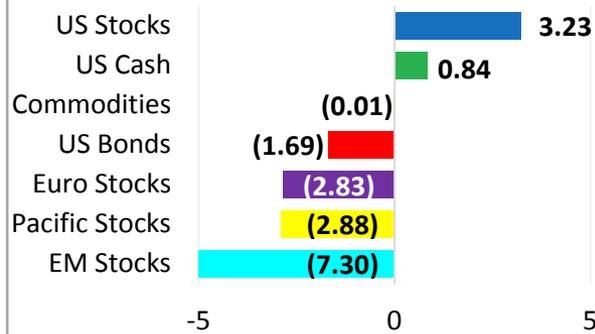


## Markets Recap

Only US Stocks and US Cash remain above water YTD. Foreign stocks have suffered the most thus far, with EM Stocks taking the hardest hit at -7.3% YTD.

### 2018 Return (%) as of 6/30



## Summer Quiz

With the dog days of summer upon us, we are mixing things up this month with a short quiz to test your knowledge on topics covered in prior letters. Answers are below in the footnote section. Good luck and Happy Fourth!

### 1. When an asset class performs poorly, Cape Ann Capital's investment approach is to:

- Drop it and jump into whatever is a hot investment at that moment
- Drop it and convert it to cash; better to just stay safe until things settle down
- Stay diversified; not all asset classes will appreciate in unison.

### 2. Mutual funds considered for Cape Ann Capital's buy list typically have a track record of at least:

- 2-4 Years
- 10 Years
- 5 Years

### 3. Cape Ann Capital surveys every share class of a mutual fund to find:

- The lowest cost version of a given mutual fund
- A lower risk version of a given mutual fund
- A more skilled portfolio manager for a given strategy

### 4. Cape Ann Capital identifies mutual fund manager skill using a statistical technique called:

- Returns-Based Style Analysis
- Holdings-Based Style Analysis
- Momentum-Based Factor Analysis

### 5. CAC model portfolios are constructed to achieve:

- The lowest risk
- The highest return
- The highest return for a given level of risk

### 6. An investor achieves success when their annual return exceeds the return of:

- The Barclays Aggregate Bond Index
- Their unique benchmark
- The S&P500

### 7. Comparing mutual fund performance to a style benchmark measures returns of a fund versus those of:

- A well-known star portfolio manager.
- A benchmark reflecting the unique exposure history of that fund over time
- Whatever the top performing index is

### 8. One reason to hold a growth fund in a taxable account versus an IRA is:

- Growth funds tend to distribute long term capital gains at lower long term tax rates
- If held in an IRA account, a growth fund's long term gains would ultimately be taxed at typically higher ordinary tax rates in retirement
- All of the above

### 9. When Cape Ann Capital invests in a mutual fund on behalf of a client, it receives a commission:

- As soon as the investment occurs
- No commission is ever received by CAC
- Over the life of the investment

### 10. If an investor is currently contributing to an employer-sponsored 401(k) account, Cape Ann Capital can help by:

- Constructing a portfolio that controls risk for the overall portfolio, including both non-401(k) and 401(k) accounts.
- Analyzing the 401(k)'s fund menu and finding the best choices using their investment research process
- All of the above.

## Tell Us How You Did!

Email [info@capeanncapital.com](mailto:info@capeanncapital.com) with your score, along with any comments!

**0-5 Correct:** The summer heat has drained your concentration level. Put the CAC Newsletter archive at the top of your summer beach read list!

**6-8 Correct:** You are no stranger to the CAC Monthly Newsletter. Keep reading and sharpening that investment knowledge!

**9-10 Correct:** You are a dedicated CAC Newsletter subscriber. This will be invaluable as you tackle your investment goals over a lifetime!



Dave, Jim & Jeremy

Send feedback to:  
[info@capeanncapital.com](mailto:info@capeanncapital.com)