for General Electric Co., helping to build value in the company, now will pay the tab for the executives who destroyed the company with poor decision-making and greed ("'Success Theater' Masked Rot at GE," page one, Feb. 22). My brother will retire very soon, so it is too late for him to recoup all the lost stock earnings that he helped to build. But the people who destroyed the once iconic brand known for "genius" will walk away with multimillion-dollar golden parachutes instead of sharing the pain that they created.

LINDA CHANEY
New Rochelle, N.Y.

Creating a culture of candor in the boardroom is the responsibility of the board chair. How difficult it is to challenge management when the board chair and chief executive are the same person. GE and perhaps the corporate community could learn much from the nonprofit community where there is a separation of these roles.

MARK ENGLE
Chicago

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CORRECTION

John Ring is a partner at Morgan, Lewis and Bockius. A March 2 editorial, "A Shady Joint-Employer Ambush," misspelled his name and misidentified his status at the firm.

Pepper ... And Salt

THE WALL STREET JOURNAL

"Your call may be recorded. You have the right to remain silent. Anything you say may be used against you."

The World Must Unite to Stop Iran

By Jose María Aznar And Stephen Harper

The Israeli military was forced last month to engage an Iranian drone launched into Israeli airspace from Syria. Israel's defensive actions in this case were limited, but the world should take note. There will be more such incidents if Tehran is permitted to continue projecting force throughout the Middle East. To prevent a full-scale crisis, North America and Europe must join Israel in stopping Iran.

STR/AGENCE FRANCE-PRESSE/GETTY IMAGES

A Tehran military parade for the anniversary of the 1980-88 war with Iraq, Sept. 22, 2017.

Iran is a revolutionary theocratic state committed to spreading religious extremism throughout the Islamic world. It combines this ideological mission with pragmatic tactics, projecting political and military power from the Persian Gulf to the Mediterranean and Red seas. To support its ambition, Iran has illegally pursued nuclear weapons and fought wars using terrorist proxies. Iran's leaders have threatened Israel time and again with total destruction, and now, for the first time since the Islamist revolution of 1979, Iranian power has arrived at Israel's border.

Israel, the U.S. and some Arab states have stepped up. Europe needs to show much more resolve.

Despite Tehran's quest for regional control, popular protests in December and January showed that most of the nation's citizens don't share their leaders' designs. The regime's destabilizing actions have also triggered resistance from Saudi Arabia and other regional powers. Iran's own citizens and neighbors are convinced of Tehran's malice, and all concerned nations should heed their warning.

The first objective must be to prevent Iran from developing a nuclear weapon. The Friends of Israel Initiative, of which we are members, has always maintained that the 2015 Iran nuclear agreement does not adequately prevent the regime's progress. The nuclear inspections for which the agreement provides grant Iran too much time to conceal evidence of illicit activity. And the agreement doesn't prohibit the development of delivery mechanisms such as ballistic and cruise missiles. Worst of all, the agreement's sunset clause provides a clear horizon for Iran to resume its race toward a nuclear bomb.

Rather than preventing Iran's nuclear ambitions, the 2015 agreement gave the regime a road map to achieving them. Predictions that the agreement would de-escalate tensions and improve cooperation have proved wrong. Since signing the agreement, Iran's aggression and hostility have increased.

But fixing the agreement and stopping Iran from going nuclear would not eliminate the threat. The U.S. and its allies must also roll back Iran's aggression and influence throughout the Middle East. Tehran continues to wage war using terrorist proxies in Lebanon, Syria and Yemen.

Thankfully, the U.S. has demonstrated its ability to rally its Middle Eastern partners in stabilizing the region. Iranian theocracy appeals mainly to a few neighboring Shiite Islamic factions, and Iran's long-term conflicts with other sects have made many states eager to cooperate in restraining its influence. Numerous allies can be mobilized in the struggle against Iran, from the Kurds and tribal elements to many Sunni Arabs and Shiite forces not co-opted by Tehran. These factions must collaborate to contain Iran's hegemonic ambitions.

Israel remains the greatest bulwark against Iran, and Iran remains committed to destroying the Jewish state. The recent border skirmish was the first time Iranian weapons directly infiltrated Israeli space. Iranian operatives have established themselves ever closer to Israel's northern border and pose a growing threat to Israeli security.

President Trump seems to understand instinctively how poorly the Iran deal is playing out. He also seems to understand that the U.S. and its allies have a broad interest in standing firmly behind Israel. And he is right to say that the nuclear agreement must be renegotiated. The U.S. must demonstrate its leadership by increasing the pressure on Iran and resisting the interference of countries, including many in Europe, that prefer the status quo.

Applying halfhearted diplomatic fixes to grand-strategic problems creates impossible situations like the one in North Korea. Iran is already emulating North Korea by using Hezbollah's missiles to hold Israeli cities hostage. If left unchecked, Iran's aggression will ultimately threaten Europe and North America as well. All should urgently work together to counter this threat to global security.

Mr. Aznar is a former prime minister of Spain. Mr. Harper is a former prime minister of Canada. Both are members of the global Friends of Israel Initiative.

Lock Her Up! Lock Him Up! They Could Lock You Up

By Mike Chase

If you have ever found yourself looking at a "§" symbol, chances are you were reading a legal brief—or your cat had just walked across the keyboard. But recently that symbol has appeared in countless tweets, news articles and cable-news chyrons. Why? Millions of Americans can't wait to find out what crime will finally bring down Donald Trump, Hillary Clinton and a host of other unpopular political figures.

Will it be obstruction of justice under 18 U.S.C. § 1503, § 1505 or § 1512? What about mishandling classified information under 18 U.S.C. § 1924? Could it be treason under 18 U.S.C. § 2381? If all else fails, there's always lying to the feds—18 U.S.C. § 1001.

Be careful about urging prosecution of your political foes. Almost anyone can be prosecuted.

Even the 2016 presidential debates devolved into something that sounded a lot like:

"You're the criminal."

"No, you're the criminal."

"No, you are, and I'll put you in prison when I'm president."

The calls for prosecution have grown ever more obscure and dangerous. Didn't Sarah Huckabee Sanders commit a crime when she said Jemele Hill's tweets about Trump were a "fireable offense"? Shouldn't Barack Obama be charged under the Logan Act for meeting with Chinese President Xi Jinping after Mr. Trump took office? After all, each offense has its own "§" in Title 18 of the U.S. Code. Dusting off those statutes and using them might even feel good.

But does that feeling come from a sincere desire for justice, or is it something else? And what if *you* are the criminal?

In fact, you probably are. There are thousands of federal statutes and hundreds of thousands of regulations with criminal penalties. The Justice Department tried to count them but gave up. Many require no evil intent—like clogging a toilet in a national forest, boarding a ship right before it reaches its destination, or carrying more than 500 nickels out of the country.

I've spent years combing through these statutes and regulations in a futile but amusing attempt to count them all. I post them on Twitter, one each day, as @CrimeADay. Over a thousand crimes later, I haven't scratched the surface. Meanwhile, others have scoured those same sources to find something—anything!—that could conceivably yield a criminal charge against Mrs. Clinton, Mr. Trump or even the journalists covering them.

With all these crimes, it's extremely unlikely that Robert Mueller wouldn't be able to find some violation of some criminal law committed by virtually everyone he's looking at. Yet the same would be true of just about anyone who signs a government form, runs a business, or uses a restroom in a national forest.

For all the focus on the potential crimes of Trump, can a sitting president even be charged? Some very smart lawyers say no. Other very smart lawyers say yes. And many people doubt that Mrs. Clinton was seriously investigated at all. The rest of us, however, have no immunity from prosecution, no money to pay a team of lawyers, and frighteningly little idea if something we're doing is actually a crime. Maybe we don't want criminal law to be so all-encompassing after all.

Yes, crimes that actually threaten national security, the administration of justice, or democracy itself are qualitatively different from countless other federal offenses. They are also likelier to be prioritized by prosecutors than the sillier-sounding violations. But even so, Americans still should be careful about getting too comfortable urging prosecution when almost anyone can be prosecuted.

All this makes for good TV. It may make for excellent TV if the president or more people close to him are indicted. But I fear Americans are growing used to cheering criminal sanctions as an expedient tool for dispatching political enemies. Instead they should embrace criminal law's appropriate use: a last resort for punishing real, harmful wrongs.

Mr. Chase is a lawyer who represents defendants in government-enforcement and white-collar criminal matters.

The Treasury Still Needs to Bid Adios to OLA

By Peter J. Wallison

The Treasury Department's odd zeal to retain or even increase the government's role in the financial system may be fading—but perhaps not fast enough. Consider the memorandum Treasury sent to President Trump on Feb. 21.

Mr. Trump had asked for advice about the government's Orderly Liquidation Authority, its power under the Dodd-Frank Act to rescue failing financial firms like insurance and bank holding companies. Many commentators have worried that when the next crisis comes, the OLA will lead to more taxpayer bailouts, along with government favoritism for some creditors over others.

An alternative plan, developed last year by the House Judiciary Committee, would create a new Chapter 14 in the bankruptcy code tailored for financial firms. That bill passed the House last year, but it has not been taken up in the Senate.

The Treasury memo tries to have it both ways. It suggests that bankruptcy under a new Chapter 14 should be the "first resort" in any major financial insolvency, but it wants to retain the OLA, with some changes, as a "backstop." This would be a mistake. Although the Treasury memo identifies flaws in the Chapter 14 proposal, the answer is to fix them, not to keep the more seriously flawed OLA as a standby.

Like many of Dodd-Frank's efforts to prevent another financial crisis, OLA is based on the notion that large financial firms are "interconnected." The theory is that if one company fails, it will drag down others, creating a systemic crisis. The Treasury's new report uncritically accepts this idea, which seems to be the reason it proposes retaining an OLA-like rescue system.

But the notion that all large financial firms are dangerously interconnected is a myth. In 2016 a federal judge invalidated MetLife's designation as a "systemically important financial institution" because the government had not been able to demonstrate that the company's failure would destabilize the economy.

Worse, misguided concerns about interconnections were largely responsible for the financial crisis a decade ago. In March 2008, the $400 billion investment bank Bear Stearns was on the verge of failure. The Treasury and the Fed, fearing the firm's interconnections, stepped in to rescue it and its creditors. This persuaded Wall Street that the government had established a policy of rescuing all large firms. But when Lehman Brothers, a firm about 50% larger than Bear, began to totter six months later, the Treasury unaccountably reversed its policy. Lehman was required to file suddenly and unexpectedly for bankruptcy.

A new report is a step in the right direction, but bankruptcy is the answer when financial firms fail.

That created chaos in the markets, as investors ran to cash or safe government securities. Since they had not believed that Washington would allow a major failure, most companies and investors had not prepared for one. In the ensuing panic, liquidity for private firms dried up.

Yet, for all the chaos, no other large firm failed because of interconnections with Lehman, even though Lehman was a major player in the credit-default (derivatives) market. This shows that the fear of interconnection is misplaced; although large firms certainly have financial linkages, they are individually so diversified that the failure of one will not inevitably cause the failure of others.

The post-Lehman story also demonstrates that government interventions, like the rescue of Bear Stearns, can change market expectations and company plans. If Bear hadn't been rescued, other financial firms would have shored up their equity positions instead of assuming the government would save them and their creditors.

This is why keeping OLA would be so counterproductive. If the government has the authority to step in when a large bank fails, that knowledge itself distorts the normal market response.

Consider the position of investors who are contemplating a loan or equity infusion for a firm on the verge of failing. If bankruptcy is the worst case, the investors know how to evaluate the potential outcomes. There is a law, and a court to enforce it. The investors know what will happen if the company slides into bankruptcy and what will happen if it survives. They can weigh the risk versus the reward to decide whether investing makes sense.

The calculation will be very different if OLA remains in place. Prospective investors in a troubled firm cannot know what the government will do, and the outcomes could differ considerably from bankruptcy. For this reason, the company will face serious difficulty obtaining financial support. That increases the likelihood of outright failure and ultimately a taxpayer bailout by a government terrified of another financial crisis.

The Treasury can't cover all bases—assuming the bankruptcy system will function effectively, with the sound changes its memo proposes, while still leaving a future government with authority to step in and act if it fears the process is breaking down.

The OLA is seriously flawed and should not be retained. The Treasury's proper course is to work with Congress to improve the Chapter 14 legislation so that it will work effectively—while repealing the OLA. It's necessary to make a choice; a private bankruptcy system won't work if "all options are on the table."

Mr. Wallison is a senior fellow at the American Enterprise Institute. His latest book is "Hidden in Plain Sight: What Caused the World's Worst Financial Crisis, and Why It Can Happen Again" (Encounter, 2015).

I Have OCD. Don't I Have Gun Rights?

By Peter Mandel

I am mentally ill. I won't bore you with the details, but I'm one of hundreds of thousands of Americans with a tough-to-treat, life-affecting neurosis known as obsessive compulsive disorder. Since I happen to live near a leading psychiatric hospital, I'm one of the lucky ones. I was diagnosed as a young man. I visit my psychiatrist regularly and take a medication at the beginning of every day. I'm in the "functional" category. I have a family and work for a living, though I don't earn much. I even own a home.

Much of the mental illness I live with is internal, involving repetitive actions and thoughts that are nearly impossible to control. But it's hard to hide. Do I exhibit symptoms? My wife would say yes. And some of these involve episodes of anger.

'The mentally ill' is a much broader category than people often realize.

If I polled my friends, most of whom have no idea I am ill, I would get different answers. Some might say I was more or less normal. Some would call me a crank. At least one of my neighbors, I'll bet, thinks I have serious problems—especially after we argued over some trees he cut down.

As it happens, I have no interest in owning a gun. But what if I did? Should society stop me? In the current debate following the Parkland massacre, there are many—including the president, moderates in Congress and even some gun-rights advocates—who say so.

If you agree, I have to ask: How will you go about this? By some edict from my doctor? Even if he were inclined to sign one, which I doubt, do you not realize that I could easily obtain a second opinion?

The idea of stripping rights from the mentally ill is a very slippery slope. Rarely are we sufferers institutionalized or restrained nowadays unless we've harmed ourselves or others. Want to label a few of us as "dangerous"? We're as hard to decipher and diagnose as anyone you know.

Those, like me, who suffer from mental illness come in millions of different degrees of severity and functionality. Experts these days talk about patients not as having autism but being on the "autism spectrum." Is there an obsessive-compulsive spectrum, too? A spectrum for every disorder?

Back to my gun. You wouldn't have known that I have possibly worrisome issues if I hadn't outed myself by writing this. How many people like me are out there? It's impossible to know.

Perhaps you could sit down with my nervous neighbor, and make your case in court. You could get an injunction. Prevent me from buying a firearm—and put other restrictions on my actions, too. But I'd have my day in court. My months in court. My case could take years.

Isn't that the way it should be? Doesn't it reflect the personal freedoms guaranteed in the Constitution? Whatever your views on guns, or on people like me with mental illness, I am urging you to be consistent. Rights are rights. Protections are protections. I'm hoping against hope that you agree.

Mr. Mandel is an author of books for children, including "Jackhammer Sam" and "Bun, Onion, Burger."

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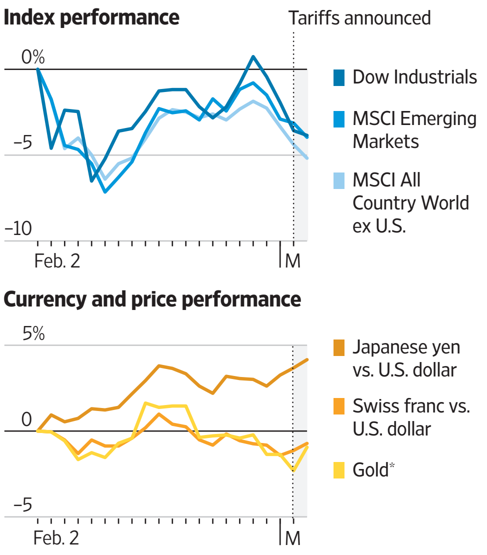
Last Week: S&P 2691.25 ▼2.04% S&P FIN ▼2.28% S&P IT ▼0.83% DJ TRANS ▼2.32% WSJ $ IDX ▲0.15% LIBOR 3M 2.025 NIKKEI 21181.64 ▼3.25% See more at WSJMarkets.com

FRIEDEMANN VOGEL/EPA/SHUTTERSTOCK

A steel blast furnace in Germany. European governments were quick to attack tariffs President Trump announced.

Seeking Shelter

Stocks have wavered recently as fresh concerns about rates and growth pop up. Some analysts think recent moves in haven assets show investors are starting to worry about an economic slowdown.



*Front-month contract
Source: FactSet

THE WALL STREET JOURNAL.

Stock Rally's Inevitability Fades

By Michael Wursthorn and Amrith Ramkumar

A U.S. stock-market rally that appeared unstoppable just six weeks ago is now at a crossroads, reflecting fears that Trump administration trade restrictions and signs of firming inflation could threaten the underpinnings of the strongest global economic expansion in years.

Investor confidence hadn't recovered from a tumultuous February when President Donald Trump pledged Thursday to impose tariffs on steel and aluminum imports. The Dow Jones Industrial Average, which includes several big manufacturing, machinery and chemical companies that would suffer from higher metal prices, closed 0.3% lower on Friday after a 1.7% decline the day before.

While many analysts and traders were heartened by the Dow's rebound Friday afternoon following a sharp opening decline, some worry the administration's decision may signal the start of a broader protectionist trade policy that could eventually include other commodities and products.

Any sustained trade conflict threatens the synchronized global economic expansion.

Any sustained trade conflict could disrupt the synchronized global economic expansion that has been a main driver for the stock market and other risky investments, like commodities and emerging markets, over the past several months, portfolio managers said.

Trade and growth concerns inject new uncertainty at a time when stocks are coming off their worst month in more than two years. Investors are already grappling with the threat of an economy expanding so quickly that the Federal Reserve may have to hasten its pace of interest-rate rises to tame inflation. Low interest rates have long been a justification for stocks' lofty valuations, and investors say higher rates will make equities less attractive as borrowing costs and Treasury yields rise.

Recent data have shown a pickup in consumer prices and worker wages, signaling to some that higher inflation is around the corner.

"The market was vulnerable already," said Bruce Bittles, chief investment strategist at Baird. "The problem with the rebound rally was that it never broke the downside momentum."

In addition to trade concerns that promise to linger into this week, investors will scrutinize the results of the Italian elec-

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◆ Trump's effect on markets runs into a wall B10

Qualcomm Girds for Insurgent Showdown

By Ted Greenwald

Qualcomm Inc. Chairman Paul Jacobs strode to the stage at the annual meeting a year ago after a marketing video boasted that the chip maker's innovations enable the inventive insurgents who are creating a new generation of connected devices.

"While that video was about insurrection, we're looking for no insurrection today," Mr. Jacobs joked to the assembled shareholders.

One year later, Mr. Jacobs is trying to repel an assault that threatens to rip from him control of the company he and his father have shepherded since its inception more than 30 years ago.

Shareholders on Tuesday are expected to decide on directors nominated by **Broadcom** Ltd., which has pursued San Diego-based Qualcomm with a hostile $117 billion bid. Securing all six seats would give the Broadcom nominees a majority on Qualcomm's 11-member board, making a takeover much more likely.

The showdown isn't just a clash between chip companies over whether to forge the biggest technology deal ever, but between two sides with starkly different visions for Qualcomm's future.

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Marriott Firing Tied To Tweet Over Tibet

By Wayne Ma

BEIJING—Roy Jones, 49 years old, never thought a $14-an-hour job running social-media accounts for **Marriott International** Inc. would require him to know global politics.

That was before he used an official company account to like a post on **Twitter** Inc. from a Tibetan separatist group. The group applauded Marriott for listing Tibet as a country, rather than part of China, in an online survey.

Marriott says listing Tibet as a country was a mistake, and Mr. Jones has said the same of liking the post. Mr. Jones paid for his error with his livelihood: Marriott fired him on Jan 14.

Mr. Jones's dismissal comes when China is increasingly ex-

Please see SOCIAL page B4

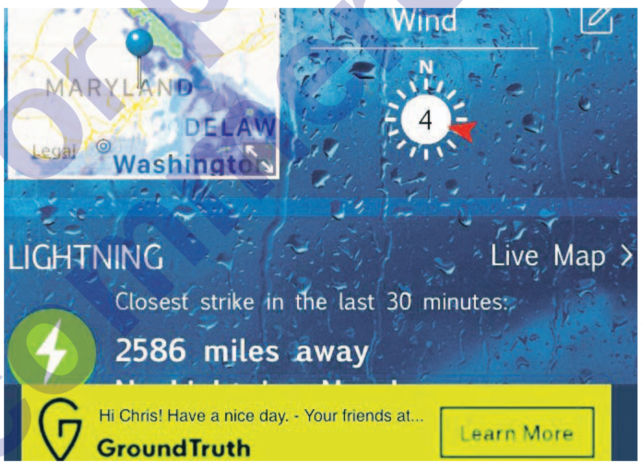
KEYWORDS | By Christopher Mims

You're Being Tracked, and Hackers Loom

As location-aware advertising goes mainstream—like that Jack in the Box ad that appears whenever you get near one, in whichever app you have open at the time—and as popular apps harvest your lucrative location data, the potential for leaking or exploiting this data has never been higher.

It's true that your smartphone's location-tracking capabilities can be helpful, whether it's alerting you to traffic or inclement weather. That utility is why so many of us are giving away a great deal more location data than we probably realize. Every time you say "yes" to an app that asks to know your location, you are also potentially authorizing that app to sell your data.

Dozens of companies track location and/or serve ads based on this data. They aim to compile a complete record of where everyone in America spends their time, in order to chop those histories into market segments to sell to corporate advertisers.



CHRISTOPHER MIMS/THE WALL STREET JOURNAL

The WeatherBug app gathers users' location data, which is resold.

Marketers spent $16 billion on location-targeted ads served to mobile devices like smartphones and tablets in 2017. That's 40% of all mobile ad spending, research firm BIA/Kelsey estimates, and it expects spending on these ads to double by 2021.

The data required to serve you any single ad might pass through many companies' systems in milliseconds—from data broker to ad marketplace to an agency's custom system. In part, this is just how online advertising works, where massive marketplaces hold high-speed auctions for ad space.

But the fragmentation also is because of a very real fear of the public backlash and legal liability that might occur if there were a breach. Imagine the Equifax breach, except instead of your Social Security number, it's everywhere you've been, including your home, your workplace and your children's schools.

The fix, at least for now, is that with most individual data vendors holding only parts of your data, your complete, identifiable profile is never all in one place. Giants like **Facebook** and **Alphabet**'s Google, which do have all your data in one place, say they are diligent about throwing away or not gathering what they don't need, and eliminating personally

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INSIDE

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BUSINESS & FINANCE

JOHN MCCALL/ASSOCIATED PRESS

The deadly high-school shooting in Parkland, Fla., has prompted some U.S. companies to re-evaluate their gun-industry investments.

Pension Funds Take Heat

The overseers of retirement assets face rising liabilities and mounting funding woes

By Heather Gillers

A Florida lawmaker is proposing the state's retirement fund stop investing in gun makers after a deadly high-school shooting last month. The officials who manage those investments say that would be a mistake.

Dropping gun stocks would conflict with the duty of the $161 billion fund to maximize returns for public workers, according to Florida State Board of Administration spokesman John Kuczwanski. "As fiduciaries, the SBA must act solely in the economic interest of the participants and beneficiaries," he said.

The deaths of 17 students and teachers in Parkland, Fla., prompted a growing list of U.S. companies and financial firms to re-evaluate their gun-industry investments, firearms-sales policies and preferential treatment for National Rifle Association members. But one group that historically has been vocal on politically sensitive issues so far has remained largely silent: U.S. public pension funds.

Twelve state systems that oversee teachers' retirement money own shares of gun manufacturers **American Outdoor Brands** Corp., **Sturm, Ruger** & Co. and **Vista Outdoor** Inc., according to the most recently available records from the funds and S&P Global Inc. Many of those investments represent relatively small holdings in much larger funds tied to market indexes. Of the 12 states, officials in New Jersey and Massachusetts told the Journal they are exploring plans to sell gun stocks in the wake of the Florida school shooting.

The Divestment Dilemma

Some state pension funds that invest in gun companies have avoided other investments, often under orders from state legislatures.

FUND STATE	GUN HOLDINGS	DIVESTED FROM
Florida	$2.64 million	Companies linked to Sudan, Iran; entities that boycott Israel
New York	2.30	No divestiture
New Jersey	0.84	Companies linked to Sudan, Iran
Texas	0.57	Companies linked to Sudan, Iran; entities that boycott Israel; state sponsors of terrorism
Colorado	0.41	Companies linked to Iran, entities that boycott Israel
Indiana	0.13	Companies linked to Sudan, entities that boycott Israel, state sponsors of terrorism

Funds, most recent data available: Florida State Board of Administration, New York State Teachers' Retirement System, Teacher Retirement System of Texas, Colorado Public Employees' Retirement Association, Indiana Public Retirement System
Source: the funds
THE WALL STREET JOURNAL.

The relative inaction illustrates how complicated the question of divestment has become for overseers of retirement assets as their liabilities rise and funding problems mount. Estimates of their current combined shortfall vary from $1.6 trillion to $4 trillion.

Many public pension funds sold South African investments in the 1980s as a protest against apartheid and banned investments in tobacco products in the 1990s and early 2000s. In the aftermath of the Sept. 11, 2001, attacks, more than 20 states passed laws that could compel their pension funds to divest from Sudan, Iran or other states considered by the U.S. to be sponsors of terrorist activity.

But following the 2008 financial crisis, the funds faced intensifying pressure to maximize returns. Many began to rethink investment bans, choosing instead to engage with their portfolio companies on sensitive issues and make decisions based on a more complicated evaluation of a company's record on environmental, social and governance factors.

Most major U.S. pension funds outside of New York and California have resisted calls by activists to dump companies tied to fossil fuels, and some have also revisited their tobacco bans. Florida in 1997 banned the purchase of tobacco stocks but then lifted the prohibition in 2001. The fund lost approximately $500 million in returns over those four years as a result of the divestment, Mr. Kuczwanski said.

The last time public pension funds came under this much pressure to divest from gun makers was after the 2012 mass shooting at Sandy Hook Elementary School in Newtown, Conn. Three of five New York City pension funds pulled their holdings in civilian firearms manufacturers. California's teacher and public-worker pension funds eliminated ownership of companies that make guns that are illegal in California.

Officials in Colorado and Indiana responded to questions from the Journal about gun-stock divestment by saying that their primary duty is to produce returns that can deliver benefits promised to workers and retirees. Officials in Texas said their aim was to "serve the fund's investment goals." Extricating gun-stock holdings from passively managed funds designed to mimic market indexes, some officials also said, could cause the funds' performance to suffer. Two of the 12 funds didn't respond to requests for comment.

"Ultimately it is about making sure that the retirements our members have earned are retirements we can provide," said Jeffrey Hutson, a spokesman for the $32 billion Indiana Public Retirement System.

The Indiana fund held $127,857 in gun stocks as of Feb. 21.

EU Auto Makers Hit Bumps as Geneva Show Gets Under Way

By William Boston

BERLIN—European auto executives gather this week for the Geneva Motor Show amid a trans-Atlantic rift, stubborn diesel woes and the threat of new competition.

President Donald Trump, days after stoking a global trade war by announcing steep tariffs on U.S. imports of steel and aluminum, on Saturday revived threats to impose tariffs on auto imports, targeting about one-third of all new cars sold in the U.S. and singling out the European Union.

THE WEEK AHEAD

Although Mr. Trump's threats over unfair trade practices raise the volume in the debate, an imbalance in EU-U.S. trade tariffs on auto imports has been at the center of trans-Atlantic trade talks for years. The issue was a hot topic during the trans-Atlantic trade talks during the Obama administration but was left unresolved when Mr. Trump took office and halted the negotiations.

Europe now levies a 10% duty on U.S. auto imports, compared with U.S. tariffs of 2.5% on European exports.

"Trump's tweets are very emotional and not very well thought through, but because Trump makes policy with threats, this threat is dangerous," Ferdinand Dudenhöffer, director of the Center for Automotive Research at Duisburg University, said Sunday.

The fresh row over import tariffs, which could hit profits of European auto makers, adds to the challenges the industry faces as it gathers in Geneva. The annual auto show opens to the public on Wednesday, but is preceded by two days of news conferences and media presentations.

The industry also needs to contend with the threat of a widespread ban on diesel vehicles, still nearly half of all new-car sales in Europe, after a German court recently backed such bans to reduce air pollution.

It is difficult to assess the full impact of higher tariffs on auto imports without further details of the levies, but it is almost certain that any damage wouldn't be limited to European manufacturers.

Imports accounted for 35% of the 17.3 million new cars and light trucks sold in the U.S. last year, Mr. Dudenhöffer said. Most auto makers—including U.S. manufacturers—would be hurt if tariffs were imposed on autos manufactured in Mexico for export to the U.S.

General Motors Co., for example, made 2.24 million cars and light trucks in its U.S. plants last year, but sold more than three million in the U.S., suggesting GM imported nearly 800,000 cars to its home market, according to Mr. Dudenhöffer's calculations.

Ford Motor Co. sold roughly 100,000 more vehicles in the U.S. than it produced in its U.S. factories, he added. **Fiat Chrysler Automobiles** NV sold nearly one million more vehicles in the U.S. than it produced there. **Volkswagen** AG, including its Audi and Porsche brands, sold 484,651 more vehicles in the U.S. than it produced, with a large number of those vehicles coming from its Mexican plants. Mercedes imported 42,347 cars into the U.S.

Volkswagen and Daimler weren't immediately available for comment. **BMW** AG declined to comment.

TRADE

Continued from the prior page

tions on Sunday to gauge risks to the eurozone's third-largest economy. Fresh data Wednesday on the U.S. trade deficit will offer a view of the state of U.S. finances.

The February U.S. jobs report, due Friday, could shed light on wage growth and inflation trends.

Demand for risky securities has waned in recent weeks, as inflation and then trade concerns percolated. The Dow hit its all-time high of 26616.71 on Jan. 26 before suffering its first 10% decline, or correction, in nearly two years early last month. The Dow dropped 3% to 24538.06 last week.

Despite the retreat, the Dow is still up 34% since its election day close in 2016. That fact offers comfort to bullish investors who believe the selling has been overdone, but suggests to some skeptics that the market could easily fall further.

Some investors think the fundamentals remain strong, pointing to another quarter of solid corporate earnings, fiscal stimulus from the new law that cut corporate tax rates to 21% from 35%, and inflation that remains tame despite heightened fears after the recent bump in wage growth.

Last month's CPI reading showed a 0.5% increase in prices for January, and overall prices were 2.1% higher over the last 12 months, above economists' expectations.

The price index for personal-consumption expenditures, the Fed's preferred inflation measure, advanced 1.7% in January from a year earlier, undershooting the central bank's 2% target for the 67th time in the last 69 months. The Labor Department will release its next CPI reading on March 13.

"This is all noise," said Stephen Auth, chief investment officer, equities, at Federated Investors, referring to the trade-war talk and the selling that followed it. He thinks the prospects of a trade war are very small and that when the market realizes that, stocks will bounce back again.

Still, other governments were quick to attack the tariffs Mr. Trump announced last week. European officials raised the prospect that they would challenge the tariffs at the World Trade Organization and could impose their own tariffs. Canadian officials also said they would "take responsive measures" against the U.S.

Mr. Trump seemed to welcome a fight, tweeting on Friday that "trade wars are good" and suggesting the U.S. would "win big."

Analysts and many investors disagreed. They said the economic repercussions of allies enacting similarly aggressive policies would ripple through the U.S. economy, affecting the prices of everything from cars to beverages.

Now, investors are anxiously awaiting details on the Trump administration's tariff plans, which could be announced as early as this week.

Mr. Trump plans to apply the steel and aluminum tariffs globally and won't exempt allies such as Canada and Europe, a senior White House official told The Wall Street Journal last week.

Many are also closely watching Washington's contentious talks with Canada and Mexico over the North American Free Trade Agreement for additional clues about how hard a line Mr. Trump will take on trade.

Albertsons Hires Retail Veteran

Former CEO of Starbucks, Extended Stay to oversee merger with Rite Aid

By Heather Haddon

Albertsons Cos. and **Rite Aid** Corp. are bringing on a retail veteran to steer the grocery and pharmacy chains through their complex, roughly $24 billion merger.

Executives of the new company Monday named Jim Donald their president and chief operating officer. The 64-year-old former Starbucks Corp. chief executive was most recently CEO of the Extended Stay America Inc. hotel chain and sits on the board of chocolate supplier Barry Callebaut.

Albertsons Chief Executive Bob Miller said in an interview that Mr. Donald's decades of experience at many different kinds of retailers will help him stitch together Albertsons's and Rite Aid's disparate businesses.

"The skills he's acquired by doing those things will be a plus," Mr. Miller said.


JUSTIN COOK FOR THE WALL STREET JOURNAL

Jim Donald has decades of experience in many different kinds of retailing businesses.

Mr. Donald's tenure at Starbucks was bumpy, and he was pushed out in 2008 over concerns the coffee chain had overexpanded. He didn't respond to a request for comment. Mr. Miller said many CEOs struggled to stabilize consumer companies after the recession.

Mr. Donald also held leadership roles at Walmart Inc., Albertsons and other regional grocery chains in the past, and served on Rite Aid's board.

Retailers are looking to deals outside their comfort zones to defend themselves on one front against giants like Amazon.com Inc. and Walmart Inc. and on another against fickle customers who have more choices for filing their grocery carts and prescriptions.

Less than half of shoppers in a recent survey said one supermarket is their primary source for consumer products, according to the Food Marketing Institute trade group, down from 67% in 2005.

Bankers expect midsize retailers in particular to pursue more mergers. Albertsons and Rite Aid are ranked third in their respective sectors. Retail mergers also are getting larger. U.S. retail deals last year averaged $447 million, the second highest in more than a decade, according to Dealogic.

Retailers seek deals outside their comfort zones as a defense against giants.

A Citigroup report last month predicted the number of deals will be higher this year after new federal tax legislation handed companies more cash to potentially deploy. Activist shareholders also are pressuring companies to make big bets.

Deals between companies in different sectors can pose greater challenges than a merger between close competitors. Executives can struggle to synchronize everything from supply chains to loyalty programs between two companies that may not completely overlap, said J. Neely, managing director, Accenture Strategy, global M&A lead.

"The path to value is much more complex," he said.

Some grocery analysts worry Albertsons and Rite Aid could emerge as a big company without a unique identity that would fail to appeal to shoppers and persuade shareholders to stay on board.

"My main concern would be that this is a deal that primarily is about size," said Kevin Coupe, a supermarket analyst who writes the MorningNewsBeat industry newsletter.

Moody's Investors Service and S&P Global Ratings, meanwhile, said the company could struggle to generate profit while working off a high debt load.

"Albertson's is buried in debt," said Rite Aid shareholder Jonathan Martin, who intends to vote against the merger, which the companies hope to conclude this summer. "It's going completely backwards for Rite Aid shareholders."

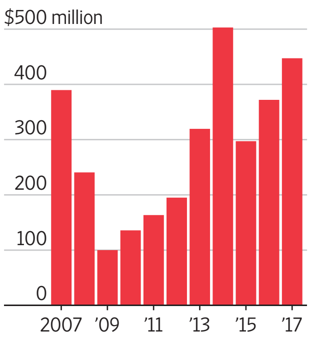
The combined company's debt is projected to be more than six times earnings before expenses, a high level, according to Moody's.

Mr. Miller said the company has enough cash and that based on the response he received on a recent investor roadshow, he believes shareholders will approve the deal.

Retail Rising

U.S. retail deals last year hit the second highest average in the last decade as companies compete against giants such as Amazon and Walmart.

Average retail mergers and acquisitions deal value



Source: Dealogic

THE WALL STREET JOURNAL.

Executives believe the combined company will benefit from selling shoppers everything from migraine medication to meal kits in one store. Customers who shop for groceries while picking up prescriptions spend more than three times more than supermarket shoppers who only buy groceries, according to figures that Albertsons executives presented recently to shareholders.

Albertsons aims to make another acquisition in the next year or so, people familiar with the matter said. They said Cerberus Capital Management LP, the private-equity firm that owns a majority of Albertsons, won't sell its stake in the combined company soon and sees Rite Aid as a profit driver.

Cross-sector mergers also face less regulatory scrutiny than tie-ups between competitors, said Henry Su, a partner at Constantine Cannon in Washington D.C., and former staff attorney for the Federal Trade Commission. Both Albertsons and Rite Aid have faced regulatory pushback during past merger efforts with other partners.

Siemens Sets IPO Of Health Business

By William Boston

BERLIN—**Siemens** AG said Sunday it would float about 15% of **Siemens Healthineers** AG in an initial public offering that could be valued at as much as $5.7 billion, making it one of the largest European stock listings in years.

The listing, which was first announced in 2016, is part of Siemens Chief Executive Joe Kaeser's efforts to streamline the sprawling conglomerate while allowing investors to buy shares in its businesses and raising financing for expansion. The medical-technology unit, which decades ago invented the X-ray machine, is seeking to strengthen its foothold in imaging equipment and to invest in new areas such as molecular diagnostics that promise faster growth.

Siemens has said the listing of the health business is an essential first step toward enabling the company to make acquisitions, especially in the U.S., of startups that are developing new health and diagnostic technologies and services.

Siemens will begin taking offers for Healthineers stock during a bookbuilding process scheduled for March 6 to March 15. The company has set the target price for the shares in a range of €26 to €31 ($32 to $38) per ordinary share in an offer of 150 million shares, or about 15% of the company's ordinary stock. That makes the offer worth between €3.9 billion and €4.65 billion if fully subscribed.

The health-care business is one of Siemens's most profitable divisions. In the year ended Sept. 30, Healthineers reported €2.5 billion in pretax profit on revenue of €13.8 billion and a profit margin of 18.1%, up from 17.2% the previous year.

Deal Makers Size Up Cyber Risks

Due diligence grows at acquisition targets in attempts to prevent any security surprises

BY KIM S. NASH AND EZEQUIEL MINAYA

Automatic Data Processing Inc. deployed a team of cybersecurity, risk-management and financial-crime specialists to WorkMarket before acquiring it in January.

The ADP team combed the software maker's technology, practices and internal policies. It also interviewed staff about monitoring for intrusions, training employees and performing other security tasks. The payroll processor also hired a cybersecurity firm to do its own evaluation.

Security problems, said ADP chief security officer Roland Cloutier, could kill any deal. "If we found out data was exfiltrated, we may walk away," he said. "We've looked at a lot of companies and only purchased a few. Security always plays a part."

Companies are intensifying due diligence of acquisition targets to avoid costly cybersecurity surprises, particularly when intellectual property, such as software code or customer data drive the deal.

Scrutiny will continue as merger and acquisition activity heats up on expectations of extra cash from lower corporate tax rates. As of late February, 18 transactions valued at more than $5 billion each have been announced—up from 10 such big deals during the same period in each of 2017 and 2016, according to Dealogic.

Gaps in data protection, undiscovered breaches, regulatory violations and other holes in a company's technology operations can threaten transactions. Such problems can also decrease the value of a deal or leave an acquirer liable for problems after a merger.

ADP investigators typically look for trouble spots such as

BRYAN ANSELM FOR THE WALL STREET JOURNAL

ADP's investigative team typically will look for trouble spots such as signs of an unauthorized presence on a target company's network.

signs of an unauthorized presence on the target's network and scant or no evidence that employees have received security training.

No significant problems surfaced at WorkMarket, but deep study of a target's cybersecurity helps executives forecast deal costs, Mr. Cloutier said. ADP typically spends two to four months on the process.

Problems can arise even years later. **FedEx** Corp. moved quickly last month to secure a server that exposed data from customer driver's licenses and passports. FedEx inherited the server when it bought e-commerce service Bongo International in 2014.

Four or five years ago, cybersecurity due diligence consisted of asking a few questions in a short phone call, said Evan Wolff, a partner at Crowell & Moring LLP.

Now data compromises can diminish the value of a transaction, he said.

Suspected theft of sensitive data uncovered through due diligence "becomes a business issue," he said.

Verizon Communications Inc. last year renegotiated an acquisition proposal with **Yahoo** Inc.'s board after details emerged about massive hacking incidents. Verizon would ultimately learn all three billion Yahoo accounts were hit.

As a result, Verizon lowered its proposed purchase price by $350 million to $4.48 billion.

The company did studies to assess potential reputational harm and future risks, said Craig Silliman, Verizon's general counsel, speaking at a Wall Street Journal conference in December. "We said, 'We feel like we have enough clarity that we can put parameters around the risk here and negotiate a deal that effectively compensates us for the risk.' "

Home Depot Inc. performed cyberrisk due diligence before buying retailer The Company Store and tool-rental firm Compact Power Equipment Inc. in 2017, said finance chief Carol Tomé.

"Our plans are basically to integrate these companies," Ms. Tomé said. Their operations will be moved to Home Depot's platforms and networks, she said. "So we're closing down any little holes that the threat actor could take advantage of."

The company has assessed cyberrisk on potential deals for the past decade, according to a spokesman. Getting breached in 2014 elevated cybersecurity concerns among senior leaders at Home Depot, Ms. Tomé said. Hackers stole email and payment-card information of as many as 56 million customers.

Home Depot's due-diligence playbook includes penetration testing, Ms. Tomé said. "We have a heightened sense of awareness in this area and our due diligence is exhaustive."

Waste Management Inc. doesn't dedicate a team to cyber issues during the diligence phase. The company instead focuses on the later stage of moving data from the target's systems into its own, said Chief Financial Officer Devina Rankin.

The company spends $100 million to $200 million a year on garbage and recycling haulers. Legal, finance and digital groups move data about employees at acquired companies, usually within a week of closing the transaction. Customer data is absorbed within one month, she said.

—Tatyana Shumsky contributed tot this article.

Parent-Kid Videogame Contracts Introduced

BY ALYSSA ABKOWITZ

BEIJING—Chinese videogame company **Tencent Holdings** Ltd. plans to introduce digital contracts that allow parents and their children to negotiate reasonable play times, following criticism last year that school children were neglecting their studies to play one of Tencent's games.

"With the proposed feature, children can exchange their playing time by doing housework or reaching certain [academic] scores," Tencent Chief Executive Ma Huateng said at a news conference. "Children can ask their friends to witness the signing of the contract."

Mr. Ma held the news conference on the sidelines of the annual meetings of China's two governing bodies, the National People's Congress and the National Committee of the Chinese People's Political Consultative Conference. Mr. Ma is a delegate to the National People's Congress.

His comments came as Yu Xinwen, a vice president of Guangzhou University who is a delegate of the CPPCC, urged Beijing to develop a system to classify online games by age.

"Some online games have become the new opium to poison the growth of teenagers," Ms. Yu said.

Ms. Yu was referring to "Honor of Kings," Tencent's top-grossing game. Tencent imposed time restrictions on play last summer following criticism in state media that students were staying up too late playing the mobile game, causing them to skip homework and fall asleep in class.

At his news conference, Mr. Ma said games can be used for learning and that Tencent plans to introduce titles that will help children learn math and science.

—Chunying Zhang contributed to this article.

MIMS

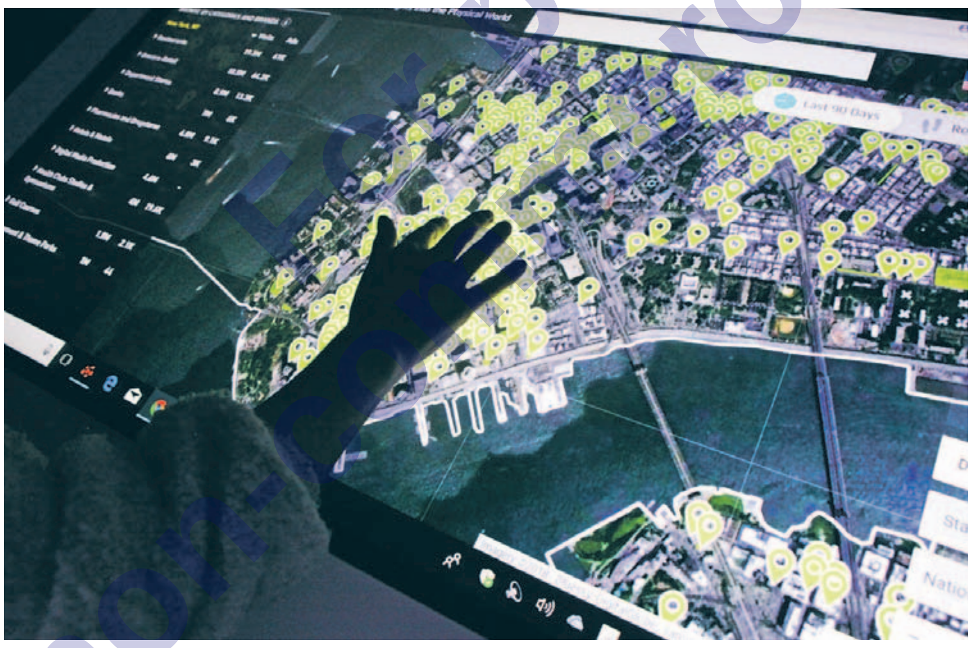
Continued from page B1

identifying information from the remainder.

Yet as the industry and the ways to track us expand, the possibility that our whereabouts will be exposed multiplies. If you've ever felt clever because an app on your phone asked to track your location and you said no, this should make you feel a little less smug: There are ways to track you without getting your permission. Some of the most intrusive are the easiest to implement.

Your telco knows where you are at all times, because it knows which cell towers your phone is near. In the U.S., how much data service providers sell is up to them.

Another way you can be tracked without your knowing it is through any open Wi-Fi hot spot you might pass. If your phone's Wi-Fi is on, you're broadcasting a unique address and a history of past Wi-Fi connections. Retailers sometimes use these addresses to identify repeat customers.



KENNETH BACHOR/THE WALL STREET JOURNAL

A map shows business and other locations where GroundTruth pushes ads to mobile devices.

WeatherBug, one of the most popular weather apps for Android and iPhone, is owned by the location advertising company **GroundTruth**. It's a natural fit: Weather apps need to know where you are and provide value in exchange for that information. But it also means that app is gathering data on your location any time the app is open—and even when it isn't, if you agreed to always let it track your location. That data is resold to others.

GroundTruth also says it gathers location data from "over a hundred thousand" other apps that have integrated bits of its code. Company President Serge Matta declined to disclose which apps. App makers agree to harvest location data because it grants them access to GroundTruth's mobile advertising network.

This data is what enables marketers like Jack in the Box to push an advertiser's message to potential customers near its restaurants. A typical engagement includes pushing location-based promotions or coupons through mobile ads, says Iwona Alter, the chief marketing officer of Jack in the Box.

Every month GroundTruth tracks 70 million people in the U.S. as they go to work, take vacations, you name it.

Companies like GroundTruth try to ensure they aren't tracking or storing data on individuals. Most of what they sell are anonymous blobs of people who fit particular descriptions—"soccer moms who intend to buy an SUV," for example. But they also occasionally hand off location data to a third party, such as LiveRamp, owned by data broker **Acxiom**, before it is matched up with potentially personally identifying information, such as your complete shopping history at a retailer.

Companies like Acxiom could be prime targets for hackers, said Chandler Givens, chief executive of **TrackOff**, which develops software to protect user identity and personal information. LiveRamp goes to great lengths to mathematically obfuscate our individual identities, said Sheila Colclasure, the chief data ethics officer at LiveRamp and Acxiom. But some security researchers fear data brokers like Acxiom might be compromised already, or could be someday.

Acxiom and LiveRamp in the U.S. are governed by federal and state laws that regulate the collection and use of data in the businesses their clients are involved in, Ms. Colclasure said. Nearly every year, a bill comes up in the Senate or House that would regulate our data privacy—the most recent was after the Equifax breach—but none has passed. In some respects, the U.S. appears to be moving backward on privacy protections.

There might never be a breach of our location data. But given the drumbeat of hacks of both companies and governments, it's hard to believe hackers aren't at least trying to compromise such a high-value target.

SOCIAL

Continued from page B1

erting its economic influence and exporting its censorship abroad. This year alone, at least a dozen Western brands and companies, including Marriott, **Delta Air Lines** Inc., the Zara apparel chain and **Daimler** AG's Mercedes-Benz unit, have drawn Beijing's fire for similar mistakes.

"I was completely unaware of what was going on," Mr. Jones said by phone from Omaha, Neb., where he worked at Marriott's customer-engagement center. "We were never trained in any of the social graces when it came to dealing with China."

Marriott declined to comment on Mr. Jones's case. The hospitality company issued a statement saying it made its own decisions on the China-Tibet incident in line with internal policies.

Craig Smith, head of Asia-Pacific for Marriott, said in a separate statement, "We made a few mistakes in China earlier this year that suggested some associates did not understand or take seriously enough the sovereignty and territorial integrity of China. Those incidents were mistakes and in no way representative of our views as a company."

"Not only can't you speak freely inside of China, but you can't even speak freely outside of China—and that's really bad," said Xiao Qiang, a Chinese internet expert at the University of California at Berkeley.

Marriott was within its legal rights to fire Mr. Jones, legal experts say. But some say the severity of the penalty—termination, rather than a reprimand or suspension—highlights the increasingly unforgiving environment for those who offend Chinese sensibilities.

"A more typical scenario is that Marriott accepts the blame and doesn't just ax the employee," said Eric Goldman, co-director of the High-Tech Law Institute at Santa Clara University in California. "If this were his first strike, the employee effectively is a sacrifice to try to get Marriott back in the good graces of China."

In at least two recent cases, including Mr. Jones's, the posts couldn't be seen in China without special software to bypass its internet restrictions. Mr. Jones liked the post on Twitter, which is blocked in China.

Mercedes posted a quotation from the Dalai Lama, who supports Tibetan independence, on Instagram, which also is blocked in China.

James Zimmerman, managing partner at law firm Sheppard Mullin Richter & Hampton LLP in Beijing and former chairman of the American Chamber of Commerce in China, said the recent incidents reflect Chinese regulators' stepped-up monitoring of internet content.

Under a cybersecurity law that went into effect last year, any person or organization is banned from posting content that "endangers national security, national honor and interests" or "incites subversion of national sovereignty" in China.

Mr. Zimmerman said his firm has seen an uptick on the number of companies being called out for slight infractions involving online content. "What companies are up against is what we understand to be a legion of young, talented online technicians that scour the internet for compliance issues."

Online ads and promotional content in China have come under heightened scrutiny following tougher rules imposed in 2015, including a ban on content "damaging the dignity or interest of the state." A National Internet Advertising Monitoring Center has found at least 230,000 illegal advertisements since it opened last fall, Chinese regulators say.

China's State Administration for Industry and Commerce didn't respond to a request for comment.

Chinese authorities cited advertising violations in several of the recent cases including Marriott's. Marriott emailed a survey to rewards-program members asking them to specify their home country. The options included Tibet, Macau and Hong Kong—all part of China—and Taiwan, which is claimed by China but has its own government. The

Online ads and promotional content in China have faced heightened scrutiny.

survey was prepared by a long-time Canadian vendor.

Chinese social media began lighting up with outrage over Marriott's survey on Jan. 9. The next day, Mr. Jones was on the night shift handling the Marriott Rewards Twitter account, a job that required him to engage with the public on Twitter.

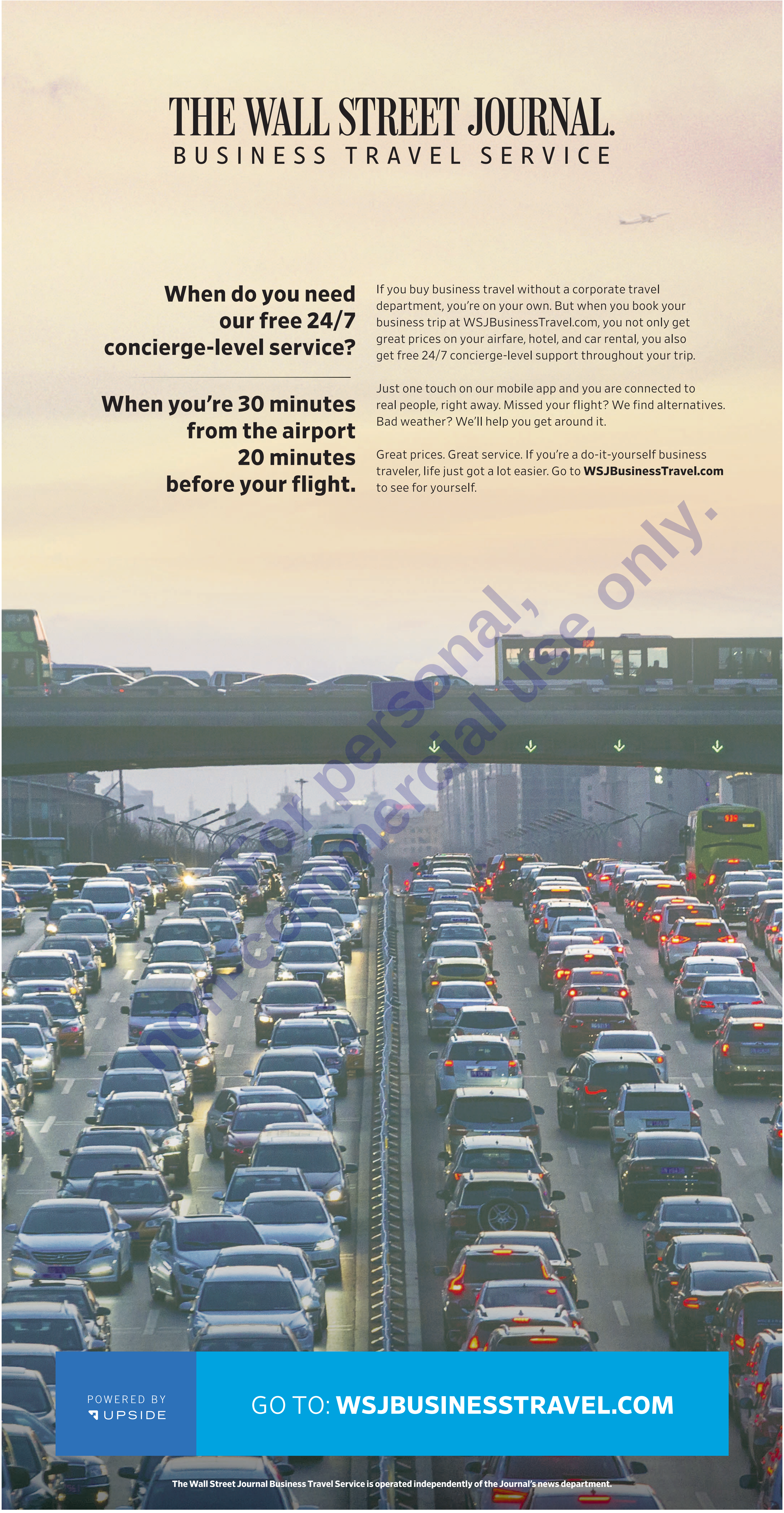
Mr. Jones said his team noticed calls on Twitter to boycott Marriott but hadn't been briefed on what was happening.

That night, a tweet from a Tibetan separatist group praising Marriott for listing Tibet as a country in its survey was liked by Marriott's official Rewards account.

Mr. Jones said he typically reviewed up to 300 tweets a shift and doesn't recall liking that one, although he concedes he probably did.

On Jan. 11, the Shanghai Municipal Tourism Administration said it questioned Marriott representatives over the matter and ordered the company to publicly apologize and "seriously deal with the people responsible."

Mr. Jones said he was fired after a Marriott human-resources director interviewed him about the incident. "This job was all I had," Mr. Jones said. "I'm at the age now where I don't have many opportunities."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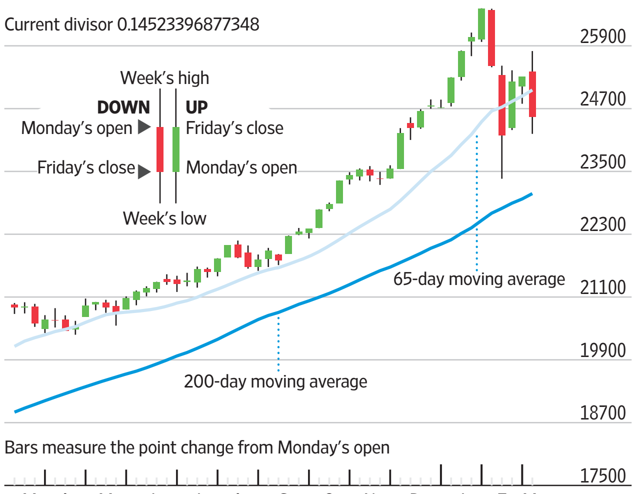
MARKETS DIGEST

Dow Jones Industrial Average

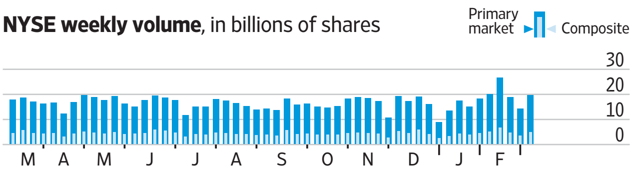
24538.06 ▼771.93, or 3.05% last week

High, low, open and close for each of the past 52 weeks

	Last	Year ago
Trailing P/E ratio	25.68	21.45
P/E estimate *	16.52	17.94
Dividend yield	2.17	2.31
All-time high 26616.71, 01/26/18		



NYSE weekly volume, in billions of shares



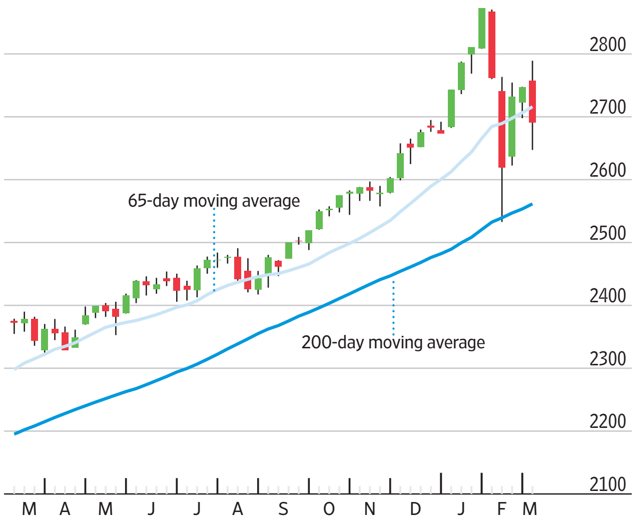
*Weekly P/E data based on as-reported earnings from Birinyi Associates Inc.

S&P 500 Index

2691.25 ▼56.05, or 2.04% last week

High, low, open and close for each of the past 52 weeks

	Last	Year ago
Trailing P/E ratio *	25.23	24.90
P/E estimate *	17.14	18.39
Dividend yield	1.90	1.98
All-time high: 2872.87, 01/26/18		



Financial Flashback

The Wall Street Journal, Monday, March 5, 2013

The Dow Jones Industrial Average closed at its highest level since October 2007, just before the financial crisis hit, as supportive monetary policy benefited the economy.

Major U.S. Stock-Market Indexes

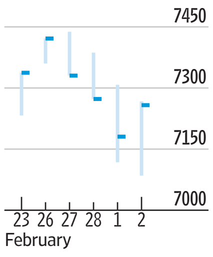
	Latest Week High	Low	Close	Net chg	% chg	52-Week Low	Close (●)	High	% chg	YTD % chg	3-yr. ann.
Dow Jones											
Industrial Average	25800.35	24217.76	**24538.06**	-771.93	**-3.05**	20404.49		26616.71	**16.8**	-0.7	**10.3**
Transportation Avg	10823.17	10146.57	**10332.98**	-245.92	**-2.32**	8783.74		11373.38	**8.9**	-2.6	**4.3**
Utility Average	689.77	660.07	**665.85**	-19.91	**-2.90**	647.90		774.47	**-4.7**	-8.0	**4.5**
Total Stock Market	28756.56	27344.94	**27829.55**	-530.49	**-1.87**	24125.20		29630.47	**12.6**	0.6	**8.0**
Barron's 400	730.18	697.31	**713.48**	-10.19	**-1.41**	610.89		757.37	**13.5**	0.4	**8.0**
Nasdaq Stock Market											
Nasdaq Composite	7438.09	7084.83	**7257.87**	-79.52	**-1.08**	5793.83		7505.77	**23.6**	5.1	**13.2**
Nasdaq 100	7003.13	6645.03	**6811.04**	-85.56	**-1.24**	5332.53		7022.97	**26.8**	6.5	**15.0**
S&P											
500 Index	2789.15	2647.32	**2691.25**	-56.05	**-2.04**	2328.95		2872.87	**12.9**	0.7	**8.3**
MidCap 400	1921.49	1840.82	**1878.61**	-25.62	**-1.35**	1681.04		1995.23	**8.0**	-1.2	**7.4**
SmallCap 600	955.78	909.03	**932.68**	-13.87	**-1.47**	815.62		979.57	**9.8**	-0.4	**9.3**
Other Indexes											
Russell 2000	1564.63	1494.00	**1533.17**	-16.01	**-1.03**	1345.24		1610.71	**10.0**	-0.2	**7.3**
NYSE Composite	13018.15	12391.21	**12557.99**	-326.12	**-2.53**	11324.53		13637.02	**8.3**	-2.0	**4.2**
Value Line	565.83	540.01	**550.70**	-9.65	**-1.72**	503.24		589.69	**5.4**	-2.1	**2.2**
NYSE Arca Biotech	4743.32	4466.26	**4656.77**	-39.08	**-0.83**	3449.61		4939.86	**29.6**	10.3	**6.0**
NYSE Arca Pharma	555.61	526.55	**535.36**	-13.44	**-2.45**	498.46		593.12	**3.9**	-1.8	**-2.0**
KBW Bank	116.27	109.04	**111.90**	-2.33	**-2.04**	88.02		116.52	**14.5**	4.9	**15.3**
PHLX§ Gold/Silver	81.54	76.80	**78.75**	-1.78	**-2.20**	76.42		93.26	**-4.1**	-7.6	**1.5**
PHLX§ Oil Service	143.38	130.51	**135.28**	-5.93	**-4.20**	117.79		175.46	**-22.9**	-9.5	**-12.1**
PHLX§ Semiconductor	1397.99	1322.60	**1363.78**	12.69	**0.94**	960.01		1392.86	**40.0**	8.8	**22.9**
CBOE Volatility	26.22	15.29	**19.59**	3.10	**18.80**	9.14		37.32	**78.7**	77.4	**14.5**

§Nasdaq PHLX

Sources: SIX Financial Information; WSJ Market Data Group

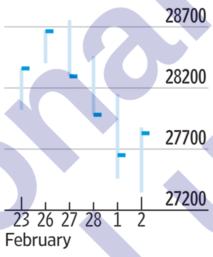
Nasdaq Composite

▼ 79.52, or -1.08% last week



DJ US TSM

▼ 530.48, or -1.87% last week



International Stock Indexes

Region/Country	Index	Latest Week Close	% chg	52-Week Range Low	Close	High	YTD % chg
World	**The Global Dow**	3065.64	**–2.76**	2647.00		3323.74	–0.7
	DJ Global Index	395.80	**–2.35**	342.26		425.41	–0.4
	DJ Global ex U.S.	263.23	**–2.77**	223.56		285.34	–1.3
Americas	**DJ Americas**	644.22	**–2.03**	562.20		687.75	0.3
Brazil	**Sao Paulo Bovespa**	85761.34	**–1.75**	60761.74		87652.64	12.3
Canada	**S&P/TSX Comp**	15384.59	**–1.62**	14951.88		16412.94	–5.1
Mexico	**S&P/BMV IPC**	47548.10	**–2.25**	46973.30		51713.38	–3.7
Chile	**Santiago IPSA**	4189.47	**–3.43**	3428.51		4442.56	–0.5
EMEA	**Stoxx Europe 600**	367.04	**–3.70**	367.04		402.81	–5.7
	Stoxx Europe 50	2940.84	**–3.85**	2940.84		3276.11	–7.5
Eurozone	**Euro Stoxx**	369.68	**–3.40**	360.71		404.86	–4.1
	Euro Stoxx 50	3324.75	**–3.39**	3324.75		3697.40	–5.1
Austria	**ATX**	3388.58	**–0.57**	2791.24		3688.78	–0.9
Belgium	**Bel-20**	3869.18	**–2.60**	3684.13		4176.88	–2.7
France	**CAC 40**	5136.58	**–3.40**	4955.00		5541.99	–3.3
Germany	**DAX**	11913.71	**–4.57**	11904.12		13559.60	–7.8
Greece	**Athex Composite**	813.09	**–3.68**	632.97		886.54	1.3
Israel	**Tel Aviv**	1500.56	**0.08**	1363.50		1549.87	–0.6
Italy	**FTSE MIB**	21912.14	**–3.35**	19443		23890	0.3
Netherlands	**AEX**	518.72	**–2.88**	502.80		570.82	–4.7
Portugal	**PSI 20**	5367.16	**–1.88**	4572.64		5791.88	–0.4
Russia	**RTS Index**	1261.63	**–3.03**	973.33		1324.62	9.3
South Africa	**FTSE/JSE All-Share**	57744.70	**–1.65**	50831.89		61684.77	–3.0
Spain	**IBEX 35**	9531.10	**–2.97**	9531.1		11135.4	–5.1
Sweden	**SX All Share**	554.58	**–3.12**	545.83		600.20	–2.5
Switzerland	**Swiss Market**	8628.51	**–3.57**	8529.28		9611.61	–8.0
U.K.	**FTSE 100**	7069.90	**–2.41**	7069.90		7778.64	–8.0
Asia-Pacific							
Australia	**S&P/ASX 200**	5928.90	**–1.18**	5651.8		6135.8	–2.2
China	**Shanghai Composite**	3254.53	**–1.05**	3052.79		3559.47	–1.6
Hong Kong	**Hang Seng**	30583.45	**–2.19**	23501.56		33154.12	2.2
India	**S&P BSE Sensex**	34046.94	**–0.28**	28832.45		36283.25	–0.0
Japan	**Nikkei Stock Avg**	21181.64	**–3.25**	18335.63		24124.15	–7.0
Malaysia	**FTSE Bursa Malaysia KLCI**	1856.07	**–0.29**	1708.38		1871.46	3.3
Singapore	**Straits Times**	3479.20	**–1.53**	3118.19		3609.24	2.2
South Korea	**Kospi**	2402.16	**–2.01**	2078.75		2598.19	–2.6
Taiwan	**Weighted**	10698.17	**–0.89**	9627.89		11253.11	0.5

Source: SIX Financial Information; WSJ Market Data Group

Commodities and Currencies

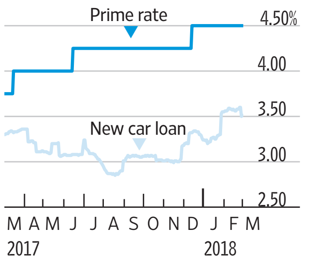
	Last Week Close	Net chg	% Chg	YTD % chg
DJ Commodity	**631.18**	-4.49	**-0.71**	0.93
TR/CC CRB Index	**194.12**	-1.88	**-0.96**	0.13
Crude oil, $ per barrel	**61.25**	-2.30	**-3.62**	1.37
Natural gas, $/MMBtu	**2.695**	0.038	**1.43**	-8.74
Gold, $ per troy oz.	**1321.10**	-6.80	**-0.51**	1.13
U.S. Dollar Index	**89.98**	0.09	**0.10**	-2.33
WSJ Dollar Index	**83.74**	0.12	**0.15**	-2.60
Euro, per dollar	**0.8117**	-0.0015	**-0.19**	-2.58
Yen, per dollar	**105.74**	-1.13	**-1.06**	-6.18
U.K. pound, in dollars	**1.38**	-0.0167	**-1.20**	2.14

	52-Week Low	Close (●)	High	% Chg
DJ Commodity	532.01		645.87	**9.54**
TR/CC CRB Index	166.50		200.52	**2.32**
Crude oil, $ per barrel	42.53		66.14	**14.85**
Natural gas, $/MMBtu	2.55		3.63	**-4.67**
Gold, $ per troy oz.	1200.10		1362.40	**7.80**
U.S. Dollar Index	88.59		102.12	**-11.39**
WSJ Dollar Index	82.70		92.17	**-8.45**
Euro, per dollar	0.80		0.95	**-13.78**
Yen, per dollar	105.74		114.95	**-7.26**
U.K. pound, in dollars	1.22		1.43	**12.24**

Consumer Rates and Returns to Investor

U.S. consumer rates

A consumer rate against its benchmark over the past year



Selected rates

New car loan

Bankrate.com avg†:	**3.51%**
Lake Elmo Bank	**1.99%**
Lake Elmo, MN	651-777-8365
UniBank for Savings	**2.24%**
Whitinsville, MA	800-578-4270
TrustCo Bank	**2.37%**
Orlando, FL	407-422-7129
Think Mutual Bank	**2.49%**
Rochester, NY	800-288-3425
Cambridge Savings Bank	**2.69%**
Cambridge, MA	888-418-5626

Interest rate	Yield/Rate (%) Last (●)	Week ago	52-Week Range (%) Low	High	3-yr chg (pct pts)
Federal-funds rate target	**1.25-1.50**	1.25-1.50	0.50	1.50	**1.25**
Prime rate*	**4.50**	4.50	3.75	4.50	**1.25**
Libor, 3-month	**2.03**	1.96	1.10	2.03	**1.76**
Money market, annual yield	**0.30**	0.29	0.25	0.36	**-0.12**
Five-year CD, annual yield	**1.59**	1.57	1.25	1.59	**0.08**
30-year mortgage, fixed†	**4.40**	4.47	3.73	4.47	**0.49**
15-year mortgage, fixed†	**3.89**	3.94	2.99	3.94	**0.76**
Jumbo mortgages, $424,100-plus†	**4.69**	4.82	4.21	4.96	**0.26**
Five-year adj mortgage (ARM)†	**4.29**	4.35	3.20	4.37	**0.41**
New-car loan, 48-month	**3.51**	3.58	2.85	3.60	**0.57**

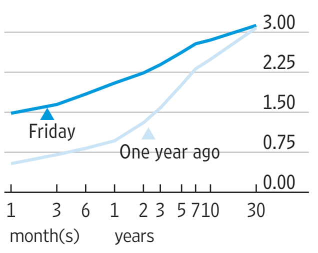
Bankrate.com rates based on survey of over 4,800 online banks. *Base rate posted by 70% of the nation's largest banks. † Excludes closing costs.

Sources: SIX Financial Information; WSJ Market Data Group; Bankrate.com

Benchmark Yields and Rates

Treasury yield curve

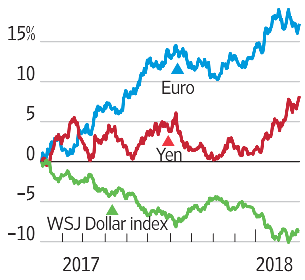
Yield to maturity of current bills, notes and bonds



Sources: Ryan ALM; Tullett Prebon; WSJ Market Data Group

Forex Race

Yen, euro vs. dollar; dollar vs. major U.S. trading partners



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	**2.855**	2.871				-0.98	-0.38
DJ Corporate	**3.724**	3.615				1.91	2.17
Aggregate, Barclays Capital	**3.140**	3.140	n.a.	34	45	1.20	1.25
High Yield 100, Merrill Lynch	**6.136**	6.098	346	304	394	2.275	3.298
Fixed-Rate MBS, Barclays	**3.310**	3.350	n.a.	20	34	0.85	1.11
Muni Master, Merrill	**2.437**	2.426	14	5	18	2.688	1.878
EMBI Global, J.P. Morgan	**6.008**	5.990	315	289	339	3.350	5.454

Sources: J.P. Morgan; Ryan ALM; S&P Dow Jones Indices; Barclays Capital; Merrill Lynch

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)
3/7	2/12	BioXcel Therapeutics Develops Alzheimer's treatments.	**BTAI** Nq	**5.0**	11.00/ 13.00	Barclays, UBS, BMO Cptl Mkts, Canaccord Genuity

Lockup Expirations

None expected this week

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
Union Acquisition **LTN.U** Feb. 28/$10.00	10.02	**0.2**	0.1
Farmmi **FAMI** Feb. 16/$4.00	6.40	**60.0**	3.6
DFB Healthcare Acquisitions **DFBHU** Feb. 16/$10.00	10.10	**1.0**	1.0
Biofrontera **BFRA** Feb. 14/$9.98	13.39	**34.2**	9.9
Motus GI **MOTS** Feb. 14/$5.00	4.83	**–3.4**	10.3
Cardlytics **CDLX** Feb. 9/$13.00	17.30	**33.1**	29.4
Quintana Energy Svcs **QES** Feb. 9/$10.00	9.63	**–3.7**	7.0
Cactus **WHD** Feb. 8/$19.00	24.66	**29.8**	21.8
Evolus **EOLS** Feb. 8/$12.00	11.44	**–4.7**	–0.5
Huami **HMI** Feb. 8/$11.00	11.14	**1.3**	–1.0

Sources: WSJ Market Data Group; FactSet Research Systems

Other Stock Offerings

Secondaries and follow-ons expected this week in the U.S. market

None expected this week

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)
Sierra Oncology Healthcare	March 2 Aug. 1,'16	**$42.8**	$150.0	Jefferies
Limelight Networks Leisure & Recreation	March 1 Feb. 7,'18	**$56.7**	$68.1	B Riley FBR
Tyme Technologies Healthcare	March 1 May 19,'16	**$20.3**	$250.0	Evercore, Stifel, Canaccord Genuity
GoDaddy Technology	Feb. 28 April 5,'16	**$1,006.5**	...	MS, GS
Crown Castle International Telecommunications	Feb. 28 April 5,'16	**$847.2**	...	Citi, JPM
Atara Biotherapeutics Healthcare	Feb. 28 Feb. 27,'18	**$150.0**	...	JPM, Cowen & Co
Endocyte Healthcare	Feb. 28 Oct. 12,'17	**$86.3**	$179.9	Jefferies, WFS, DB
General Motors Auto/Truck	Feb. 27 Feb. 7,'17	**$1,492.0**	...	Citi, Barclays
Norwegian Cruise Line Holdings Leisure & Recreation	Feb. 27 March 3,'17	**$1,092.0**	...	MS
NMI Holdings Insurance	Feb. 27 Feb. 26,'18	**$73.1**	...	JPM, DB, RBC Cptl Mkts
InspireMD Healthcare	Feb. 27 Feb. 21,'18	**$3.0**	$30.0	HC Wainwright & Co

Public and Private Borrowing

Treasurys

Monday, March 5

Auction of 13 and 26 week bills; announced on March 1; settles on March 8

Tuesday, March 6

Auction of 4 week bill; announced on March 5; settles on March 8

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)
March 6	April 1, 2033	Hamilton Co-Tennessee	167.0	N.R.	N.R.	N.R.	Preliminary/ Kutak Rock
March 6	Feb. 1, 2038	Ohio	300.0	N.R.	N.R.	N.R.	Preliminary/ Calfee Halter & Griswold
March 7	Aug. 15, 2038	Collin Comm College Dt	233.9	N.R.	N.R.	N.R.	Preliminary/ McCall Parkhurst & Horton
March 7	March 15, 2033	Maryland	475.0	N.R.	N.R.	N.R.	Preliminary/ Ballard Spahr LLP
March 7	Feb. 1, 2043	Washington	604.4	N.R.	N.R.	N.R.	Preliminary/ Foster Pepper
March 9	prelim.	California	2,100.0	N.R.	N.R.	N.R.	M. Stanley/—
March 9	prelim.	Oklahoma Dev Finance Auth	246.4	N.R.	N.R.	N.R.	BoA Merrill/—
March 9	prelim.	Oklahoma Dev Finance Auth	962.5	N.R.	N.R.	N.R.	BoA Merrill/—

Source: Thomson Reuters/Ipreo

Closed-End Funds | WSJ.com/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. **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, March 2, 2018

Fund (SYM)	NAV	Close	Prem /Disc	52 wk Ttl Ret
General Equity Funds				
Adams Divers Equity Fd **ADX**	17.69	15.11	-14.6	19.8
Boulder Growth & Income **BIF**	12.89	10.99	-14.7	21.0
Central Securities **CET**	32.35	26.90	-16.8	18.4
CohSteer Opprtnty Fd **FOF**	13.51	12.56	-7.0	9.0
Cornerstone Strategic **CLM**	13.27	15.36	+15.7	17.9
Cornerstone TR Fd **CRF**	12.92	15.31	+18.5	16.9
EtnVnc TaxAdvDiv **EVT**	23.19	22.17	-4.4	9.7
Gabelli Dividend & Incm **GDV**	24.11	22.44	-6.9	13.0
Gabelli Equity Trust **GAB**	6.44	6.22	-3.4	13.3
Genl American Investors **GAM**	40.24	34.11	-15.2	11.1
Guggenheim Enh Fd **GPM**	8.81	8.72	-1.0	15.7
HnckJohn TxAdv **HTD**	23.27	21.65	-7.0	-4.1
Liberty All-Star Equity **USA**	6.78	6.17	-9.0	23.8
Royce Micro-Cap **RMT**	10.44	9.37	-10.2	19.9
Royce Value Trust **RVT**	17.36	15.77	-9.2	19.0
Source Capital **SOR**	45.42	40.89	-10.0	12.0
Tri-Continental **TY**	30.08	26.72	-11.2	19.1
Specialized Equity Funds				
Adams Natural Rscs Fd **PEO**	21.57	18.22	-15.5	-1.9
AllnzGI NFJ Div Interest **NFJ**	14.74	12.99	-11.9	7.0
AlpnGlblPrProp **AWP**	6.89	6.26	-9.1	21.8
BlkRk Enh Cap Inco **CII**	16.85	15.87	-5.8	17.0
BlkRk Engy Res Tr **BGR**	14.33	13.33	-7.0	1.4
BlackRock Enh Eq Div Tr **BDJ**	9.71	8.95	-7.8	12.2
BlackRock Enh Gl Div Tr **BOE**	12.62	11.78	-6.7	13.4
BlkRk Intl Grwth&Inco **BGY**	6.74	6.20	-8.0	16.1
BlkRk Health Sci **BME**	35.38	35.05	-0.9	8.8
BlackRck Rscs Comm Str Tr **BCX**	9.96	9.13	-8.3	13.9
BlackRock Science & Tech **BST**	29.77	29.35	-1.4	56.2
BlackRock Utilities Infr **BUI**	19.88	19.51	-1.9	5.1
CBREClarionGlblRlEstIncm **IGR**	8.31	7.36	-11.4	5.1
Sprott Physical Gold **CEF**		13.24	NA	6.0
ClearBridge Amer Engy **CBA**		7.62	NA	-16.4
ClearBridge Engy MLP Fd **CEM**		14.39	NA	-7.8
Clearbridge Engy MLP Opp **EMO**		10.83	NA	-12.7
Clearbridge Engy MLP TR **CTR**		11.21	NA	-9.8
Cohen & Steers Infr Fd **UTF**	23.31	21.39	-8.2	9.0
C&S MLP Incm & Engy Opp **MIE**	10.14	9.76	-3.7	-8.7
Cohen & Steers Qual Inc **RQI**	11.66	11.31	-3.0	-5.7
CohnStrsPfdInco **RNP**	20.61	18.53	-10.1	0.7
Cohen & Steers TR **RFI**	11.94	11.91	-0.3	1.9
CLSeligmn Prem Tech Gr Fd **STK**	21.80	22.45	+3.0	26.3
Duff & Phelps **DNP**	8.64	9.99	+15.7	1.6
Duff&PhelpsGblUtilIncFd **DPG**	15.75	14.46	-8.2	-5.8
Eaton Vance Eqty Inco Fd **EOI**	15.01	14.12	-5.9	15.7
Eaton Vance Eqty Inco II **EOS**	16.33	15.85	-2.9	24.5
EtnVncRskMngd **ETJ**	9.80	9.10	-7.1	8.1
Etn Vnc Tax Mgd Buy-Write **ETB**	15.83	16.02	+1.2	4.5
Eaton Vance BuyWrite Opp **ETV**	14.89	15.19	+2.0	9.4
Eaton Vance Tax-Mng Div **ETY**	12.13	11.71	-3.5	15.2
Eaton Vance Tax-Mngd Opp **ETW**	11.39	11.68	+2.5	18.2
EtnVncTxMngGlDvEqInc **EXG**	9.16	9.04	-1.3	15.0
Fiduciary/Clymr Opp Fd **FMO**	12.15	12.17	+0.2	-16.3
FT Energy Inc & Growth Fd **FEN**	23.00	23.40	+1.7	-8.6
FstTrEnhEqtIncFd **FFA**	16.47	15.31	-7.0	13.7
First Tr Engy Infr Fd **FIF**	16.51	16.06	-2.7	-7.8
First Tr MLP & Engy Incm **FEI**	13.27	13.78	+3.8	-9.5
Gabelli Hlthcr & Well **GRX**	11.46	9.84	-14.1	1.6
Gabelli Utility Tr **GUT**	4.71	6.74	+43.1	14.0
GAMCOGlblGoldNatRscs&Inc **GGN**	5.01	4.96	-1.0	4.2
Goldman Sachs MLP Inc Opp **GMZ**		8.50	NA	-15.1
Goldman Sachs MLP Energy **GER**		6.19	NA	-19.0
John Hancock Finl Opps Fd **BTO**	38.42	39.27	+2.2	10.8
Macquarie Glbl Infrstrctr **MGU**	24.87	22.19	-10.8	6.4
Neuberger Berman MLP Incm **NML**	8.99	8.60	-4.3	-11.3
Neubrgr Brm Rl Est Sec Fd **NRO**	4.91	4.67	-4.9	-5.0
Nuveen Dow 30 Dynamic **DIAX**	18.72	18.08	-3.4	19.3
Nuveen Core Eq Alpha **JCE**	14.95	14.80	-1.0	24.0
Nuveen Diversified Div **JDD**	12.22	12.01	-1.7	8.9
Nuveen Engy MLP Fd **JMF**	11.12	10.92	-1.8	-13.1
Nuv NASDAQ 100 Dyn Over **QQQX**	23.84	24.61	+3.2	25.0
Nuveen Real Est Incm Fd **JRS**	10.03	9.85	-1.8	-6.3
Nuveen Real Asset Income **JRI**	18.52	16.47	-11.1	3.8
Nuv S&P 500 Dyn Overwrite **SPXX**		17.81	NA	22.4
Nuveen S&P 500 Buy-Write **BXMX**	14.02	13.59	-3.1	8.1
Reaves Utility Fund **UTG**	30.58	27.90	-8.8	-11.7
Tekla Hlthcr Investors **HQH**	24.14	22.54	-6.6	1.1
Tekla Healthcare Opps Fd **THQ**	18.78	17.11	-8.9	3.7
Tekla Life Sciences **HQL**	20.41	19.61	-3.9	11.0
Tekla World Hlthcr Fd **THW**	14.10	13.17	-6.6	-0.7
Tortoise Energy **TYG**	25.58	27.39	+7.1	-10.6
Tortoise MLP Fund **NTG**	16.39	17.17	+4.8	-7.5
Voya Gl Equity Div **IGD**	7.89	7.37	-6.6	12.7

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Food Industry Stalks Hot Eating Trends

Retailers, startups and investors gather as new pressures are causing profits to erode

BY HEATHER HADDON AND ANNIE GASPARRO

Thousands of food-company executives, retail giants and potential investors are gathering in California this week to answer an increasingly elusive question: What's the next eating trend?

The Natural Products Expo West starting Wednesday in Anaheim is the niche food sector's version of the Consumer Electronics Show. Some of the biggest retailers and food companies, including **Kroger** Co. and **Kellogg** Co., jockey side-by-side with thousands of small startup brands crowding the convention floor.

This year's gathering comes at an especially fraught time for the food industry. Big food companies are experiencing anemic growth thanks to changing consumer tastes, toward more healthful and less refined foods, along with rising retailer fees and trucking costs that are eating into profits this year. Many face new threats from **Amazon.com** Inc.'s push into the grocery sector and deep discounters luring shoppers with deals. So, to boost sales and profits, the big brands and grocers are looking toward natural, organic and niche brands they say are in growing demand by consumers.

Sales of food made with less-processed ingredients have risen 15% since 2014, more than double the rate of conventional foods, according to Nielsen data. The top 25 food and beverage companies in the U.S. collectively lost $5 billion in market share to smaller brands between 2012 and 2016, food consultancy A.T. Kearney found.

"It's not a niche thing anymore. It's mainstream," said Jill McIntosh, Kroger's vice president of natural foods. "That's where the customer is going."

NATURAL PRODUCTS EXPO WEST

The Natural Products Expo West is the niche food sector's version of the Consumer Electronics Show.

Most global food brands either have an exhibit at Expo or send executives to find brands they can invest in or acquire, said Carrie Kočik, spokeswoman for New Hope Network, a division of the London-based Informa events company that sponsors Expo. General Mills Inc., **Danone** SA, **Mondelez International** Inc., **Campbell Soup** Co., **Conagra Brands** Inc. and **Coca-Cola** Co. have attended in past years and will again this week, the companies said.

Investors have also flocked to the event as venture capitalists, and an increasing number of big banks look to find startups to try to drive returns. Venture-capital investors closed on more than $1.1 billion worth of food-product deals last year, more than five times the amount in 2012, according to an analysis by PitchBook Data Inc. Many food-company acquisitions and venture-capital investments can be traced back to the conference, bankers said.

"It used to be all natural, independent companies; now it's all private equity, big companies and big bankers," said Jeff Robards, consumer-foods group lead at Madrid-based investment firm Alantra.

Target Corp., which has more than doubled its organic-food products since 2011, will again send merchandise buyers to the conference, a spokeswoman said. Kroger has sent its buyers to the conference since 2002, but this year will be its biggest staff attendance, Ms. McIntosh said. Executives will also be looking for ideas for Kroger's own private-label natural and organic brand, and hold a supplier summit to cultivate ties to upstart brands.

Whole Foods Market once dominated the event, with hundreds of brands and industry executives attending the grocer's supplier summit. The natural-food chain, now owned by Amazon and overhauling its operations, isn't holding the summit this year. A Whole Foods spokeswoman said the grocer would meet one-on-one with suppliers at the conference and has no big news to share before a large group. She said: "Our entire buying team will be on the ground looking for new and exciting products."

'Black Panther' Sprints Past Latest Movie Releases

Associated Press

LOS ANGELES—Wakanda's reign shows no signs of waning. "Black Panther" is king of the box office for the third straight weekend.

The release from Marvel and **Walt Disney** Co. brought in $65.7 million domestically over the weekend, outpacing new releases "Red Sparrow" and "Death Wish," according to studio estimates Sunday.

"Black Panther" has now grossed $500 million domestically after three weeks of release. It is the third-fastest film to reach the $500 million plateau. "Disney is clearly on a roll with 'Black Panther' showing incredible strength as it posts the third-biggest third-weekend gross of all time," said Paul Dergarabedian, senior media analyst for comScore, "and most notably becomes the 10th-highest-grossing movie of all time in North America after just 17 days in theaters."

Estimated Box-Office Figures, Through Sunday

SALES, IN MILLIONS

FILM	DISTRIBUTOR	WEEKEND*	CUMULATIVE	% CHANGE
1. Black Panther	Disney	$65.7	$501.1	-41
2. Red Sparrow	Twentieth Century Fox	$17	$17	--
3. Death Wish	MGM	$13	$13	--
4. Game Night	Warner Bros.	$10.7	$33.5	-37
5. Peter Rabbit	Sony	$10	$84.1	-22

*Friday, Saturday and Sunday Source: comScore

Fox's "Red Sparrow," featuring Jennifer Lawrence as a Russian ballerina-turned-superspy, earned $17 million in its first weekend.

Another new release, "Death Wish," MGM's reboot of the Charles Bronson action franchise starring Bruce Willis, was third with $13 million.

"Both newcomers performed to expectations but had to compete in a marketplace totally dominated by 'Black Panther,'" Mr. Dergarabedian said.

The totals come on a weekend when all industry eyes were on the Academy Awards.

None of the major nominees remain in the box office top 10, though some continue to bring in receipts. "Three Billboards Outside Ebbing, Missouri" reached $52 million domestically through Sunday, and "The Shape of Water" passed $57 million.

"Black Panther," directed by Ryan Coogler and starring Chadwick Boseman and Michael B. Jordan, has become a groundbreaking cinematic phenomenon, giving unprecedented representation for a film of its kind to Africans and African-Americans while winning over every corner of the culture. It should soon shoot past the billion-dollar mark world-wide.

CHRIS ALUKA BERRY/REUTERS

'Black Panther' has grossed $500 million domestically after three weeks of release. Atlanta moviegoers.

Wakanda's king might be knocked from his box-office throne next weekend with the release of director Ava DuVernay's "A Wrinkle in Time," another Disney film that gives groundbreaking representation to African-Americans on both sides of the camera.

"Disney wins no matter how you slice it, with that film expected to have a strong debut but as 'Black Panther' continues to draw big crowds," Mr. Dergarabedian said.

Closed-End Funds | WSJ.com/funds

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Fund (SYM)	NAV	Close	Prem /Disc	52 wk Ttl Ret
Income Preferred Stock Funds				
Calamos Strat Fd **CSQ**	12.99	11.97	-7.9	16.3
Cohen & Steers Dur Pfd **LDP**	26.69	25.13	-5.8	5.5
Cohen & Strs Sel Prf Inco **PSF**	27.11	26.29	-3.0	7.2
FT Interm Duration Pfd **FPF**	24.36	22.87	-6.1	5.5
Flaherty & Crumrine Dyn **DFP**	25.61	24.50	-4.3	7.1
Flaherty & Crumrine Pfd **FFC**	19.91	19.03	-4.4	3.2
John Hancock Pfd Income **HPI**	20.90	20.25	-3.1	3.2
John Hancock Pfd II **HPF**	20.62	19.89	-3.5	1.0
John Hancock Pfd Inc III **HPS**	18.40	17.34	-5.8	1.4
JHancock Pr Div **PDT**	14.28	14.78	+3.5	2.9
LMP Cap & Inco Fd **SCD**	13.11	NA	-0.0	
Nuveen Pfd & Incm Opps Fd **JPC**	10.50	9.77	-7.0	5.9
Nuveen Pfd & Incm Secs Fd **JPS**	10.15	9.44	-7.0	5.3
Nuveen Preferred & Incm **JPI**	25.38	23.61	-7.0	5.3
Nuv Tax-Adv Div Gr **JTD**	17.69	17.11	-3.3	23.8
TCW Strategic Income Fund **TSI**		5.40	NA	4.2
Virtus Global Dividend **ZTR**	11.21	11.19	-0.2	7.9
Convertible Sec's. Funds				
AdvntClymrFd **AVK**		15.47	NA	4.9
AllianzGI Conv & Incm **NCV**	6.49	6.93	+6.8	12.2
AllianzGI Conv & Incm II **NCZ**	5.83	6.14	+5.3	11.5
AllianzGI Equity & Conv **NIE**	23.75	21.24	-10.6	16.0
Calamos Conv Hi Inco Fd **CHY**	11.69	11.70	+0.1	13.5
Calamos **CHI**	11.08	11.06	-0.2	10.6

Fund (SYM)	NAV	Close	Prem /Disc	52 wk Ttl Ret
World Equity Funds				
Alpine Tot Dyn Div **AOD**	10.01	9.20	-8.1	20.2
Calamos Glbl Dyn Inc **CHW**	9.14	9.04	-1.1	28.7
Cdn Genl Inv **CGI**	32.91	23.31	-29.2	16.1
China Fund **CHN**	24.88	22.34	-10.2	42.5
Clough Global Opp Fd **GLO**		11.10	NA	23.5
EtnVncTxAdvGblDiv **ETG**	18.10	16.74	-7.5	16.1
EatonVance TxAdv Opport **ETO**	24.20	24.54	+1.4	17.5
First Trust Dynamic Eur **FDEU**	18.31	18.02	-1.6	16.8
Gabelli Glbl Multimedia **GGT**	9.41	9.45	+0.4	30.0
GDL Fund **GDL**	11.44	9.48	-17.1	0.7
India Fund **IFN**	28.96	25.56	-11.7	22.5
Japan Sml Cap **JOF**	13.78	12.21	-11.4	34.0
Korea Fund **KF**	45.59	40.48	-11.2	30.2
Mexico Fund **MXF**	18.36	16.00	-12.9	7.6
Morgan-Stanley Asia-Pac **APF**	21.19	18.42	-13.1	26.8
MS China a Shr Fd **CAF**	29.51	25.26	-14.4	44.8
MS Emerging Fund **MSF**	20.87	18.50	-11.3	30.8
MS India Invest **IIF**	34.92	31.00	-11.2	23.5
New Germany Fund **GF**	21.29	19.25	-9.6	41.4
Swiss Helvetia Fund **SWZ**	13.63	12.46	-8.6	13.2
Templeton Dragon **TDF**	25.85	22.68	-12.3	35.2
Templeton Emerging **EMF**	18.68	16.75	-10.3	34.3
Virtus Total Return Fund **ZF**	11.34	10.93	-3.6	1.8
Voya Infr Indls & Matls **IDE**	16.18	15.39	-4.9	19.0
Wells Fargo Gl Div Opp **EOD**		5.71	NA	10.5

Fund (SYM)	NAV	Close	Prem /Disc	12 Mo Yld
U.S. Mortgage Bond Funds				
BlackRock Income Trust **BKT**	6.46	5.86	-9.3	5.3
Nuveen Mtg Opp Term Fd **JLS**	24.62	23.88	-3.0	7.7
Investment Grade Bond Funds				
Blackrock Core Bond Tr **BHK**	14.33	13.06	-8.9	5.9
BlkRk Credit Alloc Incm **BTZ**	14.42	12.62	-12.5	6.5
John Hancock Income Secs **JHS**	14.93	14.24	-4.6	5.6
MFS Inc Tr **MIN**	4.27	3.94	-7.7	9.8
WstAstClymr InflLnkd Fd **WIW**	NA	11.47	NA	3.7
WstAssetClymr InflLnk Sec **WIA**	NA	11.58	NA	3.5
Loan Participation Funds				
Apollo Sr Fltg Rate Fd **AFT**	17.90	16.45	-8.1	6.5
BlkRk Debt Strat Fd **DSU**	12.61	11.46	-9.1	7.1
BlackRock FR Incm Strat **FRA**	14.98	14.55	-2.9	5.0
Blkrk FltRt InTr **BGT**	14.46	13.87	-4.1	5.0
BlackstoneGSO Strat Cred **BGB**	NA	15.79	NA	7.9
Blackstone GSO Sr Float **BSL**	NA	17.99	NA	6.5
Eagle Point Credit **ECC**	NA	18.01	NA	5.5
Eaton Vance FR Incm Tr **EFT**	15.65	14.64	-6.5	5.6
EatonVnc SrFltRate **EFR**	15.32	14.58	-4.8	5.8
Eaton Vance Sr Incm Tr **EVF**	7.23	6.56	-9.3	5.5
First Trust Sr FR Fd II **FCT**	14.02	12.92	-7.8	6.0
FT Sr Floating Rate 2022 **FIV**	9.66	9.32	-3.5	5.3
Highland FR Opps Fd **HFRO**	15.20	NA	NA	NA
Invesco Credit Opps Fund **VTA**	13.13	11.61	-11.6	7.1
Invesco Senior Income Tr **VVR**	4.90	4.39	-10.4	5.7
Nuveen Credit Strt Inc Fd **JQC**	9.04	8.01	-11.4	7.4
NuvFloatRteInco Fd **JFR**	11.50	10.92	-5.0	7.3

Fund (SYM)	NAV	Close	Prem /Disc	12 Mo Yld
Nuv Float Rte Opp Fd **JRO**	11.42	11.11	-2.7	7.5
Nuveen Senior Income Fund **NSL**	6.84	6.47	-5.4	7.3
Pioneer Floating Rate Tr **PHD**	12.43	11.48	-7.6	6.3
Voya Prime Rate Trust **PPR**	5.69	5.14	-9.7	5.6
High Yield Bond Funds				
AllianceBernstein Glbl **AWF**	13.53	11.94	-11.8	6.9
Barings Glbl Short Dur HY **BGH**	20.48	18.60	-9.2	9.7
BlackRock Corp Hi Yd Fd **HYT**	12.01	10.55	-12.2	7.9
BlackRockDurInco Tr **BLW**	16.83	15.15	-10.0	6.4
Brookfield Real Assets **RA**	24.24	21.79	-10.1	10.8
Credit Suisse High Yld **DHY**	2.72	2.68	-1.5	9.8
DoubleLine Incm Solutions **DSL**	NA	19.71	NA	9.1
Dreyfus Hi Yd Strat Fd **DHF**	3.45	3.21	-7.0	9.2
Fst Tr Hi Inc Lg/Shrt Fd **FSD**	17.37	15.69	-9.7	9.5
Guggenheim Strat Opps Fd **GOF**	19.40	19.98	+3.0	10.9
Ivy High Income Opps Fund **IVH**	15.92	14.16	-11.1	9.7
Neuberger Berman HYS **NHS**	12.84	11.21	-12.7	7.8
NexPoint Credit Strat Fd **NHF**	26.12	23.84	-8.7	10.0
Nuveen Credit Opps 2022 **JCO**	9.84	9.33	-5.2	NS
Nuveen Gl Hi Incm Fd **JGH**	18.23	16.25	-10.9	8.8
Nuveen High Incm Dec18 **JHA**	10.00	9.88	-1.2	4.6
Nuveen High Incm Dec19 **JHD**	10.09	9.79	-3.0	5.7
Nuveen Hi Incm Nov 2021 **JHB**	10.00	9.70	-3.0	6.1
Pioneer High Income Trust **PHT**	10.63	9.48	-10.8	8.1
Prud Gl Shrt Dur Hi Yd **GHY**	16.20	13.99	-13.6	7.9
Prudentl Sh Dur Hi Yd Fd **ISD**	16.35	14.26	-12.8	7.9
Wells Fargo Incm Opps Fd **EAD**	NA	8.13	NA	8.6
Wstrn Asset Glbl Hi Inco **EHI**	NA	9.58	NA	8.5
Wstrn Asset High Inco II **HIX**	NA	6.65	NA	8.9
Wstrn Asset Opp Fd **HIO**	NA	4.88	NA	7.2
West Asst HY Def Opp Fd **HYI**	NA	14.80	NA	7.7
Other Domestic Taxable Bond Funds				
Ares Dynamic Credit Alloc **ARDC**	NA	16.27	NA	7.0
Barings Corp Investors **MCI**	NA	14.91	NA	6.0
BlackRock Multi-Sector IT **BIT**	19.45	17.28	-11.2	8.8
BlackRock Taxable Mun Bd **BBN**	23.20	22.10	-4.7	7.2
Doubleline Oppor Credit **DBL**	NA	21.68	NA	9.2
Duff & Phelps Utl & Cp Bd **DUC**	9.40	8.70	-7.4	6.5
EtnVncLtdFd **EVV**	14.81	13.12	-11.4	7.4
Franklin Ltd Duration IT **FTF**	11.99	11.18	-6.8	13.3
Guggenheim Taxable Muni **GBAB**	22.76	21.21	-6.8	7.1
Invesco High Incm 2023 **IHIT**	9.96	9.95	-0.1	6.1
KKR Income Opps Fund **KIO**	NA	15.72	NA	9.8
MFS Charter **MCR**	8.98	8.18	-8.9	9.1
MFS Multimkt **MMT**	6.40	5.75	-10.2	9.2
Nuveen Build Am Bd Fd **NBB**	21.70	20.77	-4.3	5.9
PIMCO Corporate & Incm **PTY**	NA	16.66	NA	9.4
PIMCO Corporate & Incm **PCN**	NA	16.94	NA	8.0
PIMCO HiInco **PHK**	NA	7.50	NA	12.9
PIMCO Inco Str Fd **PFL**	NA	11.47	NA	9.4
PIMCO Incm Strategy Fd II **PFN**	NA	10.37	NA	9.2
Putnam Mas Inco **PIM**	5.04	4.66	-7.5	6.6
Putnam Premier Income Tr **PPT**	5.61	5.18	-7.7	6.0
Wells Fargo Multi-Sector **ERC**	NA	13.04	NA	9.8
World Income Funds				
Abeerden Asia-Pacific **FAX**	5.33	4.74	-11.1	8.8
Brandywine Global Incm **BWG**	NA	12.74	NA	8.0
Etn Vnc Short Dur Fd **EVG**	NA	13.59	NA	6.8
MS EmMktDomDebt **EDD**	9.22	7.91	-14.2	7.9
PIMCO Dynamic Credit **PCI**	NA	22.49	NA	8.8
PIMCO Dynamic Income Fund **PDI**	NA	30.52	NA	8.7
PIMCO Income Opportunity **PKO**	NA	25.45	NA	9.0
PIMCO Strat Income Fund **RCS**	NA	9.02	NA	9.6
Templeton Emerging **TEI**	12.80	11.61	-9.3	5.2
Templeton Global **GIM**	7.22	6.37	-11.8	6.8
Wstrn Asset Emerg Mkts **EMD**	NA	14.73	NA	8.1
Wstrn Asset Gl Def Opp Fd **GDO**	NA	16.85	NA	8.0
National Muni Bond Funds				
AllianceBrnstn NtlMun **AFB**	14.36	12.54	-12.7	4.8
Blackrock Invest **BKN**	15.39	13.65	-11.3	5.3
BlackRock Mun 2030 Target **BTT**	23.56	21.29	-9.6	4.1
BlackRock Municipal Trust **BFK**	14.15	13.06	-7.7	5.8
BlackRockMuni **BLE**	14.73	13.51	-8.3	6.2
BlackRockMuni Tr **BYM**	14.79	13.26	-10.3	5.6
BlkRk MuniAssets Fd **MUA**	14.06	13.67	-2.8	5.0
BlkRk Munienhanced **MEN**	11.61	10.72	-7.7	6.1
BlkRk MuniHldgs Inv **MFL**	14.31	13.51	-5.6	6.2
BlkRk MuniHldgs Qlty II **MUE**	13.71	12.63	-7.9	5.9
BlkRk MuniVest **MVF**	9.45	9.18	-2.9	6.0
BlkRk MuniVest II **MVT**	14.92	15.11	+1.3	5.8

Fund (SYM)	NAV	Close	Prem /Disc	12 Mo Yld
BlkRk MuniYield **MYD**	14.54	13.60	-6.5	6.1
BlkRk MuniYld Quality **MQY**	15.42	14.11	-8.5	5.9
BlkRk MuniYld Qlty II **MQT**	13.55	12.17	-10.2	5.7
BlRkMunyldQltyIII **MYI**	14.04	12.69	-9.6	6.2
Deutsche Mun Income Tr **KTF**	12.22	11.31	-7.4	6.3
Dreyfus Mun Bd Infr Fd **DMB**	13.98	12.24	-12.4	5.1
Dreyfus Strat Muni Bond **DSM**	8.20	7.63	-7.0	6.4
Dreyfus Strategic Munis **LEO**	8.42	7.76	-7.8	6.5
Eaton Vance Mun Bd Fd **EIM**	13.28	11.79	-11.2	5.3
Eaton Vance Mun Income **EVN**	12.97	11.66	-10.1	5.6
EV National Municipal Opp **EOT**	21.34	20.97	-1.7	4.9
Invesco Adv Mun Incm II **VKI**	11.83	10.79	-8.8	6.0
Invesco Mun Incm Opps Tr **OIA**	7.42	7.54	+1.6	5.4
Invesco Mun Opportunity **VMO**	13.19	11.81	-10.5	6.0
Invesco Municipal Trust **VKQ**	13.16	11.75	-10.7	6.0
Invesco Qlty Mun Inco **IQI**	13.27	11.94	-10.0	5.5
Invesco Inv Grade Muni **VGM**	13.64	12.37	-9.3	6.1
Invesco Value Mun Incm Tr **IIM**	15.83	14.47	-8.6	5.1
MainStay Mac Defined Muni **MMD**	19.90	18.91	-5.0	5.7
MFS Munl Inco **MFM**	7.25	6.60	-9.0	5.8
Nuveen AMT-Free Mun Value **NUW**	16.38	16.04	-2.1	4.4
Nuveen AMT-Free Quality **NEA**	14.70	12.98	-11.7	5.5
Nuveen AMT-Free Mun **NVG**	15.99	14.40	-9.9	6.0
Nuveen Mun Credit Incm Fd **NZF**	15.55	14.22	-8.6	6.2
Nuveen Enhncd Mun Val Fd **NEV**	14.61	13.41	-8.2	5.9
Nuveen Intermed Dur Mun **NID**	13.51	12.47	-7.7	4.9
NuveenMuniIncoOpp Fd **NMZ**	13.23	12.97	-2.0	6.1
Nuveen Muni Value Fund **NUV**	10.07	9.45	-6.2	4.0
Nuveen Qual Mun Incm Fd **NAD**	14.99	13.15	-12.3	5.5
Nuveen Sel TF **NXQ**	14.51	13.58	-6.4	3.7
PIMCO MuniFd **PMF**	12.53	12.51	-0.2	5.7
Pimco Muni Inc II **PML**	11.78	12.35	+4.8	6.3
PIMCO Muni Inc III **PMX**	10.75	10.90	+1.4	6.1
Pioneer Mun Hi Inc Adv Tr **MAV**	11.55	10.70	-7.4	5.6
Pioneer Mun Hi Incm Tr **MHI**	12.56	11.33	-9.8	5.3
Putnam Tr **PMM**	7.82	7.06	-9.7	5.5
Putnam Muni Opportunities **PMO**	13.00	11.66	-10.3	5.4
Wstrn Asset Mngd Muni **MMU**	NA	13.08	NA	5.8
Western Asset Mun Tr Fund **MTT**	NA	21.60	NA	4.6
Single State Muni Bond				
BlackRock CA Municipal Tr **BFZ**	14.87	13.13	-11.7	5.3
BlkRk MuniHldgs CA Qlty **MUC**	15.11	13.30	-12.0	5.3
Blkrck MunHl NJ Qlty **MUJ**	15.25	13.38	-12.3	5.8
BlRk MuHldg NY Qlty **MHN**	14.43	12.75	-11.6	5.2
BlkRk MuniYld CA Fd **MYC**	15.10	13.76	-8.9	5.3
BlkRk MuniYld CA Quality **MCA**	15.31	13.55	-11.5	5.4
BlkRk MuniYld MI Qlty **MIY**	15.12	13.38	-11.5	5.5
BlRk Muyld NY Qlty **MYN**	13.84	12.29	-11.2	5.1
Eaton Vance CA Mun Bd **EVM**	11.96	10.46	-12.5	5.4
Invesco CA Value Mun Incm **VCV**	13.03	11.80	-9.4	5.4
Invesco PA Value Mun Incm **VPV**	13.68	11.80	-13.7	5.3
Invesco Inv Grade NY Muni **VTN**	14.17	13.08	-7.7	5.2
Nuveen CA AMT-Free Qual **NKX**	15.30	13.86	-9.4	5.5
Nuveen CA Muni Value **NCA**	10.21	9.53	-6.6	4.2
Nuveen CA Quality Muni **NAC**	15.21	13.50	-11.2	5.7
Nuveen MD Qual Muni **NMY**	14.17	12.09	-14.7	5.0
Nuveen MI Qual Muni **NUM**	14.99	12.77	-14.8	4.8
Nuveen NJ Qual Muni **NXJ**	15.40	13.08	-15.1	5.3
Nuveen NY AMT-Free **NRK**	14.04	12.27	-12.6	5.0
Nuveen NY Qual Muni **NAN**	14.66	12.92	-11.9	5.3
Nuveen OH Qual Muni **NUO**	16.16	14.08	-12.9	5.0
Nuveen PA Qual Muni **NQP**	14.74	12.54	-14.9	5.5
Nuveen VA Qual Muni **NPV**	14.08	12.19	-13.4	4.5
PIMCO California Muni **PCQ**	13.69	14.95	+9.2	6.3
PIMCO California Mun II **PCK**	8.38	8.25	-1.6	6.6

Fund (SYM)	NAV	Close	Prem /Disc	52 wk Ttl Ret
General Equity Funds				
Specialized Equity Funds				
Griffin Inst Access RE:L	NA	NA	NA	NS
NexPointRlEstStrat;A	19.38	NA	NA	-0.7
NexPointRlEstStrat;C	19.45	NA	NA	-0.8
NexPointRlEstStrat;Z	19.45	NA	NA	0.1
NorthStar RE Cap Inc:Adv	NA	NA	NA	NS
PREDEX;T	25.89	NA	NA	NS
PREDEX;W	25.89	NA	NA	NS
Resource RE Div Inc:A	9.77	NA	NA	0.8
Resource RE Div Inc:C	9.75	NA	NA	0.0

Fund (SYM)	NAV	Close	Prem /Disc	52 wk Ttl Ret
Resource RE Div Inc:D	9.91	NA	NA	0.2
Resource RE Div Inc:I	10.18	NA	NA	1.0
Resource RE Div Inc:L	9.77	NA	NA	NS
Resource RE Div Inc:T	9.74	NA	NA	0.1
Resource RE Div Inc:U	9.78	NA	NA	0.8
Resource RE Div Inc:W	9.92	NA	NA	0.7
SharesPost 100;A	26.90	NA	NA	0.3
SharesPost 100:I	26.92	NA	NA	NS
Tot Inc+ RE:A	29.66	NA	NA	6.8
Tot Inc+ RE:C	28.82	NA	NA	6.0
Tot Inc+ RE:I	30.02	NA	NA	7.1
Tot Inc+ RE:L	29.60	NA	NA	NS
USQ Core Real Estate:I **USQIX**	25.14	NA	NA	NS
USQ Core Real Estate:IS **USQSX**	25.14	NA	NA	NS
Versus Cap MMgr RE Inc:I	27.47	NA	NA	NE
Versus Capital Real Asst **VCRRX**	25.01	NA	NA	NS
Wildermuth Endwmnt Str	13.27	NA	NA	12.7
Wildermuth Endwmnt S:C	13.07	NA	NA	11.9
Wildermuth Endwmnt S:I	13.34	NA	NA	NS
Income Preferred Stock Funds				
MultiStrat Gro & Inc:A	14.45	NA	NA	-2.5
MultiStrat Gro & Inc:C	14.11	NA	NA	-3.2
MultiStrat Gro & Inc:I	14.65	NA	NA	-2.2
MultiStrat Gro & Inc:L	14.23	NA	NA	-2.9
The Relative Value:CIA **VFLEX**	25.21	NA	NA	NS
Convertible Sec's. Funds				
Calmos Dyn Conv and Inc **CCD**	20.72	19.87	-4.1	12.0
World Equity Funds				
BMO LGM Front ME	11.42	NA	NA	23.4
CalamosGlbTotRet **CGO**	13.41	15.21	+13.4	17.5

Fund (SYM)	NAV	Close	Prem /Disc	12 Mo Yld
U.S. Mortgage Bond Funds				
Vertical Capital Inc:A	12.19	NA	NA	3.3
Vertical Capital Inc:C	12.25	NA	NA	NS
Vertical Capital Inc:I	12.25	NA	NA	NS
Vertical Capital Inc:L	12.25	NA	NA	NS
Loan Participation Funds				
504 Fund	9.72	NA	NA	3.9
Angel Oak Strategic Crdt **ASCIX**	25.10	NA	NA	NS
Blackstone/GSO FR EI I	NA	NA	NA	NS
FedProj&TrFinanceTendr	10.07	NA	NA	2.2
Invesco Sr Loan A	6.71	NA	NA	4.0
Invesco Sr Loan C	6.73	NA	NA	3.3
Invesco Sr Loan IB	6.72	NA	NA	4.2
Invesco Sr Loan IC	6.72	NA	NA	4.1
Invesco Sr Loan Y	6.71	NA	NA	4.2
RiverNorth MP Lending **RMPLX**	NA	NA	NA	11.3
Sierra Total Return:T **SRNTX**	24.74	NA	NA	NS
Voya Senior Income:A	12.60	NA	NA	5.0
Voya Senior Income:C	12.58	NA	NA	4.5
Voya Senior Income:I	12.56	NA	NA	5.3
Voya Senior Income:W	12.61	NA	NA	5.3
High Yield Bond Funds				
Griffin Inst Access Cd:A	NA	NA	NA	NS
Griffin Inst Access Cd:C	NA	NA	NA	NS
Griffin Inst Access Cd:F	NA	NA	NA	NS
Griffin Inst Access Cd:I	NA	NA	NA	NS
Griffin Inst Access Cd:L	NA	NA	NA	NS
PIMCO Flexible Cr I;Inst	NA	NA	NA	5.8
PionrILSInterval	9.47	NA	NA	1.4
WA Middle Mkt Dbt	NA	NA	NA	10.7
WA Middle Mkt Inc **WMF**	NA	NA	NA	10.7
Other Domestic Taxable Bond Funds				
BlackRock Mlt-Sctr Oppty	99.91	NA	NA	NS
Capstone Church Capital	11.67	NA	NA	3.4
CION Ares Dvsfd Crdt;A	NA	NA	NA	5.0
CION Ares Dvsfd Crdt;C	NA	NA	NA	NS
CION Ares Dvsfd Crdt;I	NA	NA	NA	NS
CION Ares Dvsfd Crdt;L	NA	NA	NA	NS
CNR Select Strategies	9.61	NA	NA	NS
GL Beyond Income	3.18	NA	NA	NE
Palmer Square Opp Income	19.60	NA	NA	4.7
Resource Credit Inc:A	11.11	NA	NA	6.4
Resource Credit Inc:C	11.22	NA	NA	5.7
Resource Credit Inc:I	11.14	NA	NA	6.7
Resource Credit Inc:L	11.10	NA	NA	NS
Resource Credit Inc:W	11.11	NA	NA	6.4

Borrowing Benchmarks | WSJ.com/bonds

Money Rates

March 2, 2018

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

	Jan. Index level	Chg From (%) Dec. '17	Jan. '17
U.S. consumer price index			
All items	**247.867**	0.54	2.1
Core	**254.638**	0.43	1.8

International rates

	Latest	Week ago	52-Week High	Low
Prime rates				
U.S.	**4.50**	4.50	4.50	3.75
Canada	**3.45**	3.45	3.45	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	**0.50**	0.50	0.50	0.25
Australia	**1.50**	1.50	1.50	1.50
Overnight repurchase				
U.S.	**1.48**	1.45	1.62	0.50

U.S. government rates

	Latest	Week ago	52-Week High	Low
Discount				
	2.00	2.00	2.00	1.25
Federal funds				
Effective rate	**1.4300**	1.4200	1.4500	0.6600
High	**1.5625**	1.5625	1.6500	0.8125
Low	**1.4000**	1.3000	1.4100	0.5000
Bid	**1.4000**	1.4100	1.4300	0.6600
Offer	**1.4300**	1.4200	1.4400	0.6700

	Latest	Week ago	52-WEEK High	Low
Treasury bill auction				
4 weeks	**1.495**	1.380	1.495	0.400
13 weeks	**1.645**	1.630	1.645	0.515
26 weeks	**1.830**	1.820	1.830	0.670

Secondary market

	Latest	Week ago	52-WEEK High	Low
Fannie Mae				
30-year mortgage yields				
30 days	**3.991**	4.018	4.071	3.253
60 days	**4.023**	4.054	4.108	3.281

Other short-term rates

	Latest	Week ago	52-Week high	low
Call money				
	3.25	3.25	3.25	2.50
Commercial paper (AA financial)				
90 days	**n.a.**	1.91	1.94	0.85
Libor				
One month	**1.69050**	1.63120	1.69050	0.83444
Three month	**2.02519**	1.95625	2.02519	1.10167

	Latest	Week ago	52-WEEK High	Low
Six month	**2.22843**	2.18188	2.22843	1.39072
One year	**2.49669**	2.45969	2.50750	1.69511
Euro Libor				
One month	**-0.402**	-0.403	-0.388	-0.420
Three month	**-0.379**	-0.380	-0.352	-0.387
Six month	**-0.330**	-0.327	-0.245	-0.339
One year	**-0.255**	-0.257	-0.110	-0.263
Euro interbank offered rate (Euribor)				
One month	**-0.370**	-0.370	-0.366	-0.375
Three month	**-0.327**	-0.328	-0.325	-0.332
Six month	**-0.271**	-0.271	-0.237	-0.279
One year	**-0.191**	-0.191	-0.106	-0.194

	Latest	Value Traded	52-Week High	Low
DTCC GCF Repo Index				
Treasury	**1.534**	28.100	1.836	0.506
MBS	**1.566**	110.540	1.852	0.526

	Settle	Change	Open Interest	Implied Rate
DTCC GCF Repo Index Futures				
Treasury Mar	**98.415**	unch.	1879	1.585
Treasury Apr	**98.255**	unch.	672	1.745
Treasury May	**98.245**	unch.	551	1.755

Notes on data:

U.S. prime rate is the base rate on corporate loans posted by at least 70% of the 10 largest U.S. banks, and is effective December 14, 2017. **Other prime rates** aren't directly comparable; lending practices vary widely by location; **Discount rate** is effective December 14, 2017. **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. **Federal-funds rates** are Tullett Prebon rates as of 5:30 p.m. ET. **Futures on the DTCC GCF Repo Index** are traded on NYSE Liffe US.

Sources: Federal Reserve; Bureau of Labor Statistics; DTCC; SIX Financial Information; Tullett Prebon Information, Ltd.

Exchanges Pose Cryptocurrency Risk

Hacks this year at two digital bourses bring losses since 2014 to more than $1.4 billion

By Paul Vigna

Cryptocurrency traders are learning that where they buy and sell digital tokens can be just as risky as choosing a coin or picking a price.

Investors have lost more than $700 million this year in hacks of two major cryptocurrency exchanges. The thefts at Florence-based BitGrail and Japan's Coincheck bring total investor hacking losses since 2014 to around $1.4 billion, according to a Wall Street Journal review of recent hacks.

The hacks reflect an often-overlooked risk of trading in bitcoin and related digital currencies: While scores of online exchanges have sprung up in the past two years as crypto prices surged, they typically bear little resemblance to the well-financed, better-regulated venues that enable investors to buy and sell stocks, bonds and commodities.

Given the peer-to-peer nature of cryptocurrencies, investors don't have to deal directly with exchanges when they buy these assets. But many have done so because exchanges seem safer and more convenient, a judgment some have come to regret.

Jeff Furman, a 22-year-old student at Northern Virginia Community College, said he lost about $60,000 worth of nano tokens on the BitGrail exchange in a hack disclosed in February.

"It's hard for me," he said. He sold some nano at a profit but wishes he had sold the rest. "I didn't heed my own gut."

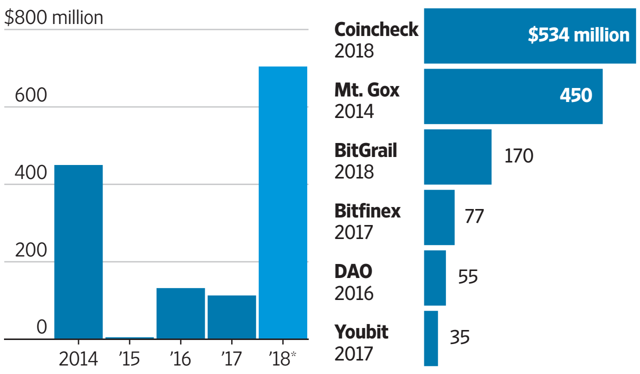
Unlike traditional stock and futures exchanges, whose businesses center on matching up trades for a small fee, crypto exchanges also safeguard investors' virtual tokens. It is a task that many aren't up to, investors and technology experts say.

NORIKO HAYASHI/BLOOMBERG NEWS

The Japanese pop group Virtual Currency Girls perform at a concert in Tokyo. Tickets for the show are paid for in cryptocurrencies.

Crypto Danger

Investors have lost more than $700 million this year in hacks of two major cryptocurrency exchanges, Coincheck and BitGrail.



*Through March 2

Sources: company releases; the companies

THE WALL STREET JOURNAL.

"As cryptocurrencies grow, hackers are going to go after digital wallets" and exchanges even more, said George Waller, an adviser at security firm BlockSafe Technologies Inc. Wallet companies act as cryptocurrency brokerage firms and often work closely with exchanges.

The two recent hacks show the particular vulnerability investors can face when buying unproven, speculative tokens on startup exchanges that aren't regulated and derive a large chunk of volume from the new, untested currencies.

The website coinmarketcap.com tracks data for about 190 cryptocurrency exchanges, but only a handful are regulated in the U.S.

There are established digital-currency exchanges such as Coinbase's GDAX, Gemini from Cameron and Tyler Winklevoss's Gemini Trust Co., and Japan's BitFlyer that are regulated and employ a variety of security measures. All are regulated by New York state's Department of Financial Services, which requires measures designed to detect, prevent and respond to fraud and market manipulation.

There is nothing to compel an exchange to submit to regulations, however, and many don't. Moreover, it is possible to buy standardized trading-program software, meaning all the exchange operators have to do essentially is come up with a name and logo.

The result is that many new exchanges are plagued by "shoddy management and shoddy systems," said David Fragale, co-founder of security-services firm Atonomi. A mature financial-services firm, Mr. Fragale said, would implement security controls and risk-management and compliance systems. They want to know who their customers are and what kinds of high-risk activity is taking place on their platforms.

On many smaller exchanges, that isn't happening, and retail investors are exposing their money to a kind of counterparty risk from the exchanges themselves, said Jonathan Levin, chief executive of research firm Coinanalysis. "People don't know how to protect themselves."

Many of the newer exchanges—BitGrail launched in 2017—hurried to capitalize on an exploding market for smaller, speculative cryptocurrencies that large exchanges wouldn't handle, said Charles Hayter, CEO of research site CryptoCompare.

Established exchanges that host stock, options or futures trading face a variety of federal standards for fair access, cybersecurity and other areas of regulation. They also work closely with heavily regulated banks or brokerage firms, which regularly reimburse customers when a hack or technology problem leads to losses.

BitGrail, run by Italian entrepreneur Francesco Firano, was operating without any significant regulatory oversight. It focused on nano, a tiny cryptocurrency that began trading in 2015 under the name raiblocks.

For most of its history, raiblocks traded for pennies. Then, in December, it surged from around 20 cents to about $36. Mr. Firano didn't respond to requests for comment.

Coincheck had applied with Japanese regulators for a cryptocurrency-exchange license. In recent weeks, Coincheck has said it plans to compensate its customers. A spokeswoman for the exchange said this week that "we are finalizing how we can pay back money for affected customers."

Customers don't have to put their money on an exchange when investing in a cryptocurrency, the spokeswoman added. Indeed, when organized cryptomarkets began appearing, it ostensibly added a layer of protection and an institutional element to the nascent market. One of the first such markets was Mt. Gox, which opened in 2010. Within a few years, it was handling around 70% of bitcoin transactions globally.

The site had extremely weak security protocols, however. In 2014, it announced that 850,000 bitcoin had been stolen, worth $450 million at the time. The site later recovered 200,000 bitcoin, which today are worth considerably more than they were in 2014. Creditors are still battling to recover their lost funds.

—Takashi Mochizuki and Alexander Osipovich contributed to this article.

ERIC GAY/ASSOCIATED PRESS

A surge in North American crude output worries the market. A North Dakota drilling site.

Oil Rebounds From Early Losses

By Alison Sider and Neanda Salvaterra

Oil prices climbed back from early losses to settle higher Friday as prices reacted to moves in equities and the dollar.

COMMODITIES U.S. crude futures settled up 26 cents, or 0.43%, to $61.25 a barrel on the New York Mercantile Exchange. Brent, the global benchmark, rose 54 cents, or 0.85%, to $64.37 a barrel.

Still, both benchmarks ended the week lower, snapping a two-week streak of gains, with U.S. futures tumbling 3.62% during the week and Brent falling 3.98%.

Factors largely outside of the oil industry have often driven oil prices in the past month. Friday's move came as stock indexes pared losses or turned higher.

"Equities and the dollar have seemingly had a pretty decent impact on the market in recent days," said Kyle Cooper, a consultant at ION Energy Group.

A weaker dollar makes commodities that are priced in dollars, including oil, less expensive for foreign buyers, lifting demand. The WSJ Dollar Index, which measures the U.S. currency against a basket of 16 others, fell 0.3% Friday.

"There's a big macro trade coming at us," said John Kilduff, founding partner at Again Capital. "We continue to be led around by the S&P 500."

In earlier trading, prices fell as a pledge by President Donald Trump on Thursday to impose tariffs on steel and aluminum imports sparked worries of a looming global trade war with several countries such as China.

"Four straight days of selling for energy and equity markets this week suggest that fear is making a comeback in the global marketplace," analysts at TAC Energy wrote. "While the headlines are focused largely on steel, there's no doubt that oil and its products could be directly impacted, and that the country's position has changed drastically in the past few years as it transitions from the world's great importer to a key exporter of energy."

A surge in North American crude output also has the market worried, despite efforts by the Organization of the Petroleum Exporting Countries and external producers such as Russia to limit global crude production.

An unexpected increase in gasoline stockpiles last week has weighed on fuel prices and is pulling oil prices lower. The price difference between oil and fuel has been narrowing—something that can be a bearish signal for oil prices because it could translate into lower demand from refiners, analysts said.

Gasoline futures ended Friday up 0.5 cent, or 0.26%, at $1.9014 a gallon.

Diesel futures fell 0.59 cent, or 0.31%, to $1.8796 a gallon.

Losses From Credit Cards Mount at Smaller Banks

By AnnaMaria Andriotis

Small banks have been fighting for a bigger piece of the credit-card market in search of higher returns. Now, they are contending with rising losses.

Missed payments on credit cards at small banks have risen sharply over the past year, a sign that their cardholders are taking on more debt than they can handle. Their charge-off rate, or the share of outstanding card balances written off as a loss after consumers failed to pay, hit 7.2% in the fourth quarter, up from 4.5% a year ago, according to Federal Reserve data.

Concerns have been mounting in the broader credit-card industry about the recent trend of rising delinquencies. While overall card losses are still relatively low—below the historical average of the last 30 years, for instance—they have been slowly climbing in the last two years.

But they have especially surged at smaller banks, those outside the 100 largest by assets that have less than around $10.4 billion in assets. There, the average charge-off rate is near an eight-year high, while the 3.5% loss rate at large banks remains well below the 10.6% seen in 2010.

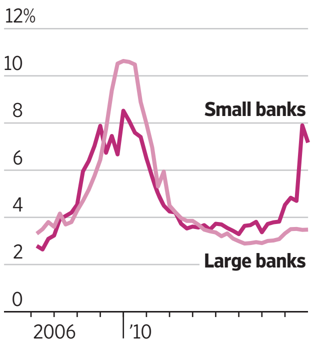
Both large and small banks pushed into the credit-card market in the wake of the recession in search of higher yields and an affluent customer base.

As competition intensified, big banks splurged on customers with cash rewards and points that could be redeemed for vacations.

Some smaller banks battled back by loosening credit-score requirements, but that strategy now seems to be backfiring, even though the economy is improving and the unemployment rate is near record lows. Wages are rising only slowly and some consumers have simply taken on more

Card Struggles

Credit-card charge-off rates



Note: Seasonally-adjusted

Source: Federal Reserve

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debt than they can handle.

Deja Reid, a 20-year-old college junior, said she received a credit card offer shortly after her 18th birthday from Credit One Bank NA, which specializes in issuing credit cards to consumers with low credit scores.

During the application process, Ms. Reid said she informed the bank that her annual salary was around $2,000. The bank, which didn't respond to a request for comment, approved her for a card with a $500 spending limit.

She soon fell behind on payments and began to incur late fees and interest payments that pushed her balance to $1,000. She turned to her parents for help and is in the process of paying off the balance. "It's been hard," she said. "I don't think I'll be using a credit card anymore."

While the hundreds of smaller U.S. banks that offer credit cards account for just around 2% of outstanding credit-card debt, according to a measure by S&P Global Market Intelligence, some investors view that debt as a window into the financial health of the middle-and-lower-income consumer.

Comenity Capital Bank, with about $8.5 billion in assets, issues store credit cards, often for shoppers at mall-based retailers. The lender, a unit of Plano, Texas-based **Alliance Data Systems** Corp., had a credit card charge-off rate of 5.96% in the fourth quarter, up from 5% a year prior.

Alliance Data Chief Executive Ed Heffernan isn't worried, saying many riskier consumers got shut out of credit during the recession and now have returned. The company is capturing a "higher share of households which have a higher tendency to write off" after a period of unusually low losses, he said.

But the deterioration at small banks has raised some concerns about how much worse losses could get if the economic recovery falters.

The small banks' experience is "simply a leading indicator of a downturn to come," said Robert Hammer, founder and chief executive of credit-card industry consultant R.K. Hammer. In the run-up to the last recession, he noted, losses accelerated for small banks before they did for big ones.

Some small banks have viewed credit cards as a way to cross-sell their customers and to bring in new creditworthy customers. That became a challenge as big banks pursued the same set of borrowers by charging low interest rates for promotional periods. Personal loans offered by a growing number of lenders provided even more competition.

That left many small banks with card applicants who had lower credit scores.

"There's almost been a panic in getting their product out there to subprime borrowers," said John Heath, directing attorney at Lexington Law, a consumer law firm based in Salt Lake City specializing in credit repair. Some clients struggling to pay back credit-card bills to small banks were earlier rejected by large ones, he added.

VOTE

Continued from page B1

Qualcomm sees itself as being on the cusp of ending costly patent-royalty skirmishes with international regulators and **Apple** Inc., and beginning a new chapter of innovation on the backs of investments in next-generation 5G cellular technology and an ambitious $44 billion acquisition of chip specialist **NXP Semiconductors** NV.

Mr. Jacobs, 55 years old, took over as chief executive from his father, Irwin, in 2005 before passing the baton to current head Steve Mollenkopf in 2014. The younger Mr. Jacobs has been through ups and downs, including a late-2000s patent fight with **Nokia** Corp., then the handset leader, and regulators. Those skirmishes he resolved in Qualcomm's favor. Today, as board chairman, he focuses on Qualcomm's long-term opportunities.

GIAN EHRENZELLER/KEYSTONE/ASSOCIATED PRESS

Qualcomm's Paul Jacobs

Mr. Jacobs owns 0.13% of Qualcomm. That includes public and restricted shares, some due to vest over the next few years based on performance, as well as options.

Lately, he has embraced his role in defending Qualcomm's shareholder value. He has fired off written missiles at Broadcom Chief Executive Hock Tan, rebuffing what Mr. Jacobs describes as inadequate takeover offers. "Your proposal is inferior relative to our prospects as an independent company," he wrote in one such letter last month.

Recently, Mr. Jacobs's tone has turned more conciliatory even as Qualcomm presses Broadcom to increase by nearly 70% an $8 billion breakup fee, which is already the largest ever offered to a target, according to Dealogic.

The other vision, offered by Mr. Tan since the company launched its hostile bid in November, positions Singapore-based Broadcom as the only escape hatch for shareholders who have watched Qualcomm stock languish.

Japanese Yen Strengthens, As Investors Flee Dollar

By Ira Iosebashvili

The dollar declined Friday, as concerns over protectionism continued to ripple through markets.

CURRENCIES

The WSJ Dollar Index, which measures the U.S. currency against a basket of 16 others, fell 0.3%, at 83.73.

President Donald Trump's pledge Thursday to impose tariffs on steel and aluminum imports has unnerved some investors, who fear the measures could spark inflation and provoke retaliation from U.S. trade partners.

Big holders of U.S. Treasurys, including China, Japan and the European Union, could sell U.S. assets in response, some analysts said.

"The threat of a trade war has undercut the dollar rebound and will weigh on its performance going forward," analysts at Scotiabank said in a note to investors.

Some investors flocked to popular havens, such as the Japanese yen. The dollar was down 0.5% against the yen to ¥105.73, after hitting its lowest level against the Japanese currency since late 2016 earlier in the session.

At the same time, the dollar rose against the currencies of many developing countries.

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	.0493	20.2637	8.9
Brazil real	.3074	3.2527	–1.8
Canada dollar	.7762	1.2884	2.5
Chile peso	.001670	598.80	–2.7
Ecuador US dollar	1	1	unch
Mexico peso	.0532	18.8111	–4.4
Uruguay peso	.03529	28.3400	–1.6
Venezuela b. fuerte	.000028352	35.0002	340603.1
Asia-Pacific			
Australian dollar	.7764	1.2880	0.6
China yuan	.1575	6.3485	–2.4
Hong Kong dollar	.1277	7.8311	0.2
India rupee	.01534	65.201	2.1
Indonesia rupiah	.0000727	13758	2.0
Japan yen	.009457	105.74	–6.2
Kazakhstan tenge	.003099	322.70	–3.0
Macau pataca	.1240	8.0632	0.2
Malaysia ringgit	.2544	3.9303	–3.2
New Zealand dollar	.7241	1.3810	–2.0
Pakistan rupee	.00904	110.623	–0.02
Philippines peso	.0193	51.939	4.0
Singapore dollar	.7581	1.3191	–1.4
South Korea won	.0009261	1079.76	1.2
Sri Lanka rupee	.0064462	155.13	1.1
Taiwan dollar	.03415	29.283	–1.3
Thailand baht	.03181	31.440	–3.5
Vietnam dong	.00004394	22760	0.2
Europe			
Czech Rep. koruna	.04856	20.595	–3.2
Denmark krone	.1654	6.0445	–2.6
Euro area euro	1.2321	.8117	–2.6
Hungary forint	.003927	254.66	–1.7
Iceland krona	.009943	100.57	–2.9
Norway krone	.1284	7.7874	–5.1
Poland zloty	.2941	3.3999	–2.3
Russia ruble	.01760	56.804	–1.5
Sweden krona	.1212	8.2510	0.8
Switzerland franc	1.0661	.9380	–3.7
Turkey lira	.2627	3.8071	0.3
Ukraine hryvnia	.0377	26.5275	–5.7
UK pound	1.3802	.7245	–2.1
Middle East/Africa			
Bahrain dinar	2.6528	.3770	–0.04
Egypt pound	.0567	17.6410	–0.7
Israel shekel	.2903	3.4450	–1.0
Kuwait dinar	3.3326	.3001	–0.5
Oman sul rial	2.5980	.3849	–0.01
Qatar rial	.2745	3.643	–0.2
Saudi Arabia riyal	.2666	3.7503	...
South Africa rand	.0839	11.9242	–3.5

	Close	Net Chg	% Chg	YTD % Chg
WSJ Dollar Index	83.74	–0.22	–0.27	–2.60

Sources: Tullett Prebon, WSJ Market Data Group

CHINATOPIX/ASSOCIATED PRESS

Many emerging markets rely on raw materials and other exports to sustain their economies. An aluminum factory in China.

Emerging Stocks on Edge

By Ira Iosebashvili

Once-buoyant emerging markets confront a sharp increase in uncertainty over the outlook for growth and investment around the world.

President Donald Trump's pledge to impose tariffs on foreign aluminum and steel hit the currencies of export-dependent countries such as Mexico and Russia and contributed to a 2.8% decline in the MSCI Emerging Markets Index, which measures stock performance, for the week ended Friday.

Many emerging markets rely on raw materials and other exports to sustain their economies, making them particularly vulnerable to changes in commodity markets, especially if the U.S. adopts protectionist measures. Asset values across emerging markets have stalled this year after a long rally was interrupted by a rise in U.S. interest rates, which reduced demand for risky securities and made safer U.S.-issued securities relatively more appealing.

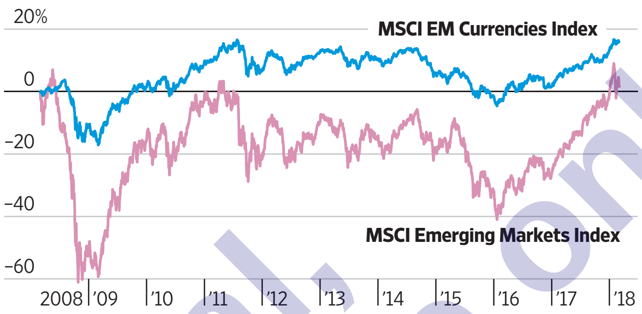
Many are concerned that an extended period of uncertainty could hamper further gains in emerging markets, where returns in recent years have dwarfed those found in developed markets.

Emerging markets' "time in the sun is coming to an end," said Alan Robinson, global portfolio adviser at RBC Wealth Management. "Clearly, the uncertainty on trade doesn't help matters."

Investors pulled a net $4.5 billion out of emerging-market funds in February, ending a 14-month streak of net inflows, data from the Institute of International Finance showed. Emerging-market stocks are down 7.1% from multiyear highs hit in January. The MSCI Emerging Markets Currencies Index has lost 1% from the start of the year through Thursday, after hitting an all-time high earlier this year.

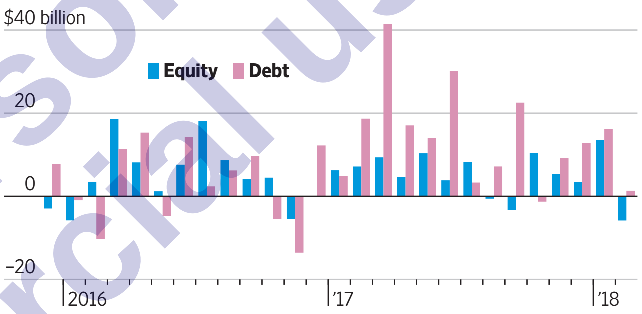
Sliding

Emerging market stocks and currencies are down from multiyear highs.



Investors pulled a net $4.5 billion from emerging markets in February, the first outflows in 14 months

Flows into and out of emerging market stocks and bonds



Sources: FactSet (index); Institute of International Finance (flows)

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The losses contrast with a rally that has rewarded investors in recent years. Emerging-market stocks have risen nearly 49% since the beginning of 2016, beating out gains in U.S. and European averages. The MSCI Emerging Market Currencies Index is up 17% in the same period, fueled by investors seeking to buy the bonds of developing countries, some of which are denominated in the local currency and offer comparatively high yields.

Part of the week's selling came after Federal Reserve Chairman Jerome Powell told Congress on Tuesday that the U.S. economic outlook remained bright amid stronger growth and inflation. Some investors believe the comments suggested the central bank may begin raising rates at a faster pace this year, a move that could drive up U.S. yields, making emerging markets seem less attractive by comparison.

Currencies that have notched big gains this year may be most vulnerable if markets stay rocky, said Kit Juckes, a strategist at Société Générale. Many of those also belong to countries that have benefited most from trade and a reinvigorated global economy and depend heavily on exports.

"If Donald Trump does bad things for global growth, I don't want to be anywhere near currencies like the Mexican peso and South African rand," Mr. Juckes said.

The peso fell 1.4% against the dollar last week, after climbing 6.1% from the beginning of the year until Feb. 23. The rand has lost 3.1%, after a nearly 7% gain in that period. The Russian ruble is off 1.1%, after a 2.7% gain.

A further rise in U.S. bond yields, meanwhile, could hurt countries like South Korea, where rates are low compared with other emerging markets. The Korean won is down 1.2% this year, after rising more than 13% in 2017.

Another worry is China, the world's second-largest economy and the top consumer of many raw materials. Officials there face the task of deflating potentially dangerous bubbles in economic sectors such as real estate, a move that could hurt growth. China's official manufacturing purchasing managers index, a gauge of factory activity, dropped to its lowest level in 19 months in February.

Many investors remain optimistic for the long term, noting that equity valuations in the sector are still more attractive than those in developed markets. Many developing countries have also built up reserves, tamed inflation and scrapped currency pegs, making them more able to withstand periods of global volatility.

Markets have also become deeper and more liquid. Emerging markets accounted for nearly 25% of global fixed income in 2017, compared with 2% in 2000, data from Insight Investment showed.

"The macroeconomic picture is totally different," said Gaurav Mallik, a portfolio strategist with State Street Global Advisors.

Key countries are doing much better today than they did earlier in the decade, or during the Asian crisis of the late 1990s, Mr. Malik said.

Still, many are preparing for a bumpier ride. "The trade where you buy everything and don't worry about anything is over," said Federico Kaune, head of emerging markets fixed income at UBS Asset Management.

ANDY CROSS/THE DENVER POST/GETTY IMAGES

Analysts expect Vail Resorts to post earnings of $3.60 a share when it reports its quarterly results on Thursday.

THE TICKER | Market events coming this week

Monday

ISM non-mfg index

Jan., previous	59.9
Feb., expected	59

Consumer credit

Dec., previous	up $18.45 bil.
Jan., expected	NA

Tuesday

Factory orders

Dec., previous	up 1.7%
Jan., expected	down 1.5%

Earnings expected*

	Estimate/Year Ago($)
Autodesk	**(0.11)**/(0.28)
Donaldson	**0.44**/0.35
Guidewire Software	**0.19**/(0.28)
H&R Block	**(1.29)**/(0.49)
Ross Stores	**0.93**/0.77
Target	**1.37**/1.45

Wednesday

Mort. bankers indexes

Purch., previous	up 6%
Refinan., prev.	down 1%

EIA status report

Previous change in stocks in millions of barrels

Crude oil	up 3
Gasoline	up 2.5
Distillates	down 1

Productivity

4th qtr. first. est.	down 0.1%
4th qtr. rec. est.	down 0.3%

Intl. trade deficit

Dec., previous	$53.1 bil.
Jan. expected	$55.1 bil.

Unit labor costs

4th qtr. first est.	up 2.0%
4th qtr. rev. est.	up 2.2%

Earnings expected*

	Estimate/Year Ago($)
Brown-Forman	**0.41**/0.38
Caesars Ent.	**0.08**/(3.88)
Costco	**1.46**/1.17
Dollar Tree	**1.90**/1.36
Thor Industries	**1.83**/1.23

Thursday

Initial jobless claims

Previous	210,000
Expected	220,000

EIA report: natural gas

Previous change in stocks in billions of cubic feet

	down 78

Earnings expected*

	Estimate/Year Ago($)
Burlington Stores	**2.10**/1.78
Cooper Cos.	**2.52**/1.93
Kroger	**0.63**/0.53
Marvell Tech	**0.31**/0.22
Vail Resorts	**3.60**/3.63

Friday

Short-selling reports

Ratio, days of trading volume of current position, at Feb. 15

NYSE	3.6
Nasdaq	3.2

Unemployment rate

Jan., previous	4.1%
Feb., expected	4.0%

Nonfarm payrolls

Jan., previous	200,000
Feb., expected	205,000

Wholesale inventories

Dec., previous	up 0.4%
Jan., expected	up 0.7%

* FACTSET ESTIMATES EARNINGS-PER-SHARE ESTIMATES DON'T INCLUDE EXTRAORDINARY ITEMS (LOSSES IN PARENTHESES) ◆ ADJUSTED FOR STOCK SPLITNOTE: FORECASTS ARE FROM DOW JONES WEEKLY SURVEY OF ECONOMISTS

MARKETS

The Trump Trade Hits a Wall

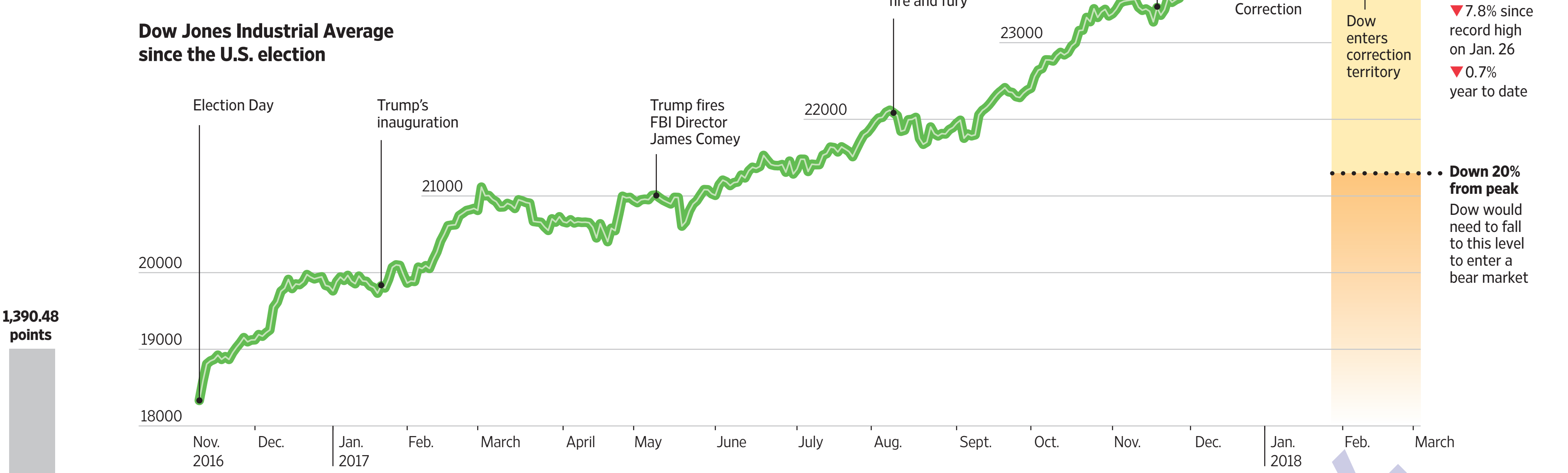
After more than a year of unbridled market optimism, investors are wrestling anew with the likely ramifications of the Trump administration's economic plan.

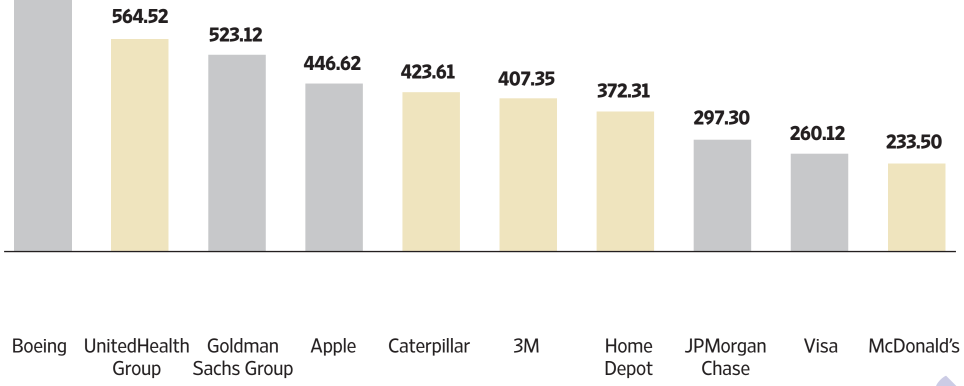
A decision to impose tariffs on steel and aluminum imports last week intensified concern about the future path of inflation, which has been modest ever since the financial crisis but has been slowly ticking higher since the mid-2016 deflation scare.

The move also reminded Wall Street that President Donald Trump won the election on a protectionist platform that already has increased friction with many trading partners and threatens to sharply limit global trade, a keystone of the world economy.

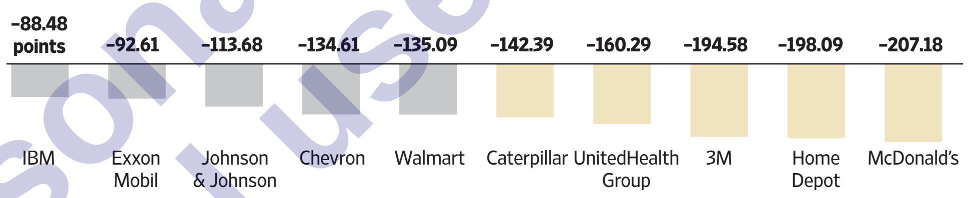
So far, the retreat has been modest, with the Dow industrials just 7.8% below their Jan. 26 record close. Many analysts contend that last year's corporate tax cut and GOP deregulation efforts will ensure healthy earnings growth that should burnish stocks' attractiveness relative to bonds and other investments.

But the resurgence of stock volatility and the 2018 rise in U.S. bond yields suggest that the Goldilocks phase of the nine-year-old bull market may well be over.





The five stocks that have been the biggest drags on the blue-chip index during the 7.8% decline from its record close on Jan. 26—McDonald's, Home Depot, 3M, UnitedHealth Group and Caterpillar—are also among the top 10 point contributors since Trump's election victory.



Source: WSJ Market Data Group

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HEARD ON THE STREET

Email: heard@wsj.com FINANCIAL ANALYSIS & COMMENTARY WSJ.com/Heard

OVERHEARD

The clock ran out on this stock offering.

Tyme Technologies, a development-stage biotech company focused on new cancer treatments, announced on Monday that it would sell up to 12 million shares of its common stock. At Monday's closing price of $3.88, that would have resulted in proceeds of about $46 million. That seemed like a good enough plan—biotech companies have had little trouble raising money so far this year.

But this week was a difficult one for stocks, and the offering didn't go as planned—Tyme announced Thursday evening it sold just 9 million shares at a price of just $2.25. That meant Tyme ended up raising only about $20 million.

Worse still for current shareholders—the stock price was $7 in January. But In life and investing alike, it's important to be punctual.

◆

If something is "fundamentally unfair," then what is it multiplied 100-fold?

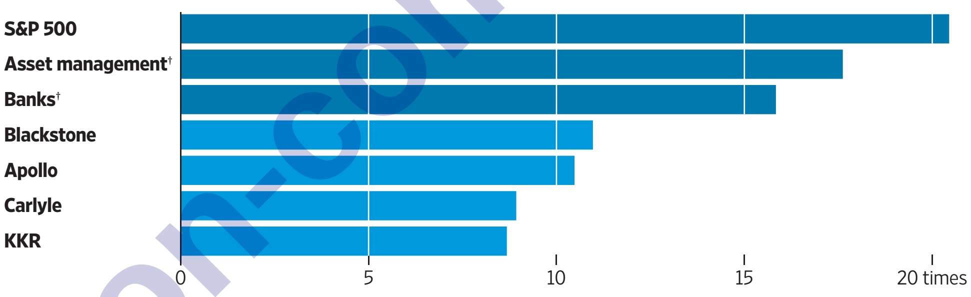
Secretary of State and former Exxon Mobil Chief Executive **Rex Tillerson**, known for some salty language in the halls of both business and government, might have some choice words. Even if we knew what they were, though, they might not be printable.

"Fundamentally unfair" were the words used by a post-Tillerson Exxon Mobil when the company was fined $2 million last year for Russian sanctions violations that occurred while Mr. Tillerson was still the boss. He has agreed to recuse himself from all Exxon-related matters for his first two years in his government post.

There was no comment from him this week when the energy company stated that it would withdraw this year from a big Arctic oil project agreed while he was the boss due to other sanctions. The move will cost the company $200 million after taxes.

Discount Trading

Stock markets rate private-equity companies on a lower multiple of earnings than traditional asset managers and even banks, which are arguably riskier and more complicated.



*As of March 1 †S&P 500 subindexes
Source: FactSet

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Private Equity Is Laggard

The big beasts of private equity have been hugely successful at taking a bigger bite of the investing world. But much to their founders' consternation, their publicly listed shares fall fully to reflect this. There's no quick fix, unfortunately. Complexity, lack of clear reporting and poor corporate governance are all to blame.

Shares in the likes of **KKR** and **Blackstone** in theory should prove attractive: The sheer growth in assets under management is bringing strong growth in base management fees, which these firms collect whether funds perform well or not. Yet public markets rate these companies on a lower multiple of earnings than more traditional asset managers and even banks, who are arguably riskier and more complicated businesses.

Blame starts with the big swings in performance fees and investment gains and losses—realized and unrealized—that private-equity firms report. Private equity's biggest players don't report these activities in standard ways so shareholders must pay careful attention to hundreds of pages of disclosures, even an investor can get a decent read on a bank in four to six pages of financials. Their main metrics are non-GAAP measures like economic net income, which can go from positive to negative with changes in the value of unrealized performance fees. Also, some firms pay themselves based on unrealized performance and some don't.

There is also extra paperwork in owning private-equity managers. They are set up as partnerships in order to pay no tax on performance fees, so public investors have to calculate and file their own taxes on these shares differently than for traditional investments. Plenty of institutions hate this, according to analysts, and stay away for that reason. Being a partnership also excludes them from popular stock indexes.

One partial solution being hotly debated in the industry is whether to convert these partnerships into a kind of corporation, called a C-Corp. That would mean paying taxes on performance as well as management fees. The recent cut in corporate tax could boost income from portfolio companies and mean that new taxes on the group would be somewhat lower than otherwise.

But while such a conversion in status would make life easier for shareholders, it would mean lower income: about 15% to 17% less for 2017, according to the four big firms at their recent results. They might also become eligible for index inclusion, although that isn't certain.

That leaves the outstanding issue of governance. Shareholders have no say in electing the leaders of these businesses and even if they became corporations and gave shareholders more rights, the ownership share of the most senior partners would still leave them in control.

This ownership brings huge rewards—Blackstone's founder and chief executive Stephen Schwarzman got paid $800 million for 2017 alone. Staggering pay checks don't seem to be a big turnoff for investors though.

One way private-equity firms are becoming more attractive to investors is the asset gathering that has brought growth in stable and predictable management fees. Blackstone's management fee income has grown 57% over the past five years, while at **Apollo** it is up 48%.

This should be a good story to tell investors, but the big companies remain immature in their approach to being public institutions. Their valuations won't grow up until the industry does.

—Paul J. Davies

Smartwatches Finally Catch On

The tech industry prides itself on speed, but it is easy to forget that most new technology actually takes a while to catch on.

Such is proving to be the case for smartwatches. **Apple** Inc. launched its first Watch nearly three years ago, and rival **Samsung Electronics** about six months before that with the first of its Galaxy Gear lineup. Neither was a huge seller right out of the gate, at least relative to the companies' other business lines. IDC estimated that smartwatch sales in 2015 totaled a little less than 20 million units globally—barely 1% of the number of smartphones sold that year.

But that number is ticking upward. The market research firm estimates that 32.7 million smartwatches sold in 2017—up 60% from the year before. Apple enjoyed a surge of Watch sales at the end of the year following the launch of its first cell-connected model.

Some of the gains can be credited to a wider range of prices. The cheapest Apple Watch now starts at $250 compared with a $350 base price when it first launched. But smartwatches are still a relatively premium product line. Ramon Llamas of IDC says the average selling price across the smartwatch category for 2017 was about $380 in 2017.

The uptick, instead, appears to be driven mostly by a greater level of acceptance from consumers, particularly health-conscious ones who are drawn to more advanced fitness and health-tracking capabilities. That is helping Apple as well as smaller players like **Garmin**, which reported a 28% jump in revenue from its Outdoor segment for 2017 that it credited mostly to demand for its Fenix watches—all of which start above $500.

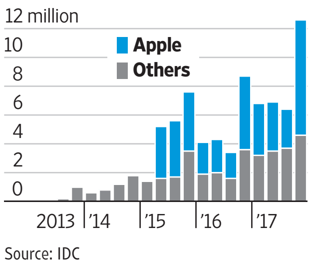
Smartwatches can also benefit from other lower-priced wearable devices that can introduce consumers to some of their features. The surging popularity of fitness bands a couple of years ago helped consumers get accustomed to the idea of wearing a health monitoring device. And Fossil, one of the world's largest watchmakers, has enjoyed some success with its wearable device line that includes smartwatches priced under $300 as well as "hybrid" analog watches with some smartwatchlike features. IDC says Fossil saw total wearable device shipments more than double to 4.9 million last year.

But smartwatches are still a tough market if you don't have the right offering. **Fitbit** acknowledged in its recent earnings call that its Ionic smartwatch that launched in October fell short of its expectations due to a limited number of apps and an "aggressive promotional environment." But the company plans to launch more smartwatches this year, as it noted consumer preferences are definitely moving away from fitness bands. In that sense, its clock is ticking.

—Dan Gallagher

Uptick

Global smartwatch shipments, quarterly



Source: IDC

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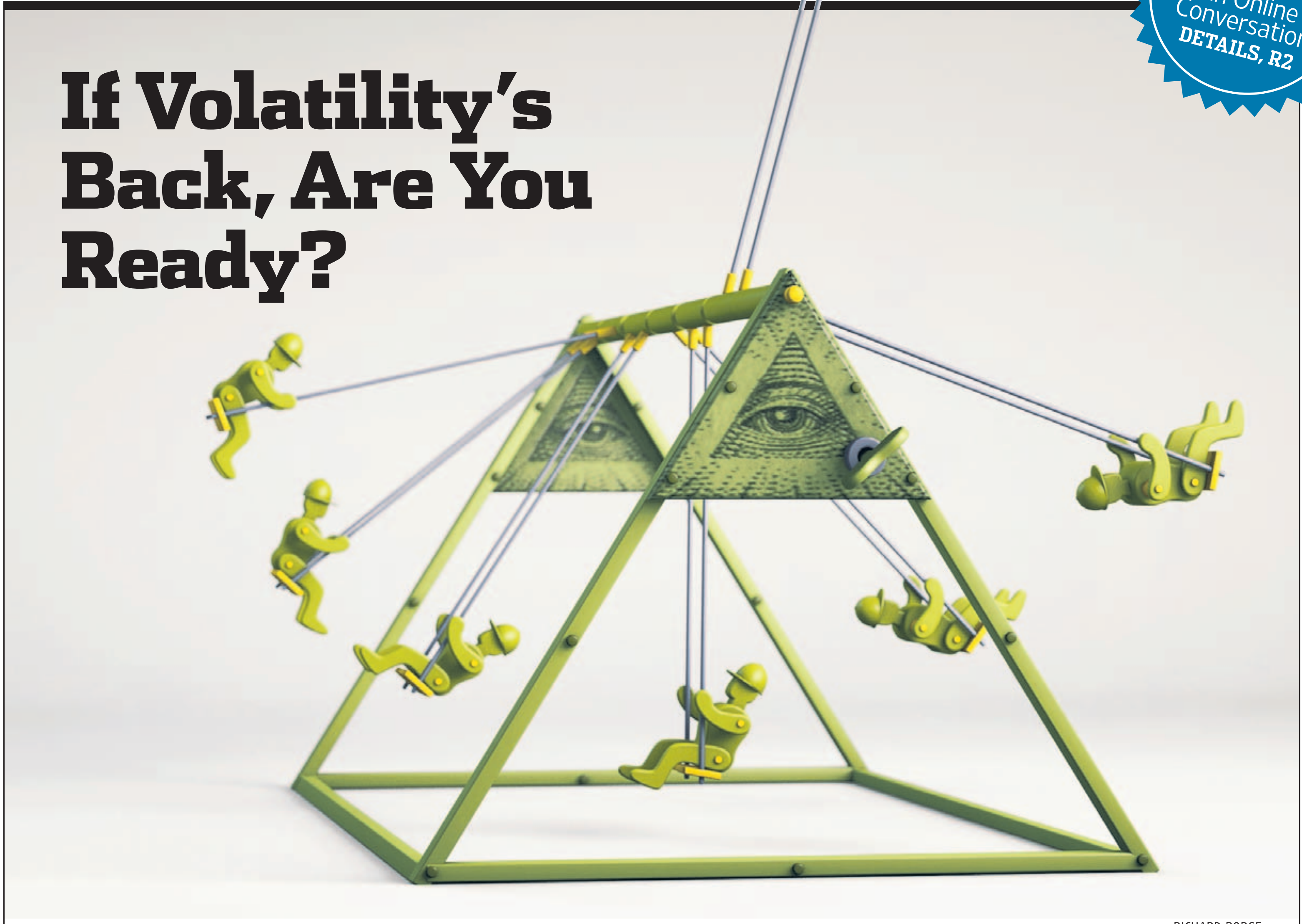
DETAILS, R2



RICHARD BORGE

If Volatility's Back, Are You Ready?

The recent market tumult is a warning sign for investors to prepare for more sharp moves ahead

BY MICHAEL A. POLLOCK

AS STOCKS HAVE rebounded from a scary early February slide, the up and down may be foreshadowing a new, more-volatile period for markets.

Is your fund portfolio ready?

Advisers say there is no reason to abandon a long-term investing strategy because of a bout of turbulence like early February's, when stocks dropped 10% in 10 trading days. But they also say it's a good time for investors to review how their strategy performed. The process can shed light on how a portfolio might behave in an even deeper downturn—and help investors conquer their fears of volatility by providing a clearer picture of what to expect, says Glenn Wiggle, managing partner of Palm Beach Gardens, Fla.-based Peak Brokerage Services.

"Understanding how a mix of assets will perform can make investors feel more comfortable about staying the course," he says.

Here is a look at how the recent market tumult affected funds—including those tied directly to volatility—and what investors can do to prepare for more sharp moves ahead.

PUT THE PLUNGE IN PERSPECTIVE

Volatility is a normal part of investing that can be triggered by any number of events, so investors shouldn't be surprised when it occurs, advisers say. In the week ended Feb. 9, renewed worries about inflation and rising interest rates ended more than a year of relatively steady equity gains. On two separate days, the Dow Jones Industrial Average plunged more than 1,000 points. While these were record point moves, the declines in percentage terms weren't historic, at 4.6% and 4.1%, respectively. The Dow, S&P 500 and Nasdaq Composite all ended the week down more than 5%.

The tumult affected different types of funds to different degrees, with investments designed to bet against volatility faring especially badly.

As stocks fell, a key gauge of market stress—the Cboe Volatility Index, or VIX—soared, sparking big losses for fund investors who had been betting on continued calm. **Nomura Holdings** Inc. and **Credit Suisse Group** AG closed exchange-traded notes that moved inversely to the VIX after they shed more than 80% of their value; an actively managed fund that also had bet against volatility, **LJM Preservation & Growth** (LJMAX), suffered a similarly sharp loss; and another VIX-tied exchange-traded fund fell 88% but survived. (More on the fund tumult, page R9.)

But selling was so widespread that many conservative funds also were affected. **T. Rowe Price Dividend Growth** (PRDGX) and **ClearBridge Appreciation** (SHAPX), which own shares of financially solid companies, were down about 5% that week, according to Morningstar Direct, which tracks fund performance. Morningstar gives both high marks for their long-term performances. "In market panics, everything goes down," says John Lynch, chief investment strategist for LPL Financial.

The way for investors to weather this kind of environment is to keep an eye on the long term, advisers say. "Investors who stay diversified, rebalance on a regular basis and stick with a plan, and understand their downside, are a lot better off in this kind of market," Mr. Wiggle says.

That includes regularly monitoring portfolios to ensure stock positions haven't become too concentrated or grown into a much larger portion of total holdings than what investors have targeted. (Advisers often suggest that if an equity allocation moves more than 5 percentage points above an investor's long-term target, it is time to trim it back.)

TAKE STOCK OF SURPRISES

Periods of market volatility can rattle the nerves, but they also provide investors with an opportunity to examine how the specific funds they own performed under pressure.

Funds that hold stocks trading at lofty valuations or that focus on narrow market slices typically are more volatile, so it shouldn't be a mystery if these tanked in February. Figuring out why an actively managed fund didn't perform as expected based on its name, style or market focus, however, requires closer scrutiny.

Aiming to beat peers as markets rallied, a manager may have bought some hot stocks that aren't in a fund's benchmark index. A way to gauge a fund's degree of relative risk is to

Please turn to the next page

SCOREBOARD

February 2018 fund performance, total return by fund type. More on R2.

U.S. stocks*	Intl. stocks*	Bonds (intmd.)
−3.6%	−4.8%	−0.9%

*Diversified funds only, excluding sector and regional/country funds

Source: Lipper

TIM BOWER

BEAR MARKETS CAN FLY IN ON THEIR OWN

BY MARK HULBERT

A MONTH AGO, when the stock market suffered its first correction—a 10% drop—in years, many found comfort in the economy's apparent strength: Surely a severe bear market can't begin when the economy is growing so strongly?

Their argument provides false comfort, however, since the stock market usually tops out well before the economy slips into a recession. And by the time you *know* the economy is in a recession, odds are overwhelming that a bear market (which is confirmed when stocks drop 20% from the high) will have long since begun.

To measure how far in advance of a recession a bear market typically begins, I compared the recession calendar compiled by the National Bureau of Economic Research—the semiofficial arbiter of when recessions begin and end in the U.S.—with a bear-market calendar maintained by Ned Davis Research, the Venice, Fla., quantitative-research firm. Of the 22 recessions since 1900, 20 have coincided with a bear market, and the average lead time of those bear markets was eight months.

120-year lesson

An interesting, but separate, topic for discussion would be why those other two recessions weren't accompanied by a bear market. They occurred from October 1926 to November 1927 and from February to October 1945. But if we assume that they are exceptions that prove the rule, the lesson of the past 120 years is that the economy likely will continue to grow for at least two quarters after a bear market begins.

To be sure, there is wide variability in the lead time previous bear markets have had before recessions. Some have begun more than a year in advance, while others have begun at almost the same time as the recession. But, crucially, none of the 20 bear markets that coincided with post-1900 recessions began after the economy had started contracting.

Assuming the future follows past patterns, therefore, stock-market bulls shouldn't be basing their bullishness on current economic activity. This advice becomes even more compelling when we realize that we typically don't know how the economy is performing in real time, but rather only well after the fact.

Consider the 2008-09 financial crisis. When the stock market topped out on Oct. 9, 2007, the economic news was still largely favorable. On Oct. 31, the government released its advance estimate of economic growth in the third quarter of that year, reporting that gross domestic product had grown at an annual rate of 3.9%, up from 3.8% in the second quarter.

It wasn't until two months later, in December 2007, that the economy began its recession, according to the National Bureau of Economic Research. But the bureau didn't make that determination until a year later, in December 2008. So in this case, a bear market began two months before the economy started contracting, and 14 months before the NBER made that start date official.

If the discussion ended here, you might conclude that bear markets are a good forecaster of an imminent recession. And that does stand to reason, since the stock market is a discounting mechanism that anticipates what is coming down the pike. That's why the S&P 500 is one of the indicators included in the Leading Economic Index compiled by the Commerce Department's Bureau of Economic Analysis.

False positives

However, the stock market issues many so-called false positives, signaling a recession when none occurs. Since 1900, for example, there have been 36 bear markets, according to the Ned Davis calendar, but only 22 recessions. There have been countless more stock-market corrections of at least 10% that didn't end up turning into a bear market. The late Paul Samuelson, a Nobel laureate in 1970, was quite close to the mark when he famously said that the stock market had predicted nine of the last five recessions.

The two most recent bear markets on the Ned Davis calendar were each false positives: the one that lasted from April to October 2011 and the one that ran from May 2015 through February 2016. To be sure, some may not consider these two declines as genuine bear markets, since the Dow Jones Industrial Average and the S&P 500 didn't drop 20% based on their daily closing levels.

That may be splitting hairs, however. In the first of those markets, the S&P 500 did fall by more than 20% on an intraday basis. And the Russell 2000 index, a widely used proxy for the small-cap sector, dropped 25% in the 2011 bear market and 24% in the more recent one.

Yet in neither of these bear markets did the economy experience even one quarter of economic contraction, much less the two in succession that the NBER uses as its criterion of a recession.

None of this discussion should be taken to mean that the stock market doesn't care about the economy, or that the economy is immune from the wealth effects of a bear market in stocks. But it is surprisingly difficult to translate these undeniable truths into actionable investment advice.

Mr. Hulbert is the founder of the Hulbert Financial Digest and a senior columnist for MarketWatch. He can be reached at reports@wsj.com.

ASK ENCORE | GLENN RUFFENACH

What to Ask Before Picking a Financial Adviser

Also: answering a reader's question on charitable contributions and IRAs

In a recent column you talked about the value of working with a financial planner. What are the most important questions I should ask when sizing up a prospective adviser? Can you recommend a good list of questions?

Ideally, you want more than a list of questions; you also want a sense of what makes for good, or better, answers.

A common question, for instance, involves asking about an adviser's credentials or experience. But if you don't know which credentials are more valuable than others, the question won't help much. (By the way, some of the best credentials are certified financial planner, or CFP; chartered financial analyst, or CFA; and certified public accountant, or CPA.)

With that in mind, here are two of my favorite lists:

◆ Henry K. "Bud" Hebeler started and wrote the Analyze Now website and contributed hundreds of articles about retirement finances to numerous publications, including The Wall Street Journal. This generous and thoughtful man died last year, but much of his work is still available online. For our purposes, check out "25 Questions for a Potential Financial Adviser." (Go to marketwatch.com and do an Advanced Search for that title, including the quotation marks.)

As noted above, I like this list because Bud explained the thinking behind each question and why each is important. It's a smart way of looking at this exercise (as Bud was wont to do).

◆ Jason Zweig, who writes The Intelligent Investor column in the Journal, devoted two pieces last year to finding a financial adviser. Both columns—"The 19 Questions to Ask Your Financial Adviser" and "The Special Trick to Find the Right Financial Adviser"—are available at jasonzweig.com. Click on "Resources" and search (separately) for: 19 Questions and Special Trick.

Jason provides a list of questions, as well as thoughts about possible answers. Example: "How often do you trade?" A good answer, according to Jason, would be something along the lines of: "As seldom as possible, ideally once or twice a year at most."

Additional lists of questions worth considering can be found at the Certified Financial Planner Board of Standards (go to cfp.net and, at the bottom of the home page, click on "Brochures & Publications," and then open the Consumer Guide to Financial Planning) and at investor.gov, published by the Securities and Exchange Commission. (At the top of the home page, highlight "Research Before You Invest" and click on "Working With an Investment Professional." Then click on "Ask Questions.")

Finally, if you're approaching retirement (or already retired) and interviewing a prospective adviser, I have a question of my own that I would add to your list: "What do we do when the sky falls?"

A good adviser, naturally, will have a plan for tapping your nest egg in the most tax-efficient way possible. But what if the S&P 500 falls 50% or so? (As it has done twice in just the past 16 years.) What will your sources of income be, or how might they change, in an economic calamity?

Ideally, an adviser (before you hire her/him) will be able to walk you through such a scenario—pointing out guaranteed streams of revenue that are (or should be) built into your finances, discussing when to tap your cash reserve and just how large that reserve should be. (Some advisers like to see a year or two of cash on hand; others like to see three or four.)

The recent volatility in the markets helps explain why this question is crucial. The answers aren't something you want to learn after the fact.

* * *

My question is about individual retirement accounts and charitable contributions. My wife and I are required to withdraw money from our IRAs each year. If we send all or part of these required withdrawals to one or more charities, may we use these gifts to reduce our taxable income in 2018 instead of listing the gifts as charitable contributions on our tax return?

Yes, you may. And you could have lots of company.

To start, IRA-to-charity transfers—known as "qualified charitable distributions," or QCDs—still work. The new tax law made no changes in these rules. To be specific, individuals over age 70½ can transfer as much as $100,000 annually from their IRA directly to most types of charities. That transfer is excluded from your income and, if done correctly, counts toward the IRA owner's required minimum distribution for the year.

What the new tax law has changed are the standard deduction (it's going up) and some itemized deductions (they're being capped or eliminated). All of which will make QCDs more attractive for some, says Natalie Choate, a lawyer specializing in retirement benefits at Nutter McClennen & Fish in Boston. She offers the following example:

A single woman, over age 70½, lives in a low-tax state and has no mortgage. Her only significant deduction in 2018 will be her $13,000 charitable contribution. In the past, this woman likely would have itemized her deductions, obtaining (in the process) a tax benefit for her charitable gifts. In 2018, though, she will be better off, in all likelihood, using the new standard deduction: $13,250 ($12,000 for a single individual, plus $1,250 for being over age 65). But in doing so, she gets no tax benefit from donating $13,000 to charity.

What to do? Enter the QCD.

If this woman pays out $13,000 directly from her IRA as a qualified charitable distribution, she benefits twice, Ms. Choate explains. First, she gets an income exclusion for the $13,000 IRA distribution (she won't need to include these funds as income on her tax return) *and* she gets the $13,250 standard deduction against her other income.

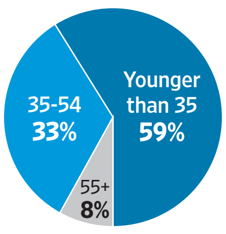
Says Ms. Choate: "Basically the new tax law heightens the attractiveness of QCDs for those eligible to use them and who are charitably inclined."

*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, comments to **askencore@wsj.com**.*

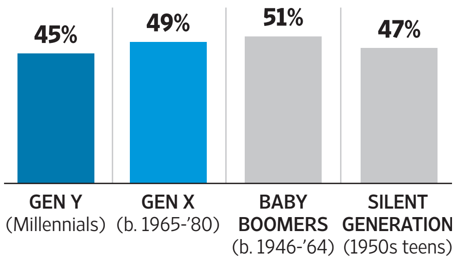
SONIA PULIDO

Financial Advice

Asked at what age a person should first meet with a financial adviser, a large majority of surveyed adults said before age 55.



But only about half of adults, whatever their age, said they have ever received professional financial advice.



Source: TIAA

THE WALL STREET JOURNAL.

If Volatility's Back, Are You Ready?

Continued from the prior page

compare how it did on down days against its benchmark, which may not be the S&P, says Chris Zaccarelli, chief investment officer of Independent Advisor Alliance in Charlotte, N.C. If the fund significantly underperformed its own benchmark, that could signal that its manager is running a riskier portfolio than an investor may be comfortable with, he says.

UNDERSTAND THE DOWNSIDE OF DOWNSIDE PROTECTION

Low-volatility funds may seem appealing now, but may not help a portfolio's performance if stocks continue to rally this year.

Funds such as **PowerShares S&P 500 Low Volatility** ETF (SPLV) and **iShares Edge MSCI Min Vol USA** (USMV), which hold the least-volatile stocks in the S&P 500, did help some investors in the market melee.

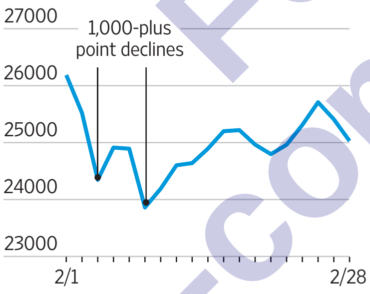
According to CFRA, a New York-based financial data provider, the PowerShares ETF shed 4.6% in the week ended Feb. 9, while USMV was down 4.7%. But in return for that cushion, investors had to give up greater gains in previous months because such strategies usually lag behind during market rallies. Last year, for example, SPLV was up 17% and USMV gained 19%, versus a nearly 22% gain in the S&P 500 index.

While some investors may have a good reason for buying a low-volatility fund after a market correction, doing so could make it harder for them to make up lost ground.

Short-term attempts to outperform the broad market won't beat a well-designed buy-and-hold strategy over time, says Len Hayduchok, chief executive of Dedicated Financial Services, in Hamilton, N.J. "If you don't understand that you could lose a significant amount in a short period, you shouldn't be in the stock market," he says.

Rocky

Dow Jones Industrial Average in February, daily closes



Source: WSJ Market Data Group

THE WALL STREET JOURNAL.

PREPARE TO BARGAIN SHOP

Many investment pros believe the equity rally could continue for a while, fueled by the recent U.S. tax cuts and strong global growth. As such, it could make sense to shop for bargains during another pullback.

With the Federal Reserve on track to raise interest rates this year, investors should avoid rate-sensitive sectors such as telecoms and utilities, advisers say. Materials and some commodity stocks typically outperform late in market cycles, says Jay Batcha, founder and chief investment officer at Michigan-based Optimal Capital. But, he adds, investors should wait to buy at lower valuations, which might result from another broad market pullback.

Among popular ETFs in that sector are **iShares Global Materials** ETF (MXI), **Materials Select Sector SPDR** (XLB) and **Vanguard Materials** ETF (VAW).

A prudent approach would be to put money into the market periodically, perhaps on the first of each month or quarterly, says Mr. Lynch of LPL. Known as dollar-cost averaging, this strategy reduces the risk that an investor will buy into a fund at a bad time, such as right before a big correction. That said, if the market were to fall by another 10%, investors might want to consider moving ahead then with the next scheduled reinvestment, he says.

LEAVE IT TO THE PROS

Investors who aren't experienced in decisions about individual ETFs or allocations might consider buying an actively managed fund that owns both stocks and bonds. Called "allocation" or "multiasset" funds, they buy stocks when valuations are attractive and put more into bonds when stocks get pricier.

CFRA gives high ratings to **Fidelity Puritan** (FPURX), which recently had two-thirds of its assets invested in stocks, and **Oppenheimer Capital Income Fund** (OCIYX), which had a much more conservative 34% in stocks. In the week ended Feb. 9, the Fidelity fund shed 3.7%, while the Oppenheimer fund was down 2%.

Bonds probably won't perform as well in a period of rising rates. But they still can play an important role, says Todd Rosenbluth, CFRA's director of ETF and mutual-fund research, generating a stream of income and reducing overall portfolio risk.

*Mr. Pollock is a writer in Ridgewood, N.J. He can be reached at **reports@wsj.com**.*

MONTHLY MONITOR | WILLIAM POWER

'You Must Go Global': U.S.-Stock Funds Gave Up Nearly All of 2018's Gains

Well, that was nice while it lasted.

After a robust start of the year for the average fund investor, February brought a burst of volatility and hair-raising stock declines. In the end, the average U.S.-stock fund registered a negative total return of 3.6% for February, according to Thomson Reuters Lipper data. The funds are now up just 0.6% for the year-to-date.

A long period of calm during the nine-year U.S. bull market was broken by worries about inflation and rising interest rates.

International-stock funds also pulled back in the month, losing 4.8% to trim the year-to-date rise to 0.2%. Still, many analysts say this is the time to have a healthy exposure to non-U.S. stocks after such a long run-up.

The 13th month?

"January was that 13th month in 2017—meaning it was the 2017 bull-market momentum continuing for one more month, a melt-up in fear of missing out," says Jae Yoon, chief investment officer of New York Life Investment Management. "Then we had the correction [in February] and the correction might not be all done. You had such an amazing low-volatility period, and now we know after the fact that it was a lot of people being complacent," and even leveraging to bet on the lack of volatility. Stocks began March with two days of declines after President Trump's tariff pledge.

All isn't gloomy. Many analysts say they expect the economic expansion to continue—including the strong corporate earnings that have supported U.S. markets. But risks are also mounting, including inflation.

At this point in the economic cycle, growth might be better overseas, says Mr. Yoon. "So, you must go global this year, for the duration of the expansion," he says. Europe, particularly outside of the U.K., is in a "midcycle recovery," he says.

Bond funds drop 1.2%

Bond funds also weakened. Funds focused on intermediate-maturity, investment-grade debt (the most common type of bond fund) were off 0.9%, and are down 1.9% for the year so far.

The Federal Reserve under its new chairman, Jerome Powell, could raise interest rates at least four times this year, many investors believe.

*Mr. Power is a Wall Street Journal news editor in South Brunswick, N.J. Email him at **william.power@wsj.com**.*

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Read what they have to say at **WSJ.com/Experts**. Contributors this week include:

◆ Ted Jenkin, co-CEO and founder of oXYGen Financial, a financial-advisory practice focused on the X and Y generations.

◆ Wesley R. Gray, CEO and CIO of Alpha Architect, a quantitative asset manager based near Philadelphia.

◆ Micah Hauptman, the financial-services counsel for the Consumer Federation of America.

◆ Allan Roth, author and founder of investment-advisory and financial-planning firm Wealth Logic.

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.

FOREIGN EXCHANGE

Currency ETFs Bite Back

Betting directly on currency moves is a tough game, but there are plainer ways to hedge your risk

ISTOCKPHOTO/GETTY IMAGES

There are 35 ETFs and 13 mutual funds tied to the dollar and other currencies, Morningstar says.

BY DAN WEIL

THE DOLLAR'S recent drop to a three-year low against other major currencies raises a natural question: How should investors in mutual funds and exchange-traded funds handle currency fluctuations?

There are many options, including funds that allow investors to speculate on currencies' short-term direction. But analysts say investors are best off with a plain-vanilla approach—having some exposure to foreign currencies through international stock and bond funds and just leaving it at that.

"Most investors don't need any currency-specific products," says Christine Benz, director of personal finance for investment research firm Morningstar Inc. "You get exposure indirectly through unhedged international stock and bond funds, and that's probably all you need. It's a low-cost way to get currency diversification."

If such exposure disturbs you, you can reduce or eliminate it by purchasing international stock and bond funds that hedge their currency exposure. While hedged funds are generally more expensive than unhedged funds, they might be worth the price if they allow you to sleep at night.

Because foreign stocks and bonds are generally priced in foreign currencies, their dollar value rises when foreign currencies do the same, and their dollar value falls when foreign currencies do the same.

As for more-exotic strategies, Morningstar counts 35 ETFs and 13 mutual funds that offer investors a chance to profit from a rise or fall by the dollar and by other currencies. These range from fairly basic funds holding forward or futures contracts or bank deposits in a specific currency to exchange-traded notes, where you're investing in a debt security issued by a bank, with the security's movement supposed to match that of a currency.

The biggest currency ETF, **PowerShares DB US Dollar Bullish** ETF (UUP), with $519 million of assets, according to Morningstar, uses futures contracts to track the dollar against a basket of six major currencies. And the second biggest, **Guggenheim CurrencyShares Euro Trust** (FXE), with $329 million, uses bank deposits to track the euro against the dollar.

Issue for investors

Perhaps the biggest problem with currency funds is that you're making a bet in the currency market, which isn't something individual investors are well-equipped to do.

"Most investors have a view that in the long run, stocks will rise and bonds will pay interest," says Michael Iachini, head of manager research at Charles Schwab Investment Advisory. "But I don't think individual investors have views on the long-term trend of the dollar versus the euro. That's probably more work than investors want to sign up for."

A major obstacle for investors is that currencies don't have a consistent long-term trend.

"Over the very long term, currency returns are mean-reverting," says Alex Bryan, director of passive-strategy research at Morningstar. "Movements aren't that big in foreign exchange, and it's tough to consistently profit from trades, because movement can be unpredictable."

That unpredictability is a substantial roadblock. For example, rising U.S. interest rates can help push the dollar higher, as global investors seek higher yields. But lower rates can boost the dollar too, as they often are conducive to rising stocks, which also can attract global investors.

"Speculating on currencies is a dangerous game," Mr. Bryan says. And it's not a cheap one, he notes, with the annual expense ratio of the 35 currency ETFs averaging 0.81 percentage point. Given the currency volatility and high expenses, analysts say investors would be well-advised to stay away from currency funds.

"Anytime you do a trade, there's risk," Mr. Bryan says. "It's like picking up pennies in front of a steamroller."

That leaves unhedged foreign stock and bond funds as the best way to get a foreign-currency exposure, which can help diversify a portfolio, analysts say. But the more important diversifier is the stocks and bonds themselves. "We like currency exposure as a byproduct of plain-vanilla foreign equity and bond funds," Ms. Benz says. "Do I need more foreign equity exposure? Let that be the driving determinant rather than a desire to profit from currency movements."

Foreign bonds in particular provide currency exposure. Currency moves are the biggest driver of foreign-bond returns, analysts say.

Investors uncomfortable with the thought of their entire portfolio allocation to foreign stocks and bonds going unhedged might consider having half in a hedged fund and half in an unhedged fund.

"If you truly have no opinion about currency, the neutral strategy is to be half-hedged," says Dave Nadig, CEO of research firm ETF.com, a subsidiary of Cboe Global Markets.

A 50-50 plan

For example, investors could put 50% of their foreign-stock allocation into **iShares MSCI EAFE** ETF (EFA) and 50% into **iShares Currency Hedged MSCI EAFE** ETF (HEFA), says Eric Balchunas, an ETF analyst for Bloomberg Intelligence.

Todd Rosenbluth, senior director of ETF and mutual fund research at research firm CFRA, finds **WisdomTree Dynamic Currency Hedged International Equity Fund** (DDWM) intriguing. This ETF invests in foreign stocks and hedges its currency exposure dynamically, meaning it will adjust the amount of the exposure it hedges based on market conditions.

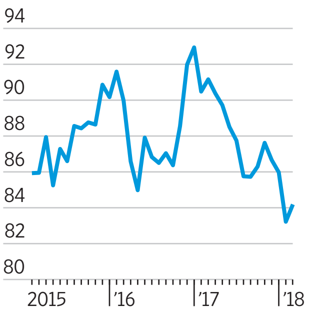
That's helpful because it takes hedging decisions out of investors' hands Mr. Rosenbluth says.

So, opportunities abound to get involved with currencies. But investors may be best off ignoring most of them.

*Mr. Weil is a writer in West Palm Beach, Fla. He can be reached at **reports@wsj.com**.*

WSJ Dollar Index

Dollar against other major currencies, monthly closes



Source: WSJ Market Data Group

THE WALL STREET JOURNAL.

Tracking Exchange-Traded Portfolios

Performance figures are total returns for periods ended Feb. 28; for largest exchange-traded funds and other portfolios, ranked by asset size.

Fund	Symbol	Assets ($ billions)	Volume (000s)	Expense ratio	Launch date	Performance (%) February	YTD	1-year
SPDR S&P 500 ETF	SPY	**275.42**	116,243.9	0.09	01/22/93	-3.7	1.8	17.0
iShares Core S&P 500 ETF	IVV	**154.54**	4,950.1	0.05	05/15/00	-3.7	1.8	17.1
Vanguard Tot Stk Mkt Idx ETF	VTI	**93.91**	2,290.6	0.04	05/24/01	-3.7	1.4	16.2
Vanguard 500 Index ETF	VOO	**89.23**	587.9	0.04	09/07/10	-3.7	1.8	17.1
iShares MSCI EAFE ETF	EFA	**79.57**	30,138.4	0.32	08/14/01	-4.5	0.2	20.0
Vanguard FTSE Developed Markets ETF	VEA	**70.34**	7,700.2	0.07	07/20/07	-5.2	-0.7	19.9
Vanguard FTSE Emerging Markets ETF	VWO	**69.86**	15,488.3	0.14	03/04/05	-4.7	3.3	25.2
PowerShares QQQ Nasdaq 100	QQQ	**62.82**	40,435.3	0.20	03/10/99	-1.2	7.3	29.7
iShares Core US Aggregate Bond ETF	AGG	**55.18**	9,614.1	0.06	09/22/03	-1.0	-2.1	0.5
iShares Core MSCI EAFE	IEFA	**51.97**	9,320.4	0.09	10/18/12	-4.4	0.5	21.4
iShares Core MSCI Emerging Markets	IEMG	**48.73**	17,000.3	0.14	10/18/12	-4.6	3.1	29.4
iShares Core S&P Mid-Cap ETF	IJH	**43.82**	1,017.3	0.09	05/22/00	-4.4	-1.7	9.5
iShares MSCI Emerging Markets Index Fund	EEM	**43.20**	100,011.3	0.69	04/07/03	-4.7	3.2	29.6
iShares Russell 1000 Growth ETF	IWF	**40.68**	1,077.7	0.20	05/22/00	-2.6	4.2	25.9
iShares Russell 2000 ETF	IWM	**39.85**	29,054.3	0.20	05/22/00	-3.9	-1.4	10.5
iShares Russell 1000 Value ETF	IWD	**36.74**	1,498.1	0.20	05/22/00	-4.8	-1.1	7.6
Vanguard Total Bond Market ETF	BND	**36.72**	1,947.7	0.05	04/03/07	-1.0	-2.1	0.5
Vanguard Value ETF	VTV	**36.60**	1,194.6	0.06	01/26/04	-4.4	0.2	12.6
iShares Core S&P Small-Cap ETF	IJR	**35.88**	2,439.7	0.09	05/22/00	-3.8	-1.4	10.4
SPDR Gold Shares	GLD	**35.20**	4,527.1	0.40	11/18/04	-2.1	1.6	4.5

*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

Mutual-Fund Yardsticks: How Fund Categories Stack Up

Data provided by LIPPER

Includes mutual funds and ETFs for periods ended Feb. 28. Equity data are final. All other data are preliminary.

Investment objective	Perfomance (%) February	YTD	1-yr	5-yr*
Diversified stock & stock/bond funds				
Large-Cap Core	-3.8	**1.4**	15.8	13.2
Large-Cap Growth	-2.3	**5.5**	26.6	15.7
Large-Cap Value	-4.7	**-0.4**	10.7	11.7
Midcap Core	-4.2	**-1.1**	9.7	11.3
Midcap Growth	-2.9	**2.6**	19.9	12.9
Midcap Value	-4.9	**-2.1**	6.3	10.9
Small-Cap Core	-4.3	**-1.9**	8.3	11.0
Small-Cap Growth	-2.3	**1.8**	19.8	12.7
Small-Cap Value	-5.0	**-3.6**	4.5	9.6
Multicap Core	-3.9	**0.8**	14.4	12.5
Multicap Growth	-2.5	**4.5**	24.2	14.5
Multicap Value	-4.7	**-0.8**	9.5	11.5
Equity Income	-4.5	**-0.9**	10.0	10.7
S&P 500 Funds	-3.7	**1.8**	16.6	14.2
Specialty Divers. Equity	-2.5	**0.6**	7.7	-3.3
Balanced	-2.9	**-0.1**	9.4	7.3
Stock/Bond Blend	-2.9	**-0.2**	9.2	6.3
Avg. U.S. Stock Fund†	-3.6	**0.6**	13.6	11.5
Sector stock funds				
Science & Technology	-1.1	**6.1**	29.4	17.7
Telecommunication	-4.8	**-1.5**	5.3	8.7
Health/Biotechnology	-3.7	**3.4**	17.0	17.0
Utility	-4.9	**-6.3**	0.2	7.5
Natural Resources	-9.7	**-7.9**	-7.4	-3.8
Sector	-4.9	**-5.5**	-2.0	5.6
Real Estate	-6.8	**-9.7**	-7.2	5.4

Investment objective	Performance (%) February	YTD	1-yr	5-yr*
World stock funds				
Global	-4.1	**1.0**	18.5	10.0
International (ex-U.S.)	-4.8	**0.2**	21.2	6.9
European Region	-5.4	**-0.5**	20.0	7.3
Emerging Markets	-4.2	**2.6**	27.7	4.6
Latin American	-3.0	**6.7**	23.0	-1.7
Pacific Region	-4.5	**1.8**	29.6	9.0
Gold Oriented	-9.2	**-9.0**	-10.8	-8.6
Global Equity Income	-4.6	**-1.2**	11.2	7.6
International Equity Income	-4.6	**-0.3**	16.8	4.4
Taxable-bond funds				
Short-Term	-0.2	**-0.3**	0.8	0.9
Long-Term	-1.5	**-2.3**	1.9	2.6
Intermediate Bond	-0.9	**-1.9**	0.6	1.6
Intermediate U.S.	-0.8	**-1.4**	-0.1	-0.2
Short-Term U.S.	-0.9	**-1.9**	0.6	1.6
Long-Term U.S.	-1.1	**-2.7**	-0.8	0.8
General U.S. Taxable	-1.1	**-1.5**	2.3	2.9
High-Yield Taxable	-1.0	**-0.4**	3.6	4.2
Mortgage	-0.5	**-1.5**	0.2	1.3
World Bond	-0.9	**0.4**	5.7	1.2
Avg. Taxable-Bond Fund**	-0.7	**-0.8**	2.0	1.8
Municipal-bond funds				
Short-Term Muni	-0.04	**-0.4**	-0.1	0.2
Intermediate Muni	-0.3	**-1.2**	1.7	1.6
General & Insured Muni	-0.4	**-1.4**	2.8	2.3
High-Yield Muni	-0.3	**-0.9**	4.9	3.6

Stock & Bond Benchmark Indexes

All total return unless noted

Investment objective	Perfomance (%) February	YTD	1-yr	5-yr*
Large-cap stocks				
DJIA	-4.0	**1.7**	23.1	15.0
S&P 500	-3.7	**1.8**	17.1	14.7
Midcap stocks				
S&P MidCap 400	-4.4	**-1.7**	9.5	12.8
Small-cap stocks				
Russell 2000	-3.9	**-1.4**	10.5	12.2
Broad stock market				
DJ U.S. Total Stock Market	-3.7	**1.4**	16.2	14.3
Russell 3000	-3.7	**1.4**	16.2	14.4

Investment objective	Performance (%) February	YTD	1-yr	5-yr*
Stock indexes				
DJ U.S. TSM Growth	-2.8	**3.7**	22.5	16.3
DJ U.S. TSM Value	-4.6	**-0.8**	10.4	12.4
Taxable bonds				
Barclays Agg. Bond	-0.9	**-2.1**	0.5	1.7
Municipal bonds				
Barclays Muni. Bond	-0.3	**-1.5**	2.5	2.6
International stocks				
MSCI EAFE†† (price return)	-4.7	**0.05**	17.0	4.2
Dow Jones World (ex. U.S.)	-4.5	**0.7**	21.9	6.9

*Annualized †Diversified funds only **Excludes money-market funds ††Europe, Australia, Far East

How the Largest Funds Fared

Data provided by LIPPER

Performance numbers are total returns (changes in net asset values with reinvested distributions) as of Feb. 28; assets are as of Jan. 31. All equity data are final. All others are preliminary.

The Largest Stock Mutual Funds

Fund	Ticker	Assets ($ billions)	Total Return (%) February	1-year	Annualized 3-year	5-year	10-year
Vanguard TSM Idx;Adm	VTSAX	701.07	-3.7	16.2	10.6	14.4	9.9
Vanguard Tot I Stk;Inv	VGTSX	351.50	-5.1	21.0	6.5	6.6	2.8
SPDR S&P 500 ETF	SPY	306.67	-3.7	17.0	11.0	14.6	9.6
Vanguard Instl Indx;Inst	VINIX	241.17	-3.7	17.1	11.1	14.7	9.7
American Funds Gro;A	AGTHX	191.21	-2.7	24.0	13.3	16.1	9.6
American Funds EuPc;R6	RERGX	173.48	-4.1	26.4	8.3	9.1	N.A.
iShares:Core S&P 500	IVV	156.03	-3.7	17.1	11.1	14.7	9.7
Fidelity 500 Idx;Pr	FUSVX	149.72	-3.7	17.1	11.1	14.7	9.7
Fidelity Contrafund	FCNTX	133.63	-2.3	30.3	14.1	16.8	10.8
American Funds Bal;A	ABALX	129.93	-3.3	10.9	7.6	10.1	7.9
American Funds Inc;A	AMECX	114.37	-4.0	8.4	6.0	8.6	6.9
Vanguard FTSE Dev Mk ETF	VEA	113.61	-5.2	19.9	6.3	7.5	3.2
American Funds CIB;A	CAIBX	112.03	-4.1	8.5	4.2	6.8	4.8
Vanguard Wellington;Adm	VWENX	108.95	-3.6	9.9	7.6	9.8	7.9
American Funds Wash;A	AWSHX	106.66	-4.1	15.8	10.4	13.7	9.1
American Funds CWGI;A	CWGIX	104.11	-3.7	20.7	8.3	10.6	6.0
American Funds FInv;A	ANCFX	102.20	-4.3	18.6	12.1	14.7	9.0
Vanguard FTSE Em Mkt ETF	VWO	100.89	-4.7	25.2	7.2	4.4	2.4
Vanguard Md-Cp Idx;Adm	VIMAX	99.23	-4.1	12.5	8.0	13.3	9.9
American Funds ICA;A	AIVSX	99.08	-3.6	16.1	10.3	14.2	8.8
iShares:MSCI EAFE ETF	EFA	87.11	-4.5	20.0	5.6	7.0	2.7
Vanguard Sm-Cp Idx;Adm	VSMAX	87.03	-4.1	10.3	8.1	12.4	10.5
Franklin Cust:Inc;A	FKINX	83.23	-3.7	3.4	3.5	5.7	5.8
American Funds NPer;A	ANWPX	82.64	-2.9	25.3	11.0	12.5	8.0
Vanguard Gro Idx;ETF	VUG	77.88	-2.9	22.6	11.6	15.7	11.0
Dodge & Cox Stock	DODGX	74.76	-3.9	14.1	11.5	15.1	8.9
Dodge & Cox Intl Stock	DODFX	69.83	-5.4	18.2	4.5	8.0	4.3
Vanguard Value Idx;ETF	VTV	68.26	-4.4	12.6	10.4	13.7	8.7
Vanguard PRIMECAP;Adm	VPMAX	66.54	-2.5	25.6	14.0	18.6	12.2
American Funds AMCP;A	AMCPX	65.11	-2.0	21.1	10.8	15.2	10.5
Vanguard Ext Mk Id;Adm	VEXAX	65.02	-3.8	12.2	8.3	12.7	10.2
PowerShares QQQ Trust 1	QQQ	64.33	-1.2	29.7	16.7	21.4	15.6
Vanguard RE Idx;ETF	VNQ	60.45	-7.6	-10.2	0.1	5.6	6.8
First Eagle:Global;I	SGIIX	59.44	-4.1	8.5	6.4	7.8	7.0
Vanguard Wellesley;Adm	VWIAX	56.29	-2.7	5.5	5.3	6.4	7.2
T Rowe Price Gro Stk	PRGFX	55.91	-1.7	31.4	14.8	18.4	12.1
Vanguard Windsor II;Adm	VWNAX	52.26	-5.0	11.8	8.1	12.1	8.1
Fidelity Tot Mk;Pr	FSTVX	52.19	-3.7	16.2	10.6	14.3	9.8
T Rowe Price BC Gro	TRBCX	51.86	-1.5	36.8	16.2	19.6	12.9
American Funds Mut;A	AMRMX	51.00	-3.9	12.5	8.9	12.1	8.9

The Largest Bond Mutual Funds

Fund	Ticker	Assets ($ Billions)	Total Return (%) February	1-year	Annualized 3-year	5-year	10-year
Vanguard Tot Bd;Adm	VBTLX	196.03	-1.0	0.4	1.1	1.6	3.5
Vanguard Tot Bd II;Inv	VTBIX	154.68	-0.9	0.4	1.0	1.5	N.A.
PIMCO:Income;Inst	PIMIX	109.96	-0.4	5.6	5.9	5.7	9.1
Vanguard Tot Itl Bl;Adm	VTABX	102.72	0.3	2.2	2.1	N.A.	N.A.
Met West:Total Return;I	MWTIX	79.92	-1.0	0.5	1.0	2.0	5.2
PIMCO:Tot Rtn;Inst	PTTRX	73.06	-0.6	1.8	1.6	1.8	4.7
Vanguard Sh-Tm Inv;Adm	VFSUX	63.05	-0.3	0.8	1.6	1.6	2.7
Vanguard Int-Tm TxEx;Adm	VWIUX	57.34	-0.3	2.1	1.9	2.3	4.2
Dodge & Cox Income	DODIX	55.10	-0.7	2.1	2.4	2.8	4.8
iShares:Core US Agg Bd	AGG	53.58	-1.0	0.5	1.1	1.7	3.5
DoubleLine:Tot Rtn;I	DBLTX	52.38	-0.3	1.8	2.0	2.6	N.A.
Vanguard Sh-Tm Bd;ETF	BSV	51.00	-0.2	0.01	0.8	0.8	2.0
Lord Abbett Sh Dur;F	LDLFX	41.01	-0.2	1.4	2.0	2.0	4.1
Templeton Gl Bond;Adv	TGBAX	38.41	-0.5	0.9	1.6	1.7	5.4
American Funds Bond;A	ABNDX	37.85	-0.8	0.1	1.0	1.5	2.8
Fidelity Str Adv Cre Inc	FPCIX	36.97	-0.9	1.4	1.9	2.1	4.5
iShares:iBoxx $IG Corp	LQD	36.85	-2.1	2.1	2.1	2.9	5.3
Fidelity US B Id;IP	FXNAX	35.86	-0.9	0.4	1.1	1.7	N.A.
Vanguard Int-Tm Bd;ETF	BIV	34.54	-1.0	0.03	1.2	1.7	4.4
T Rowe Price New Inc	PRCIX	32.32	-1.1	1.0	1.2	1.6	3.9
Fidelity Total Bond	FTBFX	32.14	-0.9	1.1	2.1	2.4	4.6
Pru Tot Rtn Bond;Z	PDBZX	31.32	-1.4	2.5	2.4	2.9	5.7
Vanguard Int-Tm Inv;Adm	VFIDX	29.47	-0.9	0.8	1.9	2.4	4.7
JPMorgan:Core Bond;R6	JCBUX	28.08	-0.7	1.1	1.5	1.85	4.0
Vanguard Infl-Prot;Adm	VAIPX	27.55	-1.0	-0.4	0.7	-0.2	2.7
Fidelity Srs Inv Gd Bd	FSIGX	27.06	-1.0	1.1	1.7	2.1	N.A.
Vanguard ST Corp Bd;ETF	VCSH	26.61	-0.4	0.8	1.5	1.7	N.A.
Vanguard Ltd-Tm TxEx;Adm	VMLUX	25.10	-0.1	0.8	1.0	1.1	2.2
Vanguard HY Corp;Adm	VWEAX	24.87	-1.1	3.6	4.4	4.8	7.1
iShares:TIPS Bd ETF	TIP	24.63	-1.0	-0.3	0.7	-0.2	2.7
Vanguard GNMA;Adm	VFIJX	24.09	-0.6	-0.2	1.0	1.62	3.6
Vanguard ST InPS Idx;Ins	VTSPX	24.04	-0.04	0.01	0.8	0.03	N.A.
WA Core Plus Bond;I	WACPX	22.42	-1.5	3.2	2.9	3.4	5.8
Vanguard Int Crp Bd;ETF	VCIT	20.99	-1.3	1.4	2.3	2.8	N.A.
American Funds TE Bd;A	AFTEX	17.29	-0.4	3.0	2.2	2.6	4.5

Note: For funds with multiple share classes, only the largest is shown. N.A.: Not applicable; fund is too new or data not available

FAMILY FINANCE

Be Prepared for The Unthinkable

No one expects to die young—but you can disaster-proof your affairs

MARGARET RIEGEL

Insurance, wills, the POA (power of attorney)—they all matter in making things more manageable for survivors.

BY CHANA R. SCHOENBERGER

FEW ESTATE PLANS consider the possibility of an early death. That is a potentially disastrous mistake, experts say.

By the time you're in your 40s, you likely know someone, or know of someone, who has died young. That is why it is important for people to draw up plans as soon as possible, including accounting for what will happen should death occur in middle age, with children still at home.

We spoke with estate-planning lawyers to ask what end-of-life documents and estate plans a 30- or 40-something would need to assemble (aside from tax-planning help, for which an accountant or tax lawyer should be enlisted). All recommended getting started right away with this checklist:

INSURANCE

Life insurance can be expensive, but it ensures that if a spouse should die young, his or her partner can stop working or downshift careers to take care of the children. People often buy life insurance for themselves when their children are born, so the surviving spouse won't have to worry about having money for tuition or the costs of raising children as a single parent.

"It's best if you can buy guaranteed renewable term insurance when you're still insurable and have no underwriting risks, while you're still relatively young and before you have any diagnoses," says Joe McDonald, an estate-planning lawyer at McDonald & Kanyuk in Concord, N.H.

It's also advisable to buy long-term-care insurance, though it is becoming more expensive as policyholders live longer. Many employers also offer disability insurance to replace a certain percentage of salary if the employee becomes incapacitated, says Joshua Kaplan, an estate-planning lawyer at the law firm Dechert in New York.

WILL

Everyone needs a will. Without one, depending on the state of residence, it could take weeks or months for an estate to make its way through probate court until a judge appoints an executor to wind down the deceased's financial affairs. During that time, people may not be able to access the money left to them or even write checks to pay their bills.

Often state rules say that every person named in a will as the recipient of property needs to receive written notice that the will is in probate.

"It's often simpler to leave everything to one person or a class of person, like your children, and then have them distribute," says Mr. Kaplan. His grandmother did this, leaving everything equally to his aunt and father, with a letter explaining which relatives should also get certain items.

Once the will has been made and signed properly, where should it be kept? Somewhere safe, where the family can find it, such as with a lawyer. But be sure to tell someone in the family where it is. "Don't leave it in your safe-deposit box unless someone is the second signer, or you won't be able to get to it," says Sharon Bilar, an estate lawyer who has a practice in New York.

BENEFICIARIES

When you set up a bank account or any financial account, you're typically asked to name a beneficiary to inherit it if you die. Such an account will pass directly to that person without going through probate, so make sure your beneficiary designations are up-to-date. You may have designated your siblings when you started working and set up your 401(k), for instance, but now you're married and want to designate your spouse.

You also need a secondary beneficiary, in case something happens to your first choice (suppose, for example, that you and your spouse are in a car crash together). A trust can be a beneficiary as well. If there isn't a space on account-opening forms for a secondary beneficiary, call the financial institution and request to add this person.

Generally, your children will be your secondary beneficiaries, after your spouse. Be careful of designating as secondary beneficiary an adult whom you would like to take care of your children, Ms. Bilar says. "If you make anyone the beneficiary who's not your child, that money legally belongs to the beneficiary, and you cannot force that person to spend the money on your child," she says.

POWERS OF ATTORNEY AND PROXIES

"If you're worried about passing suddenly or becoming suddenly incapacitated, the legal documents you should have are some sort of health-care advance directive and a living will," Mr. Kaplan says. A health-care proxy appoints one person, older than age 18, to act on your behalf when making medical decisions. If you don't have this document signed and something happens to you, your spouse will have the right to make these decisions for you, followed by your adult children and your parents. Make sure to designate a first- and second-choice person to be your proxy.

You'll also want to sign a living will, which lays out your intentions for end-of-life care, such as when to withhold treatment if doctors determine you're not going to recover, and whether you wish to be an organ donor. This is important if you are in an accident or otherwise become incapacitated. Because wishes often are driven by religious and other personal moral concerns, it is important for couples to discuss their own preferences, Mr. Kaplan says.

GUARDIANSHIP

When there are children under 18, the most important step in estate planning is to decide who should raise them if both spouses are gone. This preference goes into your will, where a judge will almost always honor it when deciding whom to appoint as guardian. If you don't have this designation in your will, you're leaving it up to the court to decide who will take care of your children. "It's best if spouses both name the same people in the same order" when they choose a guardian for minor children, Mr. Kaplan says.

The guardian you select for your child doesn't have to be the trustee of any trust you set up for your child—although it is easier if they agree on how to spend the money to benefit the child.

"Some people want the trustee to put the brakes on the guardian spending money for the child, to act as a check and balance," says Mindy Stern, an estate lawyer at Schwartz Sladkus Reich Greenberg Atlas in New York.

DOCUMENTS

Every additional piece of information survivors have about the deceased's affairs can make the hours and days after a person dies easier. Survivors should have access to a file that contains insurance information; a list of all your bank and financial-institution accounts, "529" college-savings accounts and retirement accounts, with beneficiary information; a list of credit cards, as well as household expenses that are set on auto-pay; and details on where to find the deed to the house and the cemetery plot, plus the key to the safe-deposit box.

Also keep a list of online accounts and their passwords and the credentials to any cryptocurrency wallets.

Ms. Schoenberger is a writer in New York. She can be reached at reports@wsj.com.

EXCHANGE-TRADED FUNDS

Investors Are Finally Warming Up to Bond ETFs

After many years of lagging behind stock-focused funds, bond ETFs draw attention

BY GERRARD COWAN

JOSÉE BISAILLON

FIXED-INCOME exchange-traded funds are late bloomers compared with their equities-based cousins. But their popularity has surged in recent years—with funds focused on shorter-duration bonds drawing interest lately—as investors look to marry the benefits of fixed income with the advantages of an ETF.

According to an October report from **BlackRock** Inc., assets under management in bond-focused ETFs have grown 25% annually for the past five years and are likely to reach $1.5 trillion by 2022. As of mid-February, there was $780 billion in these products, representing 15% of the total ETF market, according to BlackRock's iShares division, the biggest U.S. ETF firm by assets.

While fixed income's share of the ETF market remains small, bond ETFs have emerged as a lucrative niche on Wall Street by promising buyers the steady income of bonds in a package that is as easy to trade as stocks. Bond ETFs attracted $138 billion in new assets in 2017, up from $112 billion in 2016, according to ETFdb.com analyst Neelarjo Rakshit, who says a number of factors are driving the growth.

For starters, he says, an overall boom in passive-investing strategies means there are simply more options available for ETF investors who want to diversify their portfolios with corporate and government bonds. Additionally, while fixed-income ETFs usually pay regular interest payments like bonds, they also offer the benefits of an ETF, such as intraday trading, liquidity, transparency and a relatively low cost compared with mutual funds.

Growing comfort

Individual investors have grown more comfortable with fixed-income ETFs, says Kathy Jones, senior vice president and chief fixed-income strategist at the Schwab Center for Financial Research. Schwab says assets under management in the U.S. fixed-income ETFs on its brokerage platform rose to $64.1 billion in 2017 from $49.4 billion the year before. Schwab saw inflows of $12.6 billion into the fixed-income funds over the course of 2017, just over a quarter of the total flows into ETFs.

Most of the money flowing into these products now is going into ETFs focused on shorter-duration bonds, Ms. Jones says, a trend noted by other ETF providers. That is due to interest-rate increases by the Federal Reserve and the expectation of more to come this year, she says. Rising interest rates have a negative impact on the price of existing bonds, particularly those with a longer duration. By buying shorter-term funds, investors can stay invested in fixed income, but mitigate some of the impact of rising rates, she notes.

BlackRock's iShares division has seen a change in investor interest over the past year, too, says Heather Brownlie, a managing director at BlackRock and global co-head of fixed-income at iShares.

Eye on rates

"I think people are very aware of the potential for interest rates to move higher, so they're being more tailored about their fixed-income exposure," she says. The $55.18 billion **iShares Core US Aggregate Bond** ETF (AGG)—which is the largest bond fund in the market by assets and offers investors broad exposure to investment-grade bonds—has negative returns of about 2% year-to-date. Funds focused on shorter-duration bonds, such as the **iShares 0-5 Year Investment Grade Corporate Bond** ETF (SLQD), have fared better, with returns of negative 0.76%.

Buying short-duration bonds isn't the only way fund investors can hedge their interest-rate risk, Mr. Rakshit says. There also are options such as the **Sit Rising Rate** ETF (RISE), which looks to profit from rising interest rates by tracking a portfolio of ETF contracts and options on futures on two-, five- and 10-year U.S. Treasury securities. The $39.4 million fund is up about 3.49% year-to-date.

RISE was designed to help investors protect their fixed-income holdings from rising rates, says Bryce Doty, senior vice president at Sit Investment Associates and the fund's portfolio manager. Mr. Doty says that "as expectations for rate increases continue to rise, so do two- and five-year yields, and RISE's share price along with them."

The returns for fixed-income ETFs in general have been muted over the past year, and are likely to remain so in 2018, says Rich Powers, head of ETF product management at **Vanguard Group**, which runs a number of bond ETFs, such as the $36.72 billion Vanguard Total Bond Market ETF (BND), down 2.26% year-to-date, and the $24.58 billion **Vanguard Short-Term Bond ETF** (BSV), down 0.77%. However, fixed income remains an important diversifier, he says, particularly during downturns in the equity markets.

"What happens in the near term with interest rates is certainly interesting, but what's more important is how fixed income interacts with equities and other assets in your portfolio to help you achieve your goals," he says. "Fixed income is a great ballast when times are tough."

Mr. Cowan is a writer in Northern Ireland. He can be reached at reports@wsj.com.

SAVING FOR COLLEGE | CHANA R. SCHOENBERGER

The Impact of UGMAs vs. 529s

Answers to your latest questions about paying the college-tuition bill

We again asked experts to answer readers' questions about how to save for college, including using the Uniform Gifts to Minors Act and "529" plans.

* * *

I have saved in a regular UGMA savings account for my son, who will go to college next fall. I thought this was a tax-free investment, but now I hear that it isn't. What is the best way to use this account to pay for college?

Children don't pay tax on unearned income up to $2,100, says Robert Keebler, who runs an accounting firm in Green Bay, Wis. Under the new tax rules, income above this threshold will be taxed at 10% (unless it's long-term capital gains on qualified dividends, in which case the child pays no tax), and income above $6,600 will be taxed at 24%. "Parents may wish to manage income to avoid having the child pushed into a higher tax bracket," he says.

The bigger question may be how this UGMA will play into your child's financial-aid calculation.

"UGMAs are considered a student asset and count more on the Fafsa calculation than a 529 balance, usually a parent asset," says James DiUlio, chairman of the nonprofit College Savings Plans Network, an association of state treasurers who oversee 529 plans. If the UGMA has a low balance, Mr. DiUlio says, you may wish to put future savings into a new 529 and spend the UGMA funds in the first year of school. That might help you qualify for aid later in your son's schooling, he says.

* * *

We have UGMA accounts for our grandchildren, which we opened three years ago. Can we roll them over into 529 accounts instead?

Yes, but first you'll have to sell all assets in the UGMAs and pay taxes on any gains, says Mr. Keebler. Earnings will be taxed at the child's rates.

* * *

Aren't funds in a 529 taken into account by colleges in considering whether to grant financial aid? If so, how does this affect your advice to think twice about withdrawing 529-plan assets for K-12 education?

A 529 works best when the funds grow over a long period—which won't happen if you use them to pay for K-12 education. It's true that a 529 does increase the Expected Family Contribution for college, but "the effect is generally small or, in some cases, nonexistent depending on who owns the account," Mr. Keebler says. Your EFC will go up, at most, 5.64% because of parent-owned 529 funds, much less than the 20% increase if your child holds UGMA or UTMA accounts, he says.

"If you withdraw funds to be used for K-12 tuition-related expenses," Mr. DiUlio says, "make sure that you replenish these funds so they can be used for postsecondary-education-related expenses after high school."

* * *

How does the new tax law affect Coverdell Educational Savings Accounts?

It doesn't, both Mr. Keebler and Mr. DiUlio say. These accounts still have tax-free growth when used for educational expenses, but they also have contribution limits of $2,000 a year, income limits on who can contribute, and no state tax benefits.

* * *

Despite the new tax law, which says that families can use 529s to pay for K-12 schooling, my state's 529 plan won't allow this. What should I do?

You can open a 529 account in a different state, or use a Coverdell if you qualify by income. "You don't have to go with your state's plan if it isn't the best fit for you," Mr. DiUlio says.

Have a college-finance question in general? We'll be answering some of them in future Investing in Funds & ETFs reports. Write to reports@wsj.com.

How to Read Financial-Aid Offers

Some types of college awards are more valuable than others

BY CHERYL WINOKUR MUNK

APPLYING TO college can be an arduous process. But perhaps what's even more difficult is deciphering financial-aid offers.

That's because there is no universally adopted standard format for award letters (although there are efforts under way to make this a reality), and there can be lots of confusing terms and unfamiliar concepts for people to digest.

With May 1—college decision day—just around the corner, here's what students and families need to know to make informed choices about financial-aid offers.

1. Understand the terms

First, students and families need to be familiar with some basic financial-aid lingo.

One term that they are sure to come across is the cost of attendance, or COA. This is the school's estimate of what one full year will cost. The cost of attendance includes direct costs such as tuition, fees and on-campus room and board, as well as an estimate of indirect costs over which students have some control, such as transportation, books and supplies. But some schools may include other items in their cost-of-attendance estimate, so it's important to understand the figure on which the aid offer is based, experts say.

Expected family contribution, or EFC, is another term likely to appear in aid letters. This figure is calculated using the financial information families provide in the Free Application for Federal Student Aid, or Fafsa. The EFC is used as a benchmark calculation in determining how a school will award financial aid.

Some families assume the EFC represents what they will actually pay, but it could be more or less, in some cases significantly so. A family may pay more because a college isn't able to fulfill the student's entire financial need, whereas another family may pay less if, say, a student receives a large merit scholarship or attends a public college that costs less than the family EFC.

2. Evaluate the quality

A student's financial-aid package can include various types of aid, and it is important that families understand the differences. Specifically, the College Board advises families to pay close attention to the "% of Award that is Gift Aid" and the "% of Award that is Loan" figures because this information helps families weigh the quality of the aid package being offered.

Gift aid, in the form of scholarships or grants, is the best type because it doesn't need to be repaid.

When it comes to loans, there are two types of federal direct student loans: subsidized loans, which are based on financial need and don't accrue interest while a student is enrolled in school; and unsubsidized loans, which start accumulating interest as soon as they are disbursed. The good news is, both types of federal loans offer a six-month grace period after graduation before students have to start making payments.

The aid package also may include an offer for work-study, which is a guarantee of a job for a certain amount of money. Students must fulfill the job requirements to receive this money; it isn't an upfront discount off the college bill, says Ellen Roberts, a Sallie Mae spokeswoman. Work-study jobs are assigned by the school and may be on campus or off, she says.

Families may struggle to compare one school's financial package with another's. But there's an online tool for that.

Another important consideration: Financial aid is awarded yearly. That means families should never assume that a student's aid package will be the same from one year to the next, experts say. Some portions of a student's award may be for one year only, while other portions may be renewable if the student meets certain conditions, such as maintaining a certain grade-point average.

If families can't discern which aid is renewable and which isn't, or if they have any other questions about their package, they should contact the school's financial-aid office for clarification, says Justin Draeger, president and chief executive of the National Association of Student Financial Aid Administrators.

3. Make apples-to-apples comparisons

Because aid letters often lack uniformity, families may struggle to compare one school's financial package with another's.

To make that process easier, the College Board offers a financial-aid comparison tool at bigfuture.org. Under the "Pay for College" heading, click on "Tools & Calculators." Then click on "Compare Your Aid Awards." Families can enter details on aid packages for as many as four schools at a time.

The National Association of Student Financial Aid Administrators also has an award-letter comparison worksheet, available at nasfaa.org. (Hover your cursor over "Students, Parents & Counselors"). If families prefer, they can create their own spreadsheet, listing each component of aid separately so they can compare the offers side by side, says Ms. Roberts of Sallie Mae.

Susan S. McCrackin, senior director of financial-aid methodology enrollment at the College Board, says it's important that families look beyond the total value of aid being offered.

"You have to look at the details and not be swayed by the total" amount of the aid package, she says. One aid package may appear higher than another because the award is mostly loan-based, but that isn't necessarily the better deal. The "highest figure is not always the best figure," she says.

While many students borrow to pay for college, experts warn against piling up too much debt. Before choosing a school, students should think carefully about what kind of debt load they want upon graduation, their chosen profession and their student-loan payments will factor into their budget, says Ms. Roberts.

4. Keep up on the schools' paperwork

Students don't have to accept the entire award being offered, but they need to let the school know which portions of it they are accepting or rejecting.

For example, a student might want to accept a scholarship but not a loan, or a student might decide to forgo a work-study opportunity because he or she feels unable to make the required commitment. The award letter should be signed and returned, along with any requested materials, by the deadline; missing the deadline could jeopardize the award.

Families that are still in need of additional money may have other options, such as private scholarships, a federal Direct Plus Loan for parents or private loans. Award letters may or may not mention these additional options, so it's important for families to know that they exist, Ms. Roberts says. Families can contact the college's financial-aid office to request information on how they might obtain additional money to pay for school.

And finally, experts say, if there has been a significant change in family finances or other circumstances have changed since receiving an aid offer, the family should file an appeal with the school's financial-aid office.

Ms. Winokur Munk is a writer in West Orange, N.J. She can be reached at reports@wsj.com.

◆ Take our quiz: How much do you know about student debt?.......... R10

EXCHANGE-TRADED FUNDS

It's Getting Harder to Bring An Exotic ETF to Market

The bitcoin-fund pushback ends a long period of what seemed like 'anything goes' for issuers

LLOYD MILLER

BY ARI I. WEINBERG

AFTER YEARS of unbridled growth, the introduction of new ETFs and other exchange-traded products has run into hurdles recently from both regulators and forces within the securities industry.

A Jan. 18 letter from Dalia Blass, head of investment management for the Securities and Exchange Commission, regarding applications and listings for bitcoin-linked exchange-traded products (ETPs) prompted withdrawals of several applications for bitcoin ETFs.

Ms. Blass, in her letter to the Investment Company Institute and the Securities Industry and Financial Markets Association, the mutual-fund and brokerage trade associations, unveiled several questions that had to be answered regarding cryptocurrencies before the SEC would let them be included in fund products.

Among the questions: How would the funds value the cryptocurrency-related products to set daily net asset values? What steps would cryptocurrencies or cryptocurrency-related funds take to ensure that they could meet daily redemptions? And how exactly would the funds hold cryptocurrencies to satisfy custody requirements?

The tough stance on esoteric ETFs comes at a time when the SEC may be looking to ease the path for more-traditional ETFs. Chairman Jay Clayton has put consideration of such streamlining back on the regulatory agenda.

Forcing the SEC's hand

Still, in some ways, Wall Street has forced the SEC's hand with regard to issuing less-traditional products.

Last fall, bitcoin futures trading at Cboe Global Markets and CME Group was greenlighted by the Commodity Futures Trading Commission. Several ETF providers spied an opening for ETPs tied to bitcoin futures. As applications piled up at the SEC, the New York Stock Exchange's NYSE Arca and Cboe essentially brought about a forcing move by applying for rule-making approval on the listing of specific bitcoin-linked ETPs, even before the funds' own registrations had been approved.

It was a way to "engage the SEC and start the clock officially on consideration of the listing," says Adam Teufel, a partner at Dechert LLP in Washington who works on the legal aspects of new ETPs on behalf of issuers.

Other funds are held up

The caution on crypto even extended to new products investing solely in stocks that by all previous accounts might have had a clear runway for listing. In January, four ETFs tied to sectors and companies likely to benefit from blockchain technology (the innovation that underpins bitcoin but has many non-bitcoin uses) were on the cusp of listing. But the SEC intervened to stop the funds' use of "blockchain" in their names, even if their tickers, like BLCN, BLOK, KOIN, and LEGR, still hinted at blockchain connections.

The SEC declines to comment. But an SEC rule adopted in 2001 requires that an investment company with a name suggesting it focuses on a particular type of investment invest at least 80% of its assets in the type of investment suggested by the name.

"We were all ready to go to market on one name and had to make a quick change," says Christian Magoon, CEO of Amplify ETFs, whose $176 million **Transformational Data Sharing** ETF (BLOK) nevertheless garnered more than $180 million of inflows over the first two weeks of trading.

At the NYSE, the unit of Intercontinental Exchange Inc. that lists the most ETFs, through NYSE Arca, ETFs chief Douglas Yones says, "The pathway to launch has improved over the last decade, but any changes we make are always with due consideration of investor protections."

Meanwhile, it isn't just regulatory issues that are interfering with the introduction and smooth functioning of ETFs. Market forces, too, are taking a toll. What was once a robust market for new products—the seeding of a fresh fund with contributed assets from market-making brokerage firms—has shriveled.

"While it used to take almost 18 months to get the right relief to offer ETFs, there was seed capital galore," says Mr. Magoon. So-called unsponsored products now list with about $2 million in assets, and trading may never even materialize.

Mr. Weinberg is a writer in Connecticut. He can be reached at reports@wsj.com.

FUND RESULTS

WSJ .COM **Lipper's A-to-Z monthly fund listings are free at WSJ.com/FundsAnalysis.**

SPOTLIGHT | PUTNAM ABSOLUTE RETURN FUNDS

PUTNAM TAKES THE NUMBER TARGETS OUT OF FUND NAMES

Putnam Investments is paring its lineup of absolute-return mutual funds and renaming them to remove references to ambitious performance goals—targets they largely failed to meet.

Putnam will cut its absolute-return fund lineup to two funds from four, with most of the changes expected to take effect in late April.

Absolute-return funds generally seek to generate a positive return over time regardless of the direction of stocks and bonds. They generally do that in part by buying assets that they expect to rise in price and selling short those securities that they expect to decline.

The $189.5 million **Putnam Absolute Return 100 Fund** (PARTX), which invests mostly in fixed-income securities, will be repositioned as a short-term bond fund with a risk-return profile between the company's ultrashort fixed-income fund and its intermediate-term fixed-income fund, Putnam says. It will be renamed Putnam Short Duration Bond Fund.

The $454.8 million **Putnam Absolute Return 300 Fund** (PTRNX), which also invests mostly in fixed income, will maintain its current strategy, but will be renamed Putnam Fixed Income Absolute Return Fund.

The $925.5 million **Putnam Absolute Return 500 Fund** (PJMDX) will be merged into the $1.2 billion **Putnam Absolute Return 700 Fund** (PDMAX). Both funds invest in a mix of stocks, debt and commodity securities. The combined fund will maintain the investment strategy of the 700 fund, but will be renamed Putnam Multi-Asset Absolute Return Fund.

The Boston asset manager has taken some criticism for initially naming the four funds for their aims of beating the return on U.S. Treasurys by 1, 3, 5 or 7 percentage points a year "over a reasonable period," generally at least three years or more, regardless of market conditions, according to the funds' prospectuses. Putnam's Absolute Return 700 Fund, for example, was meant to beat the return on U.S. Treasury bills by 700 basis points, or 7 percentage points, over a rolling three-year period.

The funds have rarely met their goals. The Absolute Return 100 Fund has done best, hitting its target in about 31% of overlapping 36-month periods from the start of 2009 through the end of January 2018, according to investment researcher Morningstar Inc. The Absolute Return 700 Fund did worst, meeting its objective in just 4.1% of overlapping 36-month periods.

"The funds' names present a message to investors about what they should expect," says Todd Rosenbluth, director of ETF and mutual-fund research at CFRA, who praised the planned name changes. "Being less transparent about the objective of the funds in the name can actually help the funds meet investor expectations."

Putnam says the funds are sold exclusively through financial advisers and broker-dealers to whom it highlights that the numbers represent only performance goals.

Absolute-return funds, launched in the midst of the global financial crisis of 2008, helped investors, many of whom had suffered large losses, venture back into the stock market, says Carlo Forcione, Putnam's director of product strategy and development. Putnam remains dedicated to its absolute-return strategies, Mr. Forcione says.

—Daisy Maxey

BEST BET/WORST BET

A House Was Better Than Her BofA Stock

Sallie Krawcheck talks about a stock she cashed in, and one she should've skipped

SALLIE KRAWCHECK HAS BEEN a saver since she was a child. In third grade, she started putting away the 25 cents an hour her dad paid her to do filing in his office. Later, she graduated to babysitting and working in the family store. When she was a sophomore in high school, her parents—"solidly middle class"—borrowed money from her to replace their hot-water heater.

BY CHRIS KORNELIS

"By the way," she says, "I charged them interest for repayment. Not in a mean way. But, hey, it's not in the bank, and it was the '70s, so you would really earn something in the bank—inflation and all that. I was always the one who was most aware of and confident with money."

After college, she became a fixture on Wall Street, with high-profile leadership roles at both **Citigroup** and Merrill Lynch. Now she's the chief executive and co-founder of Ellevest, a digital financial-investment firm for women.

For years, Ms. Krawcheck says she thought the idea of a woman-focused investment firm was a bad idea that would lead to "remedial financial education." But over time, she came to see that women are motivated differently from men, and that the industry is focused far more on the way men view investing.

"Women are not as energized by outperforming the market or picking the latest stock or getting that latest money manager and talking about it at cocktail parties as gentlemen are," she says. "Women are more about, 'I want to reach my goals. What I'm really interested in is can I retire well, not whether I'm going to outperform when the euro is weak versus the yen.' "

She says she'd like to think that co-founding Ellevest will prove to be the best investment she has ever made. But meanwhile, here's a look at what she says are the best and worst investments in her rearview mirror.

A.E. FLETCHER

Wall Street focuses on investing through male eyes, says Sallie Krawcheck.

BEST BET
A HOUSE IN THE HAMPTONS

INVESTMENT: $9.5 million of cashed-out Citigroup stock
GAINS: Around $7.5 million in unrealized real-estate value

In 2004, when Ms. Krawcheck was Citigroup's chief financial officer, she wanted to buy a vacation home in the Hamptons, the famed stretch of exclusive beach communities along Long Island's south shore. She zeroed in on a house in Quogue. To make the purchase, she decided to cash out $9.5 million of her Citigroup stock. That was something of a faux pas in the C-suite.

"It was really frowned upon at Citigroup to sell stock as a senior leader," she says. "We had an informal-that-was-sort-of-formal blood oath where you didn't sell stock."

She did it anyway. She cashed out when Citi was around $40 a share. Today the stock is at the equivalent of about $7.50, after adjusting for a 1-for-10 reverse share split in 2011.

Meanwhile, the house in Quogue was recently appraised at $17 million.

THE TAKEAWAY: "The real takeaway, of course, is diversity, diversity, diversity," she says. "I diversified away from Citigroup stock and into real estate."

Her portfolio at the time wasn't nearly as diversified as it should have been, she says. Citigroup was her biggest asset "by a good measure." Her financial adviser at the time said she could survive a hit to her Citi stock, but so much of her other assets were tied up in equities, too, leaving her far too exposed.

"Look," Ms. Krawcheck says, "stocks are wonderful, bonds are fantastic, [but] a home is your heart," she says. "I wanted that home for my children to have a place outside of the city to go every weekend and summers."

WORST BET
BANK OF AMERICA

INVESTMENT: $1 million
LOSSES: About $500,000 and an incalculable amount of time, energy and lost wages

In 2009, Ms. Krawcheck was hired to lead Merrill Lynch Wealth Management eight months after the company was purchased by Bank of America. At the time, she says, she saw it as more than the opportunity to lead a storied financial institution. It was a chance to help dig the company, industry and country out of the financial crisis, "and to really make some small part of history."

To show that she was committed, she bought $1 million of Bank of America stock.

"If I was going to work at the company, I wanted to be all in," she says.

"I wanted to be financially committed to it. I wanted to be emotionally committed to it. I wanted to have the [Merrill Lynch] bull on the hat."

Unfortunately, she says, "they weren't as committed to me as I was to them."

In 2011, Bank of America let her go as part of a reorganization. No longer with the company, she ditched the stock, which had fallen roughly 50%, from about $16 to near $8, and took a $500,000 loss.

THE TAKEAWAY: Ms. Krawcheck says the sourness of the investment was about more than the loss of the stock value. The purchase represented a career move that turned out not to be as rewarding as she expected.

Ms. Krawcheck says that when she looks back on the Bank of America purchase, like other investment milestones in her life, the gains and losses are never sorted out solely on paper.

"The investments are broader than just these monetary things," she says. "The home is not just a portfolio holding, but a real home. Ellevest is not just a monetary investment, but a sort of life investment."

"So, for me," Ms. Krawcheck says, "these things aren't as cut and dried as if I had bought IBM but forgot to sell it."

Mr. Kornelis is a writer in Seattle. He can be reached at ***reports@wsj.com.***

SPOTLIGHT | EMQQ

ETF PLUGS IN TO THE 'EMERGING' INTERNET

Emerging markets and the internet both get investors' hearts racing, and one ETF that combines the two is cashing in.

The $513 million **Emerging Markets Internet & Ecommerce** ETF (EMQQ) rose 52.8% for the one-year period ended Feb. 28, and 6.4% since the start of the year, by focusing on "the fastest-growing part of the fastest-growing markets," say its founder Kevin Carter. "Billions of people are entering the consumer class...and are leapfrogging traditional consumption by getting computers in their pockets," he says, referring to smartphones.

EMQQ tracks an index that includes any publicly traded company deriving more than half of its revenue from the internet or e-commerce in emerging or frontier markets, with a minimum market cap of $300 million. The fund's top 10 holdings include names like **Tencent Holdings**, **Alibaba Group** and **Baidu**.

The fund launched in 2014, but "didn't go anywhere for the first two years—in fact, it went down," Mr. Carter says. He figures this is mainly because emerging markets themselves weren't in favor. But sentiment has changed over the past two years or so.

Investors have been pouring money into emerging-markets ETFs, says Neena Mishra, director of ETF research at Zacks Investment Research. Investors "are concerned about stretched valuations of U.S. stocks and political discord in Washington," she says. Emerging markets have become more attractive thanks to improving macroeconomic fundamentals and corporate earnings, she says.

—*Gerrard Cowan*

Category Kings in 10 Realms

Data provided by LIPPER

Top-performing funds in each category, ranked by year-to-date total returns (changes in net asset values with reinvested distributions) as of February 28; assets are as of January 31. Equity data are final. All other are preliminary.

Large-Cap Core

	Assets ($ millions)	Total return (%) Feb	YTD	1-yr	5-yr*
EntrepreneurSh:ERS Etp30	...	–2.6	8.2	N.A.	N.A.
ABR Dyn Bl Eq&Vol;Inst	23.2	2.1	8.1	13.1	N.A.
Pru Jenn Dvsfd Gro;A	257.4	–1.3	8.1	25.9	15.3
Amer Cent:Foc DG;Inv	36.1	–1.6	7.5	33.0	16.3
PowerShares S&P500 Momnt	14.8	–0.8	7.3	29.9	N.A.
Vulcan Value Partners	1,411.3	–1.6	6.9	16.3	12.6
BlackRock:IS USA MF;K	14.7	–1.5	6.6	36.6	N.A.
Fidelity Adv Dvs Stk;O	2,271.2	–3.3	4.8	18.9	14.3
Category Average:	1,119.5	–3.8	1.4	15.8	13.2
Fund Count	876	878	870	799	628

Small-Cap Core

	Assets ($ millions)	Total return (%) Feb	YTD	1-yr	5-yr*
Highland:Sm-Cp Eqty;A	52.5	0.1	4.6	10.3	13.2
Paradigm:Oppty Fund	8.0	–0.8	2.4	14.9	11.0
Paradigm:Select Fund	26.1	–0.9	2.4	13.6	12.3
Catalyst SC Insdr Buy;A	16.5	–1.5	2.1	12.7	5.5
Bernzott US Sm Cap Val	82.0	–2.8	1.7	21.4	12.1
Hodges Small Cap;Retail	637.1	–2.4	1.7	11.2	11.0
Empiric 2500;A	26.9	–3.0	1.6	20.2	11.4
B Riley Dvsfd Eq;Instl	22.5	1.6	1.6	13.1	N.A.
Category Average:	536.4	–4.3	–1.9	8.3	11.0
Fund Count	1045	1049	1047	996	705

Large-Cap Value

	Assets ($ millions)	Total return (%) Feb	YTD	1-yr	5-yr*
Barclays ETN+ShillerCAPE	103.3	–3.1	3.3	16.9	17.4
DoubleLine:Sh Enh CAPE;I	5,216.3	–3.3	3.0	16.8	N.A.
Oakmark Fund;Inv	20,826.4	–4.3	2.5	19.2	15.2
Am Beacon:Alpha QV;Inst	2.5	–4.6	1.7	N.A.	N.A.
Fidelity SAI US Val Indx	1,208.6	–3.3	1.7	N.A.	N.A.
Amer Cent:Inc&Gro;Inv	2,353.2	–3.6	1.7	16.1	13.4
Dodge & Cox Stock	74,759.6	–3.9	1.6	14.1	15.1
BrndywnGLB Dyn US LCV;IS	162.5	–3.6	1.5	19.5	N.A.
Category Average:	1,060.4	–4.7	–0.4	10.7	11.7
Fund Count	527	530	528	498	380

Small-Cap Value

	Assets ($ millions)	Total return (%) Feb	YTD	1-yr	5-yr*
Orchard Sm Cp Val;I	6.2	–2.5	1.9	15.2	N.A.
Intrepid:Endurance;Inv	151.0	–0.3	–0.1	3.1	2.8
North Star Micro Cap;I	82.2	–1.0	–0.3	6.8	N.A.
Aegis Value;I	131.1	–1.4	–0.8	16.9	6.2
Walthausen:Sel Val;Inst	77.9	–4.1	–1.1	12.3	10.6
Aristotle SmCp Eqty;I	15.3	–4.3	–1.2	11.7	N.A.
Paradigm:Micro-Cap	51.0	–5.1	–1.4	12.5	12.9
Invesco SC Value;Y	2,691.8	–6.0	–1.5	10.2	12.1
Category Average:	435.3	–5.0	–3.6	4.5	9.6
Fund Count	297	297	293	278	210

Large-Cap Growth

	Assets ($ millions)	Total return (%) Feb	YTD	1-yr	5-yr*
Berkshire:Focus	...	–0.5	15.7	53.0	20.9
Touchstone Inst:Snd Gr	2,016.6	0.0	11.4	34.5	15.0
Touchstone:Sel Gro;Y	2,610.6	–0.1	11.3	34.1	14.8
Transam:Cap Growth;I	883.5	1.2	11.2	42.3	21.7
Pru Jenn Focused Gr;A	441.0	–1.8	11.1	40.0	18.4
Morg Stan I:Growth;A	4,613.4	1.4	11.1	41.9	21.5
Dunham:Focused LC Gro;N	85.5	–0.7	10.4	26.8	14.5
Marsico Inv Fd:Focus	598.6	–1.3	9.7	34.4	15.0
Category Average:	1,515.9	–2.3	5.5	26.6	15.7
Fund Count	734	735	732	685	559

Small-Cap Growth

	Assets ($ millions)	Total return (%) Feb	YTD	1-yr	5-yr*
Nysa Srs Tr:Nysa Fund	2.0	–0.8	7.5	15.9	–4.1
Federated Kauf SC;A	973.5	–0.4	6.8	37.9	18.2
Jackson SMID-Cp Gro;Inst	417.4	–0.5	6.6	24.2	N.A.
WellsFargo:Emer Gr;I	776.0	0.5	6.3	25.0	14.2
Wasatch:Sm Cap Gr;Inv	1,739.5	0.6	6.0	23.8	11.5
Delaware Sm Cap Gro;Inst	8.3	–1.5	5.9	35.8	N.A.
Virtus:KAR Sm-Cap Gro;I	2,133.0	–1.3	5.8	37.8	19.9
Neuberger Sm Cap G;Inv	81.3	...	5.7	25.0	14.5
Category Average:	295.5	–2.3	1.8	19.8	12.7
Fund Count	599	594	592	545	442

Midcap Core

	Assets ($ millions)	Total return (%) Feb	YTD	1-yr	5-yr*
CB Select;IS	33.9	2.9	8.4	36.4	19.2
MF&Var:Rtnl Dy Brnd;A	19.2	–1.9	4.9	19.4	6.6
AlphaClone Alt Alpha ETF	25.4	–2.9	4.6	17.7	8.7
Champlain Mid Cap;Inst	2,018.7	–0.7	3.9	16.6	15.0
RBB:Mtly SM Cap Gro;Inv	294.6	–1.8	3.6	29.2	14.5
RHJ SMID Cap;Inv	4.7	–1.6	3.5	12.2	9.2
Ave Maria Value	262.8	–1.9	3.4	18.1	7.3
Ariel:Fund;Investor	2,408.6	–3.3	3.1	13.7	13.9
Category Average:	975.7	–4.2	–1.1	9.7	11.3
Fund Count	457	458	458	436	301

Multicap Core

	Assets ($ millions)	Total return (%) Feb	YTD	1-yr	5-yr*
Catalyst Insidr Buying;A	59.3	–1.4	7.4	19.0	10.8
Federated MDT LCG;A	93.0	–1.5	6.3	24.7	14.6
Aptus Behavioral Momentm	46.2	–3.1	5.7	19.5	N.A.
American Funds AMCP;A	65,105.0	–2.0	5.0	21.1	15.2
Nuveen LCG;I	347.7	–3.4	4.3	21.5	N.A.
CGM Tr:Focus Fund	1,048.4	–2.0	4.1	21.0	11.6
Glenmede:Strat Equity	233.4	–3.4	4.0	22.5	15.7
Sound Mind Investing	204.7	–2.7	3.8	18.7	11.0
Category Average:	1,605.9	–3.9	0.8	14.4	12.5
Fund Count	809	788	787	749	549

Midcap Value

	Assets ($ millions)	Total return (%) Feb	YTD	1-yr	5-yr*
Invesco Amer Value;A	1,557.0	–3.9	0.9	5.5	9.6
Rnhrt Mid Cap PMV;Adv	205.0	–3.8	0.3	7.4	10.8
TCW/Gargoyle Sys Val;I	1.6	–5.2	0.1	10.0	N.A.
Fidelity Low-Prcd Stk	40,513.6	–4.4	–0.3	16.5	12.3
Heartland:MdCp Val;Inv	8.0	–4.2	–0.6	4.7	N.A.
Delafield Fund	326.3	–2.5	–0.7	3.6	4.5
Royce Fd:Div Value;Inv	189.6	–5.1	–0.7	16.7	10.0
TCW:Rel Value MC;I	106.2	–5.6	–0.8	14.6	11.8
Category Average:	769.1	–4.9	–2.1	6.3	10.9
Fund Count	181	181	181	164	120

Midcap Growth

	Assets ($ millions)	Total return (%) Feb	YTD	1-yr	5-yr*
Virtus:KAR Mid-Cap Gr;A	108.0	–0.9	10.1	33.8	13.3
Tocqueville:Opportunity	82.8	–0.9	8.0	29.3	15.2
Ren:Global IPO Fund	6.8	3.4	6.6	24.7	8.8
PowerShares Russ MdCp PG	111.1	–0.7	6.4	34.0	13.6
Dreyfus BC S/MC Gro;I	1,452.3	...	6.1	25.8	14.5
PowerShares DWA NASDAQ	49.2	–1.4	5.6	28.6	16.0
Glbl X Founder-Run Com	3.7	–1.3	5.5	21.6	N.A.
Am Beacon:Md Cp Gro;Inst	107.7	–1.9	5.4	25.2	12.9
Category Average:	631.1	–2.9	2.6	19.9	12.9
Fund Count	388	388	385	369	301

N.A.: Not applicable; fund is too new   * Annualized   Note: For funds with multiple share classes, only the largest is shown.

Leaders and Laggards

Data provided by LIPPER

Performance numbers are total returns (changes in net asset values with reinvested distributions) as of February 28; assets are as of January 31. Equity data are final. All other are preliminary.

Best-Performing Stock Funds

Fund	Ticker	Assets ($ millions)	Total Return (%) February	YTD	Annualized 1-year	3-year	5-year
Rex VolMAXX LVW Ftrs Str	VMAX	3.2	76.4	93.2	–46.0	N.A.	N.A.
ProShs II:UltVIX STF ETF	UVXY	347.1	48.4	63.6	–80.9	–87.6	–85.0
VelShs VIX ShTm ETN	VIIX	10.5	47.5	56.0	–40.3	–53.5	–51.0
iPath ETN SP500 VIX ST A	VXX	1,015.4	47.5	56.0	–40.3	–53.5	–51.0
ProShs II:VIX ST Fut ETF	VIXY	140.7	47.3	55.7	–40.7	–53.6	–51.2
VelShs Dly 2x VIX ST ETN	TVIX	282.7	36.3	50.3	–82.3	–87.9	–85.3
Direxion:MSCI RE Bear 3X	DRV	13.7	24.0	40.0	29.8	–14.0	–27.0
Direxion:MSCI Bra Bull3X	BRZU	147.9	–9.7	34.8	25.9	–10.1	N.A.
Direxion:Ntrl Gs Rl Br3X	GASX	6.3	36.9	32.9	14.1	N.A.	N.A.
Direxion:S&P OG EP Br 3X	DRIP	67.1	30.1	30.7	–5.5	N.A.	N.A.
Direxion:Latin Bull 3X	LBJ	21.9	–11.9	27.7	49.8	–3.2	–22.0
iPath ETN Glbl Carbon A	GRN	1.8	9.8	26.3	109.6	13.2	16.0

Best-Performing Bond Funds

Fund	Ticker	Assets ($ millions)	Total Return (%) February	YTD	Annualized 1-year	3-year	5-year
Barclays Inv US TC ETN	TAPR	17.3	9.9	27.7	9.6	–3.7	N.A.
iPath ETN Trs Lng Bear A	DLBS	17.9	9.3	26.9	10.0	0.8	–6.8
iPath ETN Trs 10Y Bear A	DTYS	57.7	5.9	24.6	21.8	3.5	–2.9
ProShares:UPSh 20+ Trs	TTT	81.3	9.5	21.1	–3.0	–7.9	–16.6
Direxion:20+Y Trs Br 3X	TMV	377.6	9.2	20.9	–4.1	–8.9	–17.8
ProShares:UlS 20+ Yr Trs	TBT	2,205.5	6.4	13.9	–1.0	–3.9	–10.2
iPath ETN Trs 5Yr Bear	DFVS	1.3	3.0	13.1	17.7	2.1	–1.2
ProShs II:Ult Yen	YCL	3.0	4.3	10.7	6.5	4.0	–8.4
Direxion:7-10Y Trs Br 3X	TYO	24.0	2.8	9.9	3.2	–4.5	–7.6
iPath ETN Trs 2Y Bear A	DTUS	9.3	1.8	8.4	21.6	3.7	–1.1
Rydex:Inv Gv LB Str;Inv	RYJUX	136.5	3.4	7.5	0.1	–0.5	–4.0
ProShares:Sht 20+ Treas	TBF	603.0	3.2	6.9	0.04	–1.4	–4.8

Worst-Performing Stock Funds

Fund	Ticker	Assets ($ millions)	Total Return (%) February	YTD	Annualized 1-year	3-year	5-year
Rex VolMAXX SVW Ftrs Str	VMIN	19.4	–90.8	–92.0	–84.4	N.A.	N.A.
ProShs II:ShVIX STF ETF	SVXY	1,613.4	–89.6	–90.3	–79.9	–27.5	–8.7
VelShs VIX Short Vol Hdg	XIVH	73.2	–81.9	–82.8	–70.8	N.A.	N.A.
LJM Preserv and Growth;I	LJMIX	805.2	–80.7	–81.6	–80.0	–37.6	–24.8
VelShs VIX Var L/S ETN	LSVX	30.3	–50.6	–51.0	–49.7	N.A.	N.A.
Direxion:Hbldrs&Sup Bl3X	NAIL	99.2	–30.6	–35.2	79.4	N.A.	N.A.
ABR Dynamic Vol;Inst	ABRSX	0.5	–32.1	–34.8	N.A.	N.A.	N.A.
VelShs VIX Tail Risk ETN	BSWN	38.2	–35.4	–34.5	–49.4	N.A.	N.A.
Direxion:Nat Gas Bull 3X	GASL	30.2	–33.2	–34.1	–52.0	–79.3	–72.5
Direxion:S&P OG EP Bl 3X	GUSH	111.6	–30.7	–33.8	–46.8	N.A.	N.A.
Direxion:MSCI RE Bull 3X	DRN	91.5	–22.8	–32.8	–33.9	–9.9	6.8
Catalyst Macro Strat;I	MCXIX	20.9	–25.0	–31.4	–22.0	–10.4	N.A.

Worst-Performing Bond Funds

Fund	Ticker	Assets ($ millions)	Total Return (%) February	YTD	Annualized 1-year	3-year	5-year
Third Avenue:Foc Cr;Inst	TFCIX	132.4	-56.3	-56.3	-67.0	-35.5	-22.7
Direxion:20+Y Trs Bl 3X	TMF	92.6	-9.3	-18.7	-5.6	-7.9	1.7
ProShares:Ult 20+ Yr Tr	UBT	39.0	-6.4	-12.7	-2.8	-3.7	3.0
ProShs II:UlS Yen	YCS	102.1	-4.4	-10.1	-8.8	-8.8	3.3
Direxion:7-10Y Trs Bl 3X	TYD	8.2	-3.0	-9.4	-6.7	-2.3	0.4
PIMCO ETF:25+ Yr US Tres	ZROZ	175.9	-5.1	-9.2	0.3	-1.6	4.0
ProFunds:US Gov Pl;Inv	GVPIX	29.5	-4.3	-8.9	-2.3	-3.3	1.5
Rydex:Gv LB 1.2x Str;H	RYHBX	62.7	-4.2	-8.8	-2.3	-2.8	N.A.
PIMCO:Extend Dur;Inst	PEDIX	1,212.1	-4.7	-8.4	0.9	-1.0	3.9
Vanguard Ext Dur T;Inst	VEDTX	1,782.2	-4.4	-8.4	1.0	-0.9	3.9
Wasatch:Hois US Tr;Inv	WHOSX	331.6	-4.1	-7.8	-0.4	-1.4	2.6
AmericaFirst Income;A	AFPAX	13.4	-6.6	-7.4	-3.2	-1.6	0.3

Note: For funds with multiple share classes, only the largest is shown. N.A.: Not applicable; fund is too new or data not available

IN TRANSLATION

FROGS

There's a new acronym out there that may have implications for investors. It's FROGs, or frivolously related output gaps.

An output gap is the difference between an economy's actual and potential gross domestic product. FROGs refer to output-gap estimates for certain eurozone countries that appear to be unusually small, according to a recently published analysis from the Institute of International Finance, based in Washington, D.C.

The suggestion is that the strength of some of these economies is being overestimated.

Ranking FROGs

Cumulative percentage growth since 2007, minus change in unemployment ra FROGs in bold.

Greece	–41.4
Italy	–12.3
Spain	–11.6
Cyprus	–11.0
Croatia	–8.0
Latvia	–7.7
Portugal	–6.8
Finland	–5.2
Slovenia	–2.2
Estonia	–0.8
Euro area	0.8
Denmark	1.6
Netherlands	2.7
France	2.7
Austria	5.2
Norway	7.2
Belgium	7.5
Hungary	8.6
United Kingdom	10.0
Iceland	12.1
Czech Republic	12.7
Sweden	13.4
Germany	14.1
Bulgaria	15.2
Luxembourg	15.3
Romania	18.7
Slovakia	24.3
Poland	35.2
Ireland	36.1
Malta	40.6

Source: Institute of International Finance (data)
THE WALL STREET JOURNAL.

The countries identified are mostly on the economic periphery of Europe and include Greece, Spain, Portugal, Italy and Latvia, among others.

"For these countries, there are low output gaps, but they have high unemployment, so it doesn't make sense," says the report's author Greg Basile, senior research analyst, global macroeconomics, at IIF. "We are saying the output gap isn't an accurate portrayal of reality for some of these countries."

In other words, how could an economy be operating at close to full capacity if it also has high unemployment? It probably couldn't, which suggests something may be wrong with the economic measurements.

Why should investors care? When the European Central Bank (the eurozone's equivalent of the Fed) makes its policy decisions, it does so based on the assumption that the countries are mostly operating close to full capacity, Mr. Basile says.

Some European countries are approaching full economic capacity, including Germany, Belgium, the Netherlands, Luxembourg, Denmark and Sweden. They are the non-FROGs countries.

If the ECB decides to increase the cost of borrowing, it might be the right move for the non-FROGs economies by helping to constrain inflation, but the wrong one for the FROGs countries, where it could crush any economic recovery.

—Simon Constable

SPOTLIGHT

VELOCITYSHARES DAILY INVERSE VIX

VIX-RELATED FUND DID GO 'POOF'

They were warned.

February's burst of market volatility was the death knell for **VelocityShares Daily Inverse VIX Short-Term** exchange-traded note (XIV), designed to make a high-wire bet that markets would stay calm.

The note was structured to profit from declines in the Cboe Volatility Index, or VIX, and it worked spectacularly for a while. But when the volatility index more than doubled on Feb. 5, the price evaporated and the fund was delisted on Feb. 15.

A similar fund, **ProShares Short VIX Short-Term Futures** (SVXY), continued operating, but its price fell more than 88% over two days.

The Wall Street Journal highlighted the potential problem with both funds in a September article, "Could Some VIX-Related Funds Go 'Poof' in a Day?" At the time, Velocity Shares LLC confirmed that the fund "has the potential to be liquidated" if its benchmark moved more than 80% in a day, but said that scenario was so unlikely that such an analysis "seems pretty weak." The firm didn't reply to a request for comment on this article.

Such blowups in leveraged investments have occurred before, says Pravit Chintawongvanich, head of derivatives strategy at Macro Risk Advisors in New York. "It is a story of a fund using too much leverage and getting too large relative to the underlying market," he says.

By leverage, Mr. Chintawongvanich means that because there is no limit to how high the VIX can go, losses could far exceed the initial investment made by the VelocityShares ETN. Leverage often refers to investments made using borrowed money, which isn't the case here. And both funds had grown large relative to the size of the VIX futures market because of the initial success of their strategies.

Just before the VIX spike, the ProShares fund had "42% of the open interest of the March contract," says a Feb. 2 report from Academy Securities.

When the VIX jumped Feb 5, both funds needed to unwind massive positions by buying VIX futures contracts of the type they had originally sold. The more the market moved against the funds, the more futures they both needed to buy. "They moved the market against themselves," says Mr. Chintawongvanich.

The ProShares fund has announced plans to use less leverage. As of Feb. 27, it no longer tracks inverse moves in the VIX one to one, but instead reduce the tracking by half, meaning when the VIX moves down 1% the fund's goal is to gain 0.5%.

That makes the possibility of the fund getting wiped out "less likely going forward," says Peter Tchir, macro strategy director at Academy Securities. But it doesn't make such a thing impossible. ProShares didn't respond to a request for comment.

—Simon Constable

NEWS CHALLENGE: FUNDS AND INVESTING

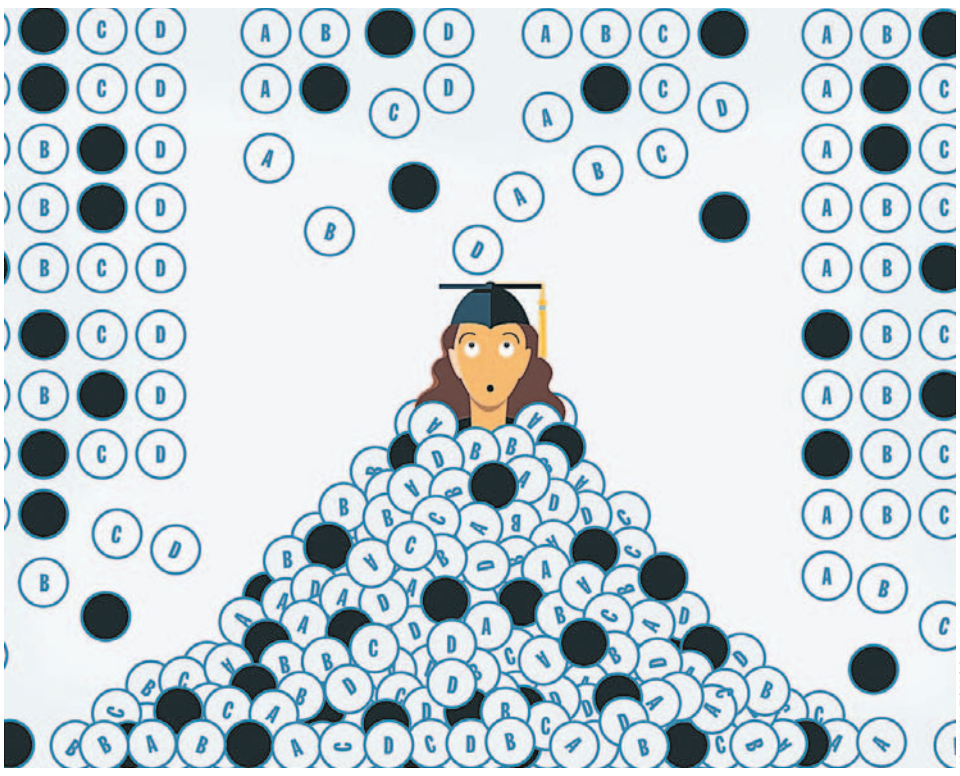
Test Your Smarts on...Student Debt

BY CHERYL WINOKUR MUNK

STUDENT-LOAN DEBT has been on a relentless upward trajectory over the past two decades. It stood at $1.4 trillion nationwide as of the fourth quarter of 2017, according to the Federal Reserve Bank of New York's quarterly report on household debt and credit. Student debt is the second-largest source of household debt, behind housing loans.

Rising student debt is a vexing problem for many people. More students are taking out loans—and for larger amounts, on average—and repayment rates have slowed, according to Federal Reserve data.

How much do you know about student debt? Take our quiz.



JOHN W. TOMAC

1. *Fill in the blank: Roughly _______ Americans are carrying student debt.*

A. 44 million B. 60 million
C. 20 million D. 12 million

ANSWER: A. About 44 million Americans were carrying student debt as of the fourth quarter of 2016, up from 22.5 million people in 2004, according to data from the New York Fed's Consumer Credit Panel, which analyzes credit records from Equifax, the consumer-credit reporting agency.

2. *For recipients of bachelor's degrees, what is the average student debt, including federal and private loans, for the academic year 2016-17?*

A. $15,940 B. $19,669
C. $26,975 D. $39,423

ANSWER: D. Mark Kantrowitz, a student-loan expert, estimates that the average debt at graduation for bachelor's-degree recipients rose 6% to $39,423 from an estimated $37,173 in 2015-16, and was up 12% from an estimated $35,051 in 2014-15. These figures don't include average parent debt for their children's higher education, which is also on the rise.

3. *Fill in the blank: The percentage of students who borrow fluctuates from year to year, but hovers around ______ of students.*

A. one-half B. one-10th
C. one-third D. one-fourth

ANSWER: C. Student loans are a perpetual go-to resource for families to pay for college. In 2016-17, students in 36% of surveyed families with undergraduates borrowed for college, using student loans, credit cards or some other type of loan, according to a 2017 Sallie Mae study on how Americans pay for college. Seventy-two percent of student-loan borrowers use only federal loans, 5% use only private loans, and 22% use both.

4. *The advantages of federal student loans over other student loans include:*

A. The interest rate on federal loans is almost always lower than on private loans or a credit card.

B. Borrowers don't need a credit check or cosigner to get most federal student loans.

C. If borrowers demonstrate financial need, they can qualify to have the government pay their interest while they are in school.

D. All of the above.

ANSWER: D. Federal loans offer all of these benefits and more compared with other options, such as private loans, according to the office of Federal Student Aid, a part of the Education Department that provides grants, loans and work-study funds for college or career schools. Another benefit of federal student loans is that they offer flexible repayment plans and options to postpone loan payments if the borrower is having financial troubles. Also, depending on their job and if they meet certain requirements, borrowers may be eligible to have a portion of their loan obligation forgiven.

5. *True or false: Private student loans (from banks, credit unions, and private organizations or foundations) have the same options as federal loans when it comes to lowering monthly payments.*

ANSWER: False. Unlike federal student loans, there are no standard options to lower monthly payments on a private student loan. Some lenders will offer modified repayment plans that are similar to the federal programs, but each lender has its own decision-making process and criteria.

6. *True or false: Families have to demonstrate financial need to qualify for student loans.*

ANSWER: False. The federal and state governments, colleges and private organizations offer various loans to college students and their parents. Some of these loans are need-based, while others are not. Depending on the loan, it may be interest-free while the student is in school. Typically, private loans aren't need-based, and interest rates may be higher than those on federal loans.

7. *Fill in the blank: Student-loan refinancing refers to __________.*

A. Taking out a new federal loan.

B. Taking out a new loan with a private lender for some or all of the borrower's current student debt.

C. Deferring payment on a loan indefinitely.

D. All of the above.

ANSWER: B. Student-loan refinancing is the process of taking out a new loan with a private lender. Students might do this to lower their monthly payments, but there are other ways to accomplish this that may be more appropriate, such as interest-rate reductions for signing up for automatic payments, says Rick Castellano, a spokesman for Sallie Mae. Borrowers who choose to refinance federal loans should be aware that some of the repayment options on their existing loans, such as income-based repayment, will no longer be available, he says.

8. *True or false: There are no consequences to being late or defaulting on student loans.*

ANSWER: False. If a borrower doesn't make payments on time, the lender or servicer will report the missed payments to national credit-reporting firms, which hampers the borrower's credit rating. A collection agency could come after the borrower, who could also be subject to wage garnishment or tax-refund withholding. Not only that, if the borrower has a cosigner on the loan, he or she could also be negatively affected. According to a recent study by LendEDU, an online marketplace for student and consumer loans, 62% of parent cosigners said their credit scores have been negatively affected by cosigning on private student loans, and 40% of parent cosigners said cosigning has hurt their ability to qualify for a mortgage, auto loan or other type of financing.

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