Glossary of Terms (As of January 30, 2016)

3:1 (3 to 1) - A term used to describe investments which the Fund seeks or owns. We believe these type of investments to have approximately 3X as much upside potential as downside potential.

AB Inbev - Anheuser Busch

ABS (Asset Backed Securities) are bonds or notes backed by financial assets.

Agency-backed mortgage securities - securities issued by government-sponsored enterprises such as Ginnie Mae, Fannie Mae or Freddie Mac. These bonds are not fully guaranteed in the same way as U.S. Treasury and municipal bonds.

AIG - American International Group

AOLS is Average outstanding loan size, or the unpaid, interest-bearing balance of a loan or loan portfolio averaged over a period of time.

ARM is the Adjustable Rate Mortgage. It is a mortgage with an interest rate that may change, usually in response to changes in the Treasury Bill rate or the prime rate.

Arbitrage is basically buying in one market and simultaneously selling in another, profiting from a temporary difference. This is considered riskless profit for the investor/trader.

Barclays ABS Index is composed of debt securities backed by credit card, auto and home equity loans that are rated investment grade or higher by Moody's Investors Service, Standard & Poor's Ratings Service or Fitch Investor's Service, in that order. Issues must have at least one year to maturity and an outstanding par value of at least $50 million. Price, coupon and total return are reported on a month-end to month-end basis. All returns are market value-weighted inclusive of accrued interest but do not include adjustments for advisory fees or other expenses.

Barclays Aggregate 1-3 Year Index provides a measure of the performance of the U.S. investment grade bonds market, which includes investment grade U.S. Government bonds, investment grade corporate bonds, mortgage pass-through securities and asset-backed securities that are publicly offered for sale in the United States. The securities in the Index must have a remaining maturity of 1 to 3 years. In addition, the securities must be denominated in U.S. dollars and must be fixed rate, nonconvertible, and taxable.

Barclays Aggregate Index, 1-3 year, and Intermediate - The Barclays Capital U.S. Aggregate Bond Index is an unmanaged index that is generally considered to be representative of U.S. bond market activity. Unlike the Fund, the index does not incur fees or expenses. The 1-3 year and Intermediate versions of the Index are shorter duration versions of the index.

Barclays Aggregate Index provides a measure of the performance of the U.S. investment grade bonds market, which includes investment grade U.S. Government bonds, investment grade corporate bonds, mortgage pass-through securities and asset-backed securities that are publicly offered for sale in the United States. The securities in the Index must have at least 1 year remaining in maturity. In addition, the securities must be denominated in U.S. dollars and must be fixed rate, nonconvertible, and taxable.

Barclays Aggregate Intermediate Index provides a measure of the performance of the U.S. investment grade bonds market, which includes investment grade U.S. Government bonds, investment grade corporate bonds, mortgage pass-through securities and asset-backed securities that are publicly offered for sale in the United States. The securities in the Index must have a remaining maturity of greater than or equal to 1 year and less than 10 years. In addition, the securities must be denominated in U.S. dollars and must be fixed rate, nonconvertible, and taxable.

The Barclays Capital Aggregate Bond Index is a broad base index and a market capitalization-weighted index and is often used to represent investment grade bonds being traded in the United States.

Barclays Intermediate U.S. Treasury Index includes all publicly issued, U.S. Treasury securities that have a remaining maturity of equal to or greater than 1 year and less than 10 years, are rated investment grade, and have $250 million or more of outstanding face value.

Barclays Intermediate US Corporate Index tracks the intermediate term (1-10 years) sector of the United States corporate bond market.

Barclays U.S Corporate High-Yield Bond Index is composed of fixed-rate, publicly issued, non-investment grade debt.

Barclays Corporate Investment Grade Index is an unmanaged index consisting of publicly issued US Corporate and specified foreign debentures and secured notes that are rated investment grade (Baa3/BBB- or higher) by at least two ratings agencies, have at least one year to final maturity and have at least $250 million par amount outstanding.

Barclays High Yield Index covers the universe of fixed rate, non-investment grade debt. Eurobonds and debt issuer from countries designated as emerging markets (e.g. Argentina, Brazil, Venezuela, etc.) are excluded, but Canadian and global bonds (SEC registered) of issuers in non-EMG countries are included. Original issue zeros, step-up coupon structures, 144-As and pay-in-kind (PIK, as of October 1, 2009) are also included.

Basis point (bps) - A unit that is equal to 1/100th of 1%, and is used to denote the change in a financial instrument.

BHP -BHP Billiton is an Australian multinational mining and petroleum company headquartered in Melbourne, Australia.

BRIC – Brazil, Russia, India and China

Callable bond - A bond that can be redeemed by the issuer prior to its maturity. Usually a premium is paid to the bond owner when the bond is called.

Callable high-yield – see ‘Callable bond’

Capital employed - A return from an investment that is not considered income.

CAPEX - (Capital expenditures) are expenditures creating future benefit.

Cap rate - capitalization rate, or the interest rate used in converting a series of future payments from a security or other business investment into its present net value.

Case-Shiller Home Price Index - A group of indices which are used in combination to gauge current home prices across the United States.

CBOE Volatility Index (VIX)- The ticker symbol for the Chicago Board Options Exchange (CBOE) Volatility Index, which shows the market's expectation of 30-day volatility. It is constructed using the implied volatilities of a wide range of S&P 500 index options.

CE - Conformité Européenne

CIT - CIT Group Inc., a United States bank holding company.

CMBS is Commercial Mortgage Backed Security. It is a mortgage-backed security backed by commercial mortgages rather than residential mortgages.

Constant Maturity Swap (**CMS**) is a floating interest rate swap. In a constant maturity swap, the floating interest portion is reset periodically according to a fixed maturity market rate of a product with a duration extending beyond that of the swap's reset period.

CNQ - Canadian Natural Resources

Consumer Price Index (CPI), or a measure that examines the weighted average of prices of a basket of consumer goods and services, such as transportation, food and medical care. The CPI is calculated by taking price changes for each item in the predetermined basket of goods and averaging them; the goods are weighted according to their importance.

Convenant-lite Loans - A type of loan whereby financing is given with limited restrictions on the debt-service capabilities of the borrower. The issuance of covenant-lite loans means that debt is being issued, both personally and commercially, to borrowers with less restrictions on collateral, payment terms, and level of income.

The **CPI +100 Basis Points benchmark** is created by adding 1% to the annual percentage change in the Consumer Price Index ("CPI"). This index reflects non-seasonably adjusted returns. The Consumer Price Index is an unmanaged index representing the rate of the inflation of the U.S. consumer prices as determined by the U.S. Department of Labor Statistics. There can be no guarantee that the CPI of other indexes will reflect the exact level of inflation at any given time.

CLO is Collateralized Loan Obligation. A debt security backed by a pool of commercial loans.

CMBS is Commercial Mortgage Backed Security. It is a mortgage-backed security backed by commercial mortgages rather than residential mortgages.

Coupon - The interest rate on a fixed income security, determined upon issuance, and expressed as a percentage of par.

CMO is Collateralized Mortgage Obligation. It is a mortgage-backed, investment-grade bond that separates mortgage pools into different maturity classes.

CNQ - Canadian Natural Resources

CPR is the Constant prepayment rate, or a loan prepayment rate that is equal to the proportion of the principal of a pool of loans that is assumed to be paid off prematurely in each period. The calculation of this estimate is based on a number of factors such as historical prepayment rates for previous loans that are similar to ones in the pool and on future economic outlooks.

CUSIPs - Committee on Uniform Securities Identification Procedures. The committee which supplies a unique nine-character identification, called a CUSIP number, for each class of security approved for trading in the United States to facilitate clearing and settlement.

Debt/Capital (Debt-to-Capital) for a fund's underlying stock holdings is calculated by dividing each security's long-term debt by its total capitalization.

Debt-to-Equity is the measure of a company's financial leverage calculated by dividing its total liabilities by stockholder's equity.

Discount to Estimated Intrinsic Value - The actual value of a company or an asset based on an underlying perception of its true value including all aspects of the business, in terms of both tangible and intangible factors. This value may or may not be the same as the current market value and thus if it is less it is at a discount.

Discount rate - The interest rate that an eligible depository institution is charged to borrow short-term funds directly from a Federal Reserve Bank.

Dividend Yield - A financial ratio that shows how much a company pays out in dividends each year relative to its share price.

EBIT (Earnings Before Interest & Tax) is an indicator of a company's profitability, calculated as revenue minus expenses, excluding tax and interest.

EBITA (Earnings before interest, taxes and amortization) is a financial indicator used widely as a measure of efficiency and profitability.

EBITDA (Earnings before Interest Tax Depreciation and Amortization) is essentially net income with interest, taxes, depreciation, and amortization added back to it, and can be used to analyze and compare profitability between companies and industries because it eliminates the effects of financing and accounting decisions.

EBR refers to the effective regional mortgage rate.

ECB - European Central Bank

Economic Value Added or EVA is the operating profit earned by a company minus its cost of capital.

Effective Duration is the duration calculation for bonds with embedded options. Effective duration takes into account that expected cash flows will fluctuate as interest rates change.

EV (Enterprise Value) - a measure of a company's value, often used as an alternative to straightforward market capitalization. Enterprise value is calculated as market cap plus debt, minority interest and preferred shares minus total cash and cash equivalents.

ERP – Enterprise Resource Planning Software

EPS (Earnings per share) is the portion of a company's profit allocated to each outstanding share of common stock.

ETF is Exchange Traded Fund. It is a fund that tracks an index, but can be traded like a stock.

Equity option - A privilege, sold by one party to another, that gives the buyer the right, but not the obligation, to buy (call) or sell (put) a stock at an agreed-upon price within a certain period or on a specific date.

EU - European Union

Euro Stoxx 600 - The STOXX Europe 600 Index is derived from the STOXX Europe Total Market Index (TMI) and is a subset of the STOXX Global 1800 Index. With a fixed number of 600 components, the STOXX Europe 600 Index represents large, mid and small capitalization companies across 18 countries of the European region: Austria, Belgium, Czech Republic, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and the United Kingdom.

EV - Enterprise Value, or a measure of a company's value, often used as an alternative to straightforward market capitalization. Enterprise value is calculated as market cap plus debt, minority interest and preferred shares minus total cash and cash equivalents.

Evergreen type of investments - This name comes from coniferous evergreen trees, which keep their leaves and stay green throughout the entire year, rather than losing them during winter. Similarly, evergreen funding or type of investments means capital is provided throughout the course of a company's development phase.

Exploration and Production (E&P) - An E&P company is known to be in a specific sector within the oil and gas industry. Companies involved in the high-risk/high-reward area of exploration and production focus on finding, augmenting, producing and merchandising different types of oil and gas.

FDA - Food and Drug Administration

FHA is the Federal Housing Administration. It is a U.S. government agency that administers housing programs, including subsidized mortgages, rental assistance, and mortgage insurance.

FICO score is a credit score model in the U.S. It is calculated statistically with information from a consumer's credit files.

Financial float - the number of shares of a security that are outstanding and available for trading by the public.

Floating Rate - An interest rate that is allowed to move up and down with the rest of the market or along with an index.

FNCN is the Fannie Mae designator for all 10 year amortized mortgage pools.

FNMA is the Federal National Mortgage Association, or a government-sponsored enterprise (GSE) that was created in 1938 to expand the flow of mortgage money by creating a secondary mortgage market. Fannie Mae is a publicly traded company which operates under a congressional charter that directs Fannie Mae to channel its efforts into increasing the availability and affordability of homeownership for low- moderate- and middle-income Americans.

FP is Fund Portfolio.

Free Cash Flow - A measure of financial performance calculated as operating cash flow minus capital expenditures. Free cash flow (FCF) represents the cash that a company is able to generate after laying out the money required to maintain or expand its asset base. Free cash flow is important because it allows a company to pursue opportunities that enhance shareholder value.

Free Cash Flow Yield- An overall return evaluation ratio of a stock, which standarizes the free cash flow per share a company is expected to earn against its market price per share. The ratio is calculated by taking the free cash flow per share divided by the share price.

Full Document Lending is the underwriting process where the lender requires the borrower to provide documentation for the information supplied on the loan application.

Fed Funds Rate - A performance metric that examines how successful a firm's investment decisions are compared to its debt situations. A negative value denotes that the firm did not make an optimal decision, because interest expenses were greater than the amount of returns generated by investments.

Forward earnings are a company's forecasted, or estimated, earnings made by analysts or by the company itself.

GAAP is the common set of accounting principles, standards and procedures that companies use to compile their financial statements. GAAP are a combination of authoritative standards (set by policy boards) and simply the commonly accepted ways of recording and reporting accounting information.

GBL - Groupe Bruxelles Lambert

GDP is the Gross Domestic Product, which is the total market value of all final goods and services produced in a country in a given year, equal to total consumer, investment and government spending, plus the value of exports, minus the value of imports.

GE - General Electric

GEO multipliers refer to observed frequency of refinancing within each state.

G-Fees (Guarantee Fees) are fees that agencies charge to provide to guarantee the loan.

Ginnie Mae (GNMA) refers to the residential loans guaranteed by the Government National Mortgage Association.

Gross yield is the yield on an investment before the deduction of taxes and expenses.

GSE is Government Sponsored Enterprise. Created by the United States Congress, it is a privately held corporation in the financial sector.

GWAC is the gross weighted average coupon, or a term used to describe the coupon received from a mortgage pool security such as a mortgage backed security (MBS). It refers to the weighted average of all the interest rates in the pool paid by the owners of the mortgages and before any administration or service fees are deducted.

HPI is the house price index and measures the price of residential housing.

High Yield is a term used to describe a high paying bond with a lower credit rating than investment-grade corporate bonds, Treasury bonds and municipal bonds. Because of the higher risk of default, these bonds pay a higher yield than investment grade bonds.

High Yield spreads refers to the percentage difference in current yields of various classes of high-yield bonds (often junk bonds) compared against investment-grade corporate bonds, Treasury bonds or another benchmark bond measure. Spreads are often expressed as a difference in percentage points or basis points (which equal one-one hundredth of a percentage point).

High Yield Option adjusted spread refers to the difference between the fixed-income rate and the risk-free rate and then adjusts that figure to account for an embedded option in the contract.

Hurdle rate is the minimum rate of return on a project or investment required by a manager or investor

Index fund is a type of mutual fund with a portfolio constructed to match or track the components of a market index. An index mutual fund is said to provide broad market exposure, low operating expenses and low portfolio turnover.

Interest Only (IO) Strips - The interest portion of mortgage, Treasury or bond payments, which is separated and sold individually from the principal portion of those same payments.

The **Internal Rate of Return** (**IRR**) is the discount rate that results in a net present value of zero for a series of future cash flows.

Intrinsic Value is the actual value of a security.

IVA - International Value Advisors

Junk bond - A colloquial term for a high-yield or non-investment grade bond. Junk bonds are fixed-income instruments that carry a rating of 'BB' or lower by Standard & Poor's, or 'Ba' or below by Moody's.

J&J - Johnson & Johnson, a publicly traded company

JP Morgan Domestic High Yield Double B Index tracks the performance of bonds of domestic corporate issuers rated double B.

JP Morgan Loan Index - Index designed to mirror the investable universe of the institutional leveraged loan market. It is comprised of issuers domiciled across the global markets.

JP Morgan leveraged Loan Double B Index is an unmanaged index designed to mirror the investable universe of the U.S. dollar developed, Double B rated, leveraged loan market.

Jumbo - A mortgage loan with a loan amount exceeding the conforming loan limits set by the Office of Federal Housing Enterprise Oversight (OFHEO), and therefore, not eligible to be purchased, guaranteed or securitized by Fannie Mae or Freddie Mac.

KKR - Kohlberg Kravis Roberts

KPIs - Key Performance Indicators

Leveraged Loans - Loans extended to companies or individuals that already have considerable amounts of debt. Lenders consider leveraged loans to carry a higher risk of default and, as a result, a leveraged loan is more costly to the borrower.

LIBOR is the London Inter-Bank Offer Rate. It is the interest rate that the banks charge each other for loans (usually in Eurodollars). This rate is applicable to the short-term international interbank market, and applies to very large loans borrowed for anywhere from one day to five years.

Lipper Mid-Cap Core Fund – An unmanaged index considered representative of mid-cap core funds tracked by Lipper.

Loan to Value - A lending risk assessment that financial institutions and others lenders examine before approving a mortgage.

LNG – Liquid Natural Gas

LTV is the loan to value ratio and is a financial term used by commercial lenders to express the ratio of a loan underwritten to a value of an asset purchased.

M&A - Mergers and Acquisitions

Margin of safety - Buying with a “margin of safety,” a phrase popularized by Benjamin Graham and Warren Buffet, is when a security is purchased for less than its estimated value. This helps protect against permanent capital loss in the case of an unexpected event or analytical mistake. A purchase made with a margin of safety does not guarantee the security will not decline in price.

Mark-to-Mark Value is the current market value.

MBS is Mortgage Backed Security. It is a security backed by a pool of mortgages, such as those issued by Ginnie Mae and Freddie Mac.

MCF - An abbreviation denoting a thousand cubic feet of natural gas.

Mid-Cap Growth - Some mid-cap growth portfolios invest in stocks of all sizes, thus leading to a mid-cap profile, but others focus on midsize companies. Mid-cap growth portfolios target U.S. firms that are projected to grow faster than other mid-cap stocks, therefore commanding relatively higher prices. The U.S. mid-cap range for market capitalization typically falls between $1 billion and $8 billion and represents 20% of the total capitalization of the U.S. equity market. Growth is defined based on fast growth (high growth rates for earnings, sales, book value, and cash flow) and high valuations (high price ratios and low dividend yields).

MLPs - Master Limited Partnerships, or a type of limited partnership that is publicly traded. There are two types of partners in this type of partnership: The limited partner is the person or group that provides the capital to the MLP and receives periodic income distributions from the MLP's cash flow, whereas the general partner is the party responsible for managing the MLP's affairs and receives compensation that is linked to the performance of the venture. E&P MLPs are such partnerships that invest in the exploration and production of commodities.

Mortgage pass-throughs - a security created when one or more mortgage holders form a collection (pool) of mortgages and sells shares or participation certificates in the pool.

MOVE Index - Merrill Lynch Option Volatility Estimate. This is a yield curve weighted index of the normalized implied volatility on 1-month Treasury options.

MSCI ACWI ex-USA Index is a float-adjusted market capitalization index that is designed to measure the combined equity market performance of developed and emerging market countries excluding the United States.

MSCI AC Asia Pacific is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of Asia and the developed and emerging markets in the Pacific region. The index consists of the following 13 developed and emerging market countries: Australia, China, Hong Kong, India, Indonesia, Japan, Korea, Malaysia, New Zealand, Philippines, Singapore, Taiwan, and Thailand.

MSCI AC Asia Pacific ex Japan is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of Asia and developed and emerging markets in the Pacific region, excluding Japan. The MSCI AC Asia Pacific ex Japan Index consists of the following 12 developed and emerging market country indices: Australia, China, Hong Kong, India, Indonesia, Korea, Malaysia, New Zealand, Philippines, Singapore, Taiwan, and Thailand.

MSCI Brazil/Russia/India/China is a float-adjusted market capitalization index that is designed to measure the equity market performance of the following four emerging market country indices: Brazil, Russia, India and China.

NASDAQ - A computerized system that facilitates trading and provides price quotations on more than 5,000 of the more actively traded over the counter stocks.

Net Debt to EBITDA is a measurement of leverage, calculated as a company's interest-bearing liabilities minus cash or cash equivalents, divided by its EBITDA. The net debt to EBITDA ratio is a debt ratio that shows how many years it would take for a company to pay back its debt if net debt and EBITDA are held constant. If a company has more cash than debt, the ratio can be negative.

NIH - National Institutes of Health

Net yield with respect to high yield bonds is the gross yield –(default rate x (1-recovery rate).

Nikkei is abbreviated term for Japan's Nikkei 225 Stock Average, the leading and most-respected index of Japanese stocks. It is a price-weighted index comprised of Japan's top 225 blue-chip companies on the Tokyo Stock Exchange.

Nominal - An unadjusted rate, value or change in value. This type of measure often reflects the current situation, such as the current price of a car, and doesn't make adjustments to reflect factors such as seasonality or inflation, which provide a more accurate measure in real terms.

Nominal bond – is a bond which makes payments of a fixed amount, rather than a fixed real (inflation-adjusted) value.

Nominal spread is the spread, expressed in percent or basis points, that when added to the yield at one point on the Treasury yield curve equals the discount factor that will make a security's cash flows equal to its current market price.

Normalized earnings - Earnings generated in periods where no extreme contraction or expansion is occurring.

Nonrated bonds - Bonds with issuers that have not received a credit rating from one or more of the major credit rating agencies. A bond may be nonrated for a number of reasons, including simply not wishing to pay the fee to the credit rating agency. A nonrated bond is not necessarily risky, but they cannot be investment-grade.

O.I. - Owens Illinois

Occi - Occidental Petroleum

Old 729-750 - referring to the loan balance range which used to qualify for agency mortgage eligibility.

Par is the stated or face value.

PBM - Pharmaceutical Benefits Management

P&I Bonds pertains to only those mortgage backed securities in the portfolio who's underlying bonds pay both principal and interest.

PPI (Producer Price Index) – A family of indexes that measures the average change in selling prices received by domestic producers of goods and services over time.

Par-weighted default rate - The rate of borrowers who fail to remain current on their loans based on the par amount.

Price-to-Book (P/B) - A ratio used to compare a stock's market value to its book value. It is calculated by dividing the current closing price of the stock by the latest quarter's book value per share.

Price/Earnings ratio (P/E) is the price of a stock divided by its earnings per share.

Price-to-Sales (P/S) is a ratio valuing a stock relative to its own past performance. Price to sales is calculated by dividing a stock's current price by its revenue per share in most recent year.

Price to Value (Price to Intrinsic Value) is a term to describe the market price of a security compared to our estimate of intrinsic value.

PV-10 Value - Present Value discounted by 10%.

Quantitative Easing (QE) - A process of increasing the money supply, typically only seen when interest rates have already been reduced to zero and when the government is still trying to stop a credit crunch situation.

R&D - Research and Development

ROA (Return on Assets) - An indicator of how profitable a company is relative to its total assets. ROA gives an idea as to how efficient management is at using its assets to generate earnings. Calculated by dividing a company's annual earnings by its total assets, ROA is displayed as a percentage.

ROCE (Return on Capital Employed) - A financial ratio that measures a company's profitability and the efficiency with which its capital is employed. Return on Capital Employed (ROCE) is calculated as: ROCE = Earnings Before Interest and Tax (EBIT) / Capital Employed.

Real - An interest rate that has been adjusted to remove the effects of inflation to reflect the real cost of funds to the borrower, and the real yield to the lender.

REITS - A security that sells like a stock on the major exchanges and invests in real estate directly, either through properties or mortgages. REITs receive special tax considerations and typically offer investors high yields, as well as a highly liquid method of investing in real estate.

Relo - A type of mortgage that is designed for relocating/transferring employees. Corporations sometimes make special mortgages available for relocating employees in an effort to make the moving process easier and more economical.

REO is Real Estate Owned. They are property which is in the possession of a lender as a result of a foreclosure.

Rio Tinto - British-Australian multinational metals and mining corporation with headquarters in London, UK and a management office in Melbourne, Australia.

ROE (Return on equity) measures a corporation's profitability by revealing how much profit a company generates with the money shareholders have invested.

Recovery rate is the extent to which principal and accrued interest on a debt instrument that is in default can be recovered, expressed as a percentage of the instrument's face value.

The **Russell 2000** Index consists of the 2,000 smallest companies in the Russell 3000 total capitalization universe. This index is considered a measure of small capitalization stock performance.

The **Russell 2500 Index** consists of the 2,500 smallest companies in the Russell 3000 total capitalization universe. The Russell 3000 Index measures the performance of the 3,000 largest U.S. companies based on total market capitalization. This index is considered a measure of small to medium capitalization stock performance. This index does not reflect any commissions or fees which would be incurred by an investor purchasing the stocks it represents.

The **Russell 3000 Index** measures the performance of 3,000 publicly held US companies based on total market capitalization, which represents approximately 98% of the investable US equity market.

The **Russell 3000 Growth Index** includes companies that display signs of above average growth. The index is used to provide a gauge of the performance of growth stocks in the U.S.

The **Russell 3000 Value Index** is a market-capitalization weighted equity index maintained by the Russell Investment Group and based on the Russell 3000 Index, which measures how U.S. stocks in the equity value segment perform. Included in the Russell 3000 Value Index are stocks from the Russell 3000 Index with lower price-to-book ratios and lower expected growth rates.

SAP - Systems, Applications and Products. It is a German software maker**.**

SAR – Annual Rate of Sales

SG&A – Selling, General & Administrative Expenses

Sharpe Ratio is a risk adjusted measure calculated by using standard deviation and excess return to reward per unit of risk.

S&P 500 Index includes a representative sample of 500 leading companies in leading industries of the U.S. economy. The index focuses on the large-cap segment of the market, with over 80% coverage of U.S. equities, but is also considered a proxy for the total market.

Shiller based PE methodology – Robert J. Shiller, an American academic, applies a cyclically adjusted P/E ratio to assist in the valuation of equities. The method uses ten years, worth of trailing earnings to account for the business cycle. This allows you to have a "normalized" growth rate.

Short selling is the selling of a stock that the seller doesn't own.

SIFMA- Securities Industry and Financial Markets Association

SMID - Small/Mid-Cap

Spot market - A commodities or securities market in which goods are sold for cash and delivered immediately.

Tangible Bookings - The tangible book value number is equal to the company's total book value less the value of any intangible assets.

Tangible Equity - A measure of a company's capital, which is used to evaluate a financial institution's ability to deal with potential losses.

TBA Market - A term used to describe a forward mortgage-backed securities trade. Pass-through securities issued by Freddie Mac, Fannie Mae and Ginnie Mae trade in the TBA market.

Total Enterprise Value (TEV) is a valuation measurement used to compare companies with varying levels of debt.

TEV/EBITDA (Total Enterprise Value/Earnings Before Interest, Taxes, Depreciation and Amortization) is a valuation multiple to measure the value of a company.

Three-to-ones - A term used to describe the type of risk/reward the investment team looks for in securities. That is in our opinion a 75% upside potential and a limited 25% downside potential.

TIPS is the Treasury Inflation-Protected Security. It is a security which is identical to a treasury bond except that principal and coupon payments are adjusted to eliminate the effects of inflation.

Trough is the stage of the economy's business cycle that marks the end of a period of declining business activity and the transition to expansion.

YTM is yield to maturity or the amount that an investor will gain from a bond over its life if the issuer does not repay it before the set time.

YTW is yield to worst or the lowest amount that an investor will make from a bond, computed by using the lower of the yield to maturity and the yield to call on every call date.

WAC is the weighted-average gross interest rates of the pool of mortgages that underlie a mortgage-backed security (MBS) at the time the securities were issued. A mortgage-backed security's current WAC can differ from its original WAC as the underlying mortgages pay down at different speeds.

WAL is the weighted average life, or the average number of years for which each dollar of unpaid principal on a loan or mortgage remains outstanding. Once calculated, WAL tells how many years it will take to pay half of the outstanding principal.

Weighted average loan to value - Loan to value that is weighted by the loan balance.

WTI – West Texas Intermediate

VIX Index - is the Chicago Board of Options Exchange Volatility Index and is a measure of implied volatility for this options index.

X-UK - Excluding the United Kingdom.

ZIRP – Zero-interest rate policy