

What's News

Business & Finance

The stock market faces its next big test this week with the kickoff of a corporate earnings season expected to be dominated by worries about inflation and the health of the economy. **A1**

◆ **U.S. Treasuries** are off to a solid start in 2023, providing a glimmer of hope to investors recovering from a historically terrible year for bonds. **B1**

◆ **Tech's reassessment** is intensifying as a new wave of layoffs signals how executives are pivoting from a growth-above-all mind-set to protecting their bottom line. **A1**

◆ **Billionaire Jack Ma** is ceding control of Ant Group, capping a tumultuous period for the Chinese financial-technology giant. **B1**

◆ **Mutual-fund investors** felt the pain in 2022, as only 40 of 1,410 actively managed stock funds were able to post a positive result. **R1**

◆ **SpaceX is pushing** to increase its flight rate this year as competitors work to roll out new vehicles for the launch market. **B1**

◆ **Shell expects its** quarterly natural-gas profit was significantly higher than in the preceding three months, when price swings hurt results in that core business. **B2**

◆ **Elon Musk is seeking** to have a coming securities-fraud trial involving his conduct running Tesla moved out of San Francisco, arguing that pre-trial publicity has biased the local jury pool against him. **B2**

World-Wide

◆ **Thousands of Bolsonaro** supporters stormed Brazil's presidential palace, Congress and Supreme Court, many calling for military intervention to remove Lula da Silva, the leftist leader who took office last week. **A1**

◆ **The House will dive** into its first week of substantive work with bills to cut IRS funding and investigate economic competition from China, after a leadership election that underscored Republican divides and the fragile position of Speaker McCarthy. **A1, A4**

◆ **Tens of thousands** of travelers began to fly in and out of mainland China on Sunday as Beijing removed almost all of its pandemic-related border restrictions. **A6**

◆ **German authorities** said police arrested a 32-year-old Iranian citizen suspected of obtaining deadly toxins to allegedly carry out an Islamist-motivated attack. **A7**

◆ **The American Academy** of Pediatrics recommended physicians offer weight-loss drugs for children with obesity, an increasingly common condition across the U.S. **A3**

◆ **Sweden's prime minister** said his country can't meet some of the demands made by Turkey for the Nordic nation to enter NATO. **A8**

◆ **Prosecutors are** expected to open their seditious conspiracy case on Tuesday against the former leader of the extremist Proud Boys group in connection with the attack on the Capitol. **A4**

JOURNAL REPORT

Investing Monthly: Best fund managers. **R1-6**

CONTENTS		
Opinion.....	A15-17	
Arts in Review.....	A13	
Business & Finance E269	Outlook.....	A2
Business News.....	B3	
Crossword.....	B4	
Heard on Street.....	B10	
Markets.....	B10	
Personal Journal A11-12	Sports.....	A14
Technology.....	A4	
U.S. News.....	A2-5	
World News.....	A6-8	



Protesters swarmed the Congress building in Brasilia Sunday, calling for President Luiz Inácio Lula da Silva to be overthrown.

Pro-Bolsonaro Rioters Storm Brazil's Congress, High Court

By SAMANTHA PEARSON AND LUCIANA MAGALHAES

SÃO PAULO—Thousands of protesters supporting Brazil's former President Jair Bolsonaro stormed the presidential palace, Congress and the Supreme Court in the capital Brasilia Sunday, with many calling for military intervention to remove Luiz Inácio Lula da Silva, the leftist leader who took office last week.

Protesters dressed in Brazil's national green and yellow colors charged into the country's most important govern-

ment buildings in the afternoon, smashing windows and furniture and ripping up documents before riot police forced them back into the streets by nightfall. Some 300 people were arrested, police said.

Mr. da Silva, who was some 500 miles away from the capital Sunday, visiting flood victims in the state of São Paulo, called the protesters "fanatic fascists," and decreed a state of federal intervention in Brasilia. The emergency measure allows the federal government to temporarily replace state authorities in charge of

public security.

The 77-year-old leader, a standard-bearer of the Latin American left, accused Brasilia's military police of not acting to contain the protesters, many of whom had marched for more than an hour to get to the presidential palace.

"They did absolutely nothing," said Mr. da Silva of the military police, which counts many supporters of Mr. Bolsonaro among its ranks.

Mr. Bolsonaro condemned any attacks on government buildings. "Peaceful demonstrations, within the law, are

part of democracy," he wrote on Twitter. "However, vandalism and the invasion of public buildings like today's acts, and like those practiced by the left in 2013 and 2017, are an exception," he wrote, referring to previous waves of protests in the country.

Mr. Bolsonaro, an outspoken former army captain and friend of former President Donald Trump, has yet to publicly concede he lost the election, which Mr. da Silva won in October with 51% of the vote.

For months, Mr. Bolsonaro

Earnings Season Kicks Off With a Low Bar

Wall Street sees S&P 500 firms logging first drop in quarterly profit since pandemic's peak

By HANNAH MIAO

The stock market faces its next big test this week with the kickoff of a corporate earnings season that is expected to be dominated by worries about inflation and the health of the economy.

Analysts expect companies in the S&P 500 to report their first year-over-year decline in quarterly earnings since the height of the Covid-19 pandemic in 2020, according to FactSet. Fourth-quarter profits are estimated to have dropped 4.1%, a sharp reversal from the growth of more than 31% logged a year earlier.

Companies have been battling a host of challenges, including persistently elevated costs, rising interest rates and a once-in-a-generation surge in the dollar. And while analysts have been trimming their earnings expectations, investors are looking to this next round of reports for insights into the resilience of corporate profits and the outlook for stocks.

"Investors are starting to feel that we're headed into a recession," said Timothy Chubb, chief investment officer at wealth-management firm Girard. "The question is what's the difference between a soft

Please turn to page A5

◆ James Mackintosh: Investors had it easy last year..... **B10**

House GOP Turns To Agenda After Days Of Turmoil

By NICK TIMIRAOS

WASHINGTON—The House will dive into its first week of substantive work with bills to cut Internal Revenue Service funding and investigate economic competition from China, after a leadership election that underscored Republican divides and the fragile position of Speaker Kevin McCarthy.

Mr. McCarthy, of California, prevailed in his quest to be speaker of the Republican-controlled House shortly after midnight on Saturday. A small group of Republican holdouts had blocked him on 14 earlier ballots last week, turning a usually perfunctory process into a dayslong drama that previewed the potential for months of turmoil on spending issues in the narrowly divided chamber.

Republican leaders have promised to bring up a series of measures over their first two weeks in control of the House, including a plan to establish a bipartisan committee to scrutinize China's economic-competition strategy.

Other bills, which would be unlikely to win support from a Democratic-controlled Senate, would rescind tens of billions of dollars secured by the White House last year to boost staffing at the IRS; would place new restrictions on certain uses of crude oil from the Strategic Petroleum Reserve; and would make changes to U.S. immigration policy, including giving the Secretary of the U.S. Department of Homeland Security greater authority to expel mi-

◆ Concessions McCarthy gave to get the job..... **A4**

Biden Visits Southern Border



President Joe Biden and U.S. Border Patrol agents walk along the U.S.-Mexico border in El Paso, Texas, Sunday. **A3**

When Grandma Is a TikTok Star And Grandkids Are Managers

Seniors gets recognized in public, while youngsters work behind the scenes

By JOSEPH PISANI

Dolores Paolino dances, tells salty jokes and dresses up like Marilyn Monroe for her 2.4 million TikTok followers. She's 89.

Her only phone is a landline, which means she can't record herself or post anything on TikTok. That is the job of her 20-year-old grandson Julian Giacobbo, who also writes scripts and edits videos into 30-second clips.

"He does it all," says Ms. Paolino, who lives in South Philadelphia and shot to fame three years ago when her grandson recorded her downing a spiked ice tea when she was supposed to be chaperoning his Halloween party.

Grandchildren who accidentally turned their grandparents into TikTok stars are finding themselves in an unexpected role: managing the careers of their much older relatives. While granny gets recognized at diners and doctor's visits, the youngsters are toiling behind the scenes making deals with advertisers, responding to fan comments and figuring out how to teach octogenarians the latest TikTok dances.

It can be rewarding. Companies pay for the senior stars to promote toys, laundry detergent and other products. Several grandparents and younger relatives interviewed say they split

Please turn to page A10

Tech Industry's Reversal Intensifies With New Layoffs

By DANA MATTIOLI AND MILES KRUPPA

A new wave of tech layoffs signals how executives in the industry are pivoting from a growth-above-all-else mind-set to protecting their bottom line.

After a bruising 2022 in which companies from small startups to tech giants slammed the brakes on expansion, some of the biggest names in the sector are demonstrating that an era of austerity is only beginning, with expenses scrutinized and moonshot projects abandoned. Amazon.com Inc. and Salesforce Inc. both announced plans for layoffs in the past week.

The job cuts at Amazon, the largest in the tech sector to date, affect more than 18,000 workers, mostly in the retail, recruiting and devices businesses. Devices is an area of scrutiny under Chief Executive Andy Jassy.

"I really do believe in the devices business," Mr. Jassy said. "But at the same time, there's a number of experiments that we were running in that area that we just looked at it and didn't believe were going to move the needle and be big enough to justify

Please turn to page A2

◆ Outlook: Blue-collar jobs are resilient so far..... **A2**

Public Transit Goes Off the Rails

When riders stop taking subways and buses, it's harder to keep up service

By JIMMY VIELKIND

Several of the nation's largest urban mass-transit systems are at a crossroads, with ridership still depressed three years into the pandemic and federal aid running out.

While offices have largely reopened and travel has resumed, many commuters are only coming in a few days a week. That shift has left subways, buses and commuter trains operating at well below capacity—particularly on Mondays and Fridays.

The ridership shortfall is forcing transit authorities to question their decades-old funding models for public buses, subways and trains,

which are based on a combination of rider fares and public money. On average, fares provided about a third of the operating income for transit systems nationwide in 2019, according to the Federal Transit Administration.

In major cities such as New York and San Francisco, transit authorities have been leaning on emergency funding to plug budget holes and prop up operations. In all, Congress approved about \$69 billion in three separate Covid-19 relief packages in 2020 and 2021.

But those funds are dwindling, leaving transit officials grappling with budget short-

Please turn to page A10

U.S. NEWS

THE OUTLOOK | By Sarah Chaney Cambon

Blue-Collar Jobs Resilient So Far



Layoffs at white-collar companies are starting to rise. Now the question

hanging over the economy in 2023 is whether that trend spreads to blue-collar industries as interest rates bite.

Average layoffs in finance and insurance from September to November nearly doubled from a year earlier, according to Labor Department data released this past week. Job cuts picked up by more than 20% among real-estate lessors, brokers and agents over the same period, and by about 14% in the tech-heavy information sector.

Layoff rates in these white-collar industries are still historically low, at 1% of total employment in November, according to the Labor Department, compared with 0.9% in February 2020. Their recent rise, however, contrasts with industries where manual labor is more prevalent and pay lower. Manufacturing, leisure and hospitality and retail all laid off fewer workers on average in the three months through November compared with a year earlier.

Job growth slowed to a still-robust 223,000 in December, a two-year low, and could fall further this year thanks to higher interest rates engineered by the Federal Reserve to push down inflation.

Even so, many blue-collar workers might fare better than they did in previous downturns. Demand for

goods and services, while softening, is still too high for many employers to consider layoffs. If demand does soften, industries such as leisure and hospitality might hesitate to fire the front-line workers they struggled to hire and retain during the pandemic rebound, some economists contend.

Adjusted for inflation, consumer spending on durable goods has cooled over the past year, but is still running 26% above prepandemic levels. That is helping drive manufacturing hiring despite elevated interest rates, said Andrew Flowers, lead labor economist at recruiting software firm Appcast.

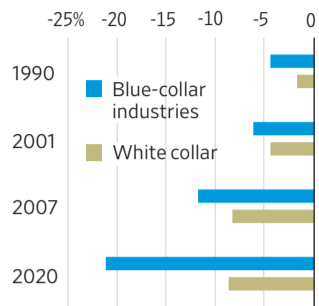
"I expect eventually the construction labor market will probably start to bend but not break. The manufacturing labor market will start to bend but not break," Mr. Flowers said. "We actually have a better economy than a lot of people think."

Carl Tannenbaum, chief economist at Northern Trust, doubted white-collar layoffs would quickly spread to blue-collar industries. Travel, leisure and entertainment firms "have struggled mightily to rebuild their head-count levels and now, having gotten close, I think they're reluctant to lay people off," he said.

If the economy goes into recession and layoffs remain concentrated in white-collar sectors, that would mark a departure from previous downturns.

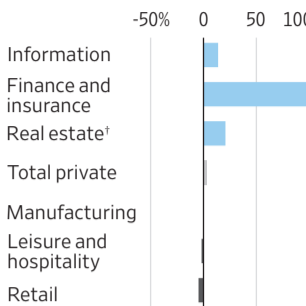
Blue-collar workers—including those in hospitality,

Payrolls, change from peak to trough, by recession*



*Seasonally adjusted. Blue collar includes mining, construction, manufacturing, retail warehousing, and leisure and hospitality. White collar includes information, finance and professional and business services. †Three-month moving averages of seasonally adjusted data. Real estate† includes lessors, brokers and agents. Source: Labor Department

November layoffs and discharges, change from a year earlier[†]



manufacturing, construction and retail—experienced steeper job losses than their white-collar counterparts during the recessions of 1990-91, 2001, 2007-09 and 2020, an analysis of Labor Department data shows. Amid pandemic shutdowns in early 2020, blue-collar employers cut payrolls at well over twice the pace of white-collar ones.

Lower-wage workers were hit hardest during the pandemic downturn, said Nela Richardson, chief economist at ADP. "Firms in tech and in finance leaned into the pandemic economy and hired aggressively," Ms. Richardson said. Now, "they have to recalibrate their hiring strategy to accommodate a slowing economy."

The current economic situation is unlike any that many tech companies have confronted, Ms. Richardson said. Many weren't around 40 years ago, meaning they

haven't seen inflation this high, she said.

Companies are less likely to invest in a new product or idea when interest rates rise, said Aaron Terrazas, chief economist at Glassdoor. "A lot of business ideas that may have seemed feasible under a low-interest rate world suddenly don't look profitable," Mr. Terrazas said.

That helps explain a large share of the layoffs in white-collar industries such as tech and finance, whose businesses tend to be riskier and reliant on innovation, he said. Further, businesses seeking to cut costs often first look to support roles in human resources, legal and management.

Job postings for human-resources positions on Indeed.com were down nearly 36% at the end of December from a year earlier, compared with a decline of about 9% among all postings.

One blue-collar sector that is particularly vulnerable to rising interest rates is construction. James Knightley, ING's chief international economist, said, "We seem to be going from a situation of huge excess demand for home purchases to one of excess supply in the housing market."

Mr. Knightley said that there could be large job losses in residential construction and retail related to housing, such as furniture, household appliances and building supplies. One early sign: Average construction layoffs rose 14.4% in the three months ending in November compared with a year earlier, outpacing the 2% increase in all private-sector layoffs.

Losses in other blue-collar industries could be muted, though, because employers haven't been able to find enough employees following layoffs during the recession in spring 2020. In December, the leisure and hospitality industry, for example, was still 932,000 jobs short of its February 2020 level, and vacancies in November were 551,000 higher.

"Our traditional thinking is that lower-paid workers are the most vulnerable," Mr. Tannenbaum said. "Some of those lower-wage occupations actually have a lot more leverage than they used to because quite a number of people who were working in those sectors left them during the pandemic."

ECONOMIC CALENDAR

Monday: The Federal Reserve Bank of New York releases its December survey of **consumers' expectations** on inflation, labor-market conditions and household finances.

Tuesday: The Commerce Department releases November figures on **wholesale inventories**. Inventories at U.S. wholesalers increased 0.5% in October from the previous month, and were up 21.9% from the same month a year ago.

Wednesday: China's National Bureau of Statistics releases December figures on **consumer inflation**. Consumer prices in China rose 1.6% in November from a year earlier, a slower pace than the 2.1% annual pace in the prior month.

Thursday: The Labor Department releases its December **consumer-price index**, a closely watched measure of what consumers pay for goods and services. Consumer inflation has slowed in recent months, but remains historically high. The CPI increased 7.1% in November from a year earlier, compared with a 7.7% rise in the prior month.

The Labor Department releases **initial unemployment insurance claims** for the week ended Jan. 7.

Friday: The University of Michigan releases its preliminary reading of U.S. **consumer sentiment** for January. The final consumer sentiment reading for December showed an improvement from the month before.

The U.K.'s Office for National Statistics releases **gross domestic product** for the three months through November. The **British economy** shrank 0.3% in the three months ended in October.

China's National Statistics Bureau releases December figures on the country's **trade surplus**, which declined in November because of a steep drop in exports.

Reversal In Tech Worsens

Continued from Page One

the cost," he told The Wall Street Journal last month. For years, the tech sector was among the most aggressive to expand. Companies competed for talent by offering lucrative pay packages and throwing big money at new endeavors. As Covid-19 set in, the rush to hire went into overdrive as technology companies tried to cash in on supercharged demand.

But over the past months, several tech companies have shifted from hiring one moment to slashing thousands of positions the next as the business climate deteriorated because of quickening inflation, Russia's invasion of Ukraine and other factors. The experience has been humbling for some of the U.S.'s best-known corporate executives.

At Salesforce, which said it would cut 10% of its staff, Co-CEO Marc Benioff said he took responsibility for hiring too many employees as revenue surged earlier in the pandemic. The executive mea culpa for overhiring has become a refrain among tech leaders in recent months, uttered also by Meta Platforms Inc. boss Mark Zuckerberg, Twitter Inc. co-founder and onetime CEO Jack Dorsey, and others.

"The bull market for 2022 was in humility," said Rich Wong, a partner at venture-capital firm Accel.

Glenn Kelman, CEO of Redfin Corp., said he has some regrets about the way he handled the real-estate technology company's rapid pandemic growth when demand for housing soared. Redfin went on a hiring spree, only to lay off a large percentage of its workforce as the market cooled.

"On some emotional level, I think we all knew the music was going to stop," Mr. Kelman said. "I think a lot of CEOs at tech companies felt uncomfortable, at least in part, with what was going on, even though we kept pushing our chips out to the middle of the table."

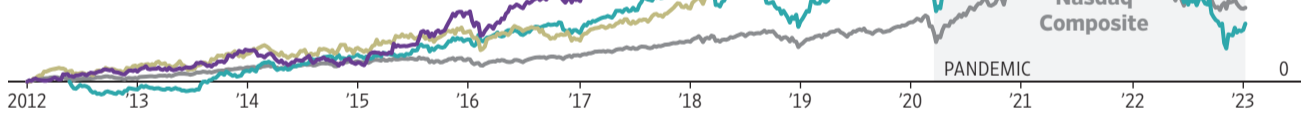
Mr. Kelman, who led Redfin into areas such as home flipping during the pandemic, shut down business lines as the economic situation worsened and interest rates soared.

How Tech Layoffs Compare With the Hiring Binges That Preceded Them

Companies aggressively added jobs for years. Now they are scaling back.

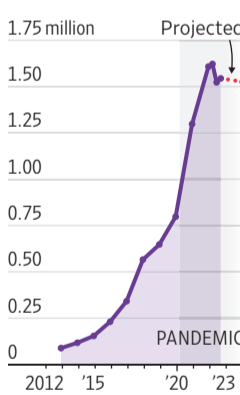
Layoffs have become more frequent among tech-related companies that grew quickly during the pandemic. Businesses are cutting costs because of a cooling economy, rising interest rates and a slowdown in revenue from digital advertising.

Weekly share-price and index performance since the end of 2011



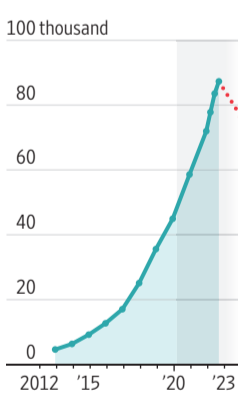
The charts below show the impact of the job cuts on each company's overall workforce, according to the latest available estimates.

Amazon.com



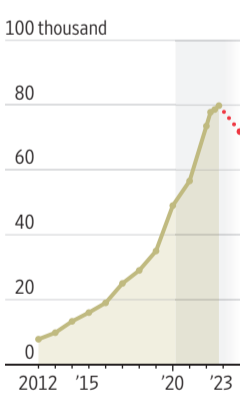
The company said in November that it was cutting jobs. On Wednesday, the Journal reported the layoffs will affect more than 18,000 employees.

Meta



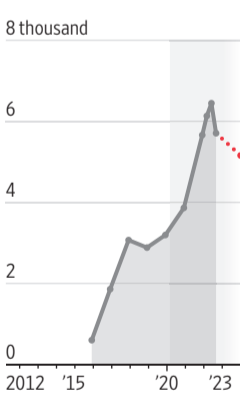
The parent company of Facebook and Instagram said in November that it would cut more than 11,000 workers, or about 13% of its staff as of September. It was the first broad headcount reduction in the company's history.

Salesforce



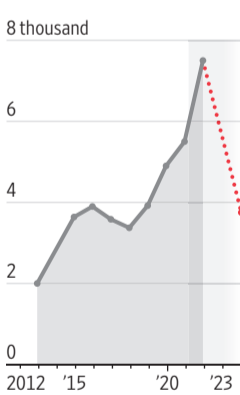
The business-software provider said Wednesday that it would cut 10% of its workforce, or about 8,000 employees. Co-Chief Executive Marc Benioff said the company hired too many people as revenue surged earlier in the Covid-19 pandemic.

Snap



The social-media company announced on Aug. 31 that it would cut 20% of its workforce, which equated to more than 1,200 of its 6,446 employees as of June 30. As of Sept. 30, Snap's headcount was down 11% from the previous quarter.

Twitter



The company started cutting employees in November, about a week after Elon Musk acquired it. Estimates at the time ranged between 2,000 and 3,750 layoffs. The high end of that range would be about half of the year-end 2021 headcount.

*The chart projects the additional reduction that would be needed for a 20% cut of its workforce as of the end of June. Note: Employee data for Twitter are yearly. All other employee data are yearly through 2021 and quarterly thereafter. Projections are based on layoff estimates, including those that may not yet be effective and don't factor in other possible changes to each company's workforce since their latest reporting period. Sources: FactSet (share-price and index performance); WSJ analysis of company data (workforce) Peter Santilli and Tristan Wyatt/THE WALL STREET JOURNAL

"If I could jump in a time machine and go back even 18 months, I would say that the simplest way to build a profitable company isn't to come up with amazing ideas for new ways to delight a customer," Mr. Kelman said. "It is to stop doing stupid stuff."

Video-technology company Vimeo Inc., which last week let go of 11% of staff in a second round of layoffs, said it made the move to maintain a focus on profitability. "We also have a better understanding of where postpandemic demand is settling," wrote CEO Anjali Sud in a public memo.

Social-media company Snap Inc., the owner of Snapchat, shelved last year a drone project as it said it would cut 20% of its ranks.

More than 1,000 tech companies have laid off over

150,000 employees since the beginning of last year, according to Layoffs.fyi, a website that tracks job cuts as they surface in media reports and company releases.

In November, more startup

employees left their companies through layoffs than by choice for the first time since April 2020, according to data compiled by Carta, which provides software for managing employee and shareholder

stock. Many of those laid off are finding new jobs quickly, and unemployment across the U.S. remains at a low level.

The reshaping over the past year is perhaps the most pronounced course reversal

CORRECTIONS & AMPLIFICATIONS

Insider sentiment, measured by the trailing three-month average ratio of companies whose executives or directors have been buying stock versus selling, has fallen from a recent peak in June, according to data from Insider-Sentiment.com. A Business & Finance article on Friday about corporate insiders in-

correctly said it fell for six consecutive months.

Sales in Asia in 2021 accounted for almost half of Moncler SpA's revenue. The Personal Board of Directors article about Moncler CEO Remo Ruffini on Saturday incorrectly said those sales were from last year.

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U.S. NEWS

Physicians Back Drug Option for Obese Kids

By SARAH TOY

The American Academy of Pediatrics for the first time recommended physicians offer weight-loss drugs for children with obesity, aiming to take early action against an increasingly common condition linked to a host of health problems.

Children 12 or older who are obese should be offered medications for weight loss alongside lifestyle and behavioral counseling, according to guidelines published on Monday by the largest professional association of pediatricians in the U.S. The association also recommended that doctors offer to refer severely obese children 13 or older to surgeons to assess whether they would be good candidates for bariatric surgery. It said pediatricians should screen obese children for high cholesterol, diabetes and hypertension.

The guidance is more aggressive than previous recommendations the AAP published in 2007. It focuses on intensively treating obesity immediately rather than in stages, said Sarah Hampl, a lead author of the guidelines and a pediatrician at Children's Mercy Kansas City in Kansas City, Mo. "What we now know is that obesity is a chronic disease in children and adolescents," she said. "Treatment should be started early and at the highest available intensity."

Obesity is on the rise in the U.S. About a fifth of children in the U.S. are considered obese, according to the most recent data from the Centers for Disease Control and Prevention.

The rate of increase in body mass index, a screening tool doctors use to detect excess body fat, more than doubled among young children and adolescents during the pandemic.

Public-health experts cited school closures, disrupted routines and increased stress as possible reasons for the surge.

The AAP mentioned some drugs that could be prescribed for such treatment, including

About a fifth of children in the U.S. are considered obese.

orlistat, which blocks fat absorption; semaglutide, which decreases hunger; and metformin, a diabetes drug.

Orlistat and semaglutide are approved by the Food and Drug Administration for treatment of obesity in children 12 years and older. Metformin hasn't been approved as a weight-loss drug, though it has been used off-label for that purpose in children. Studies of its effect on weight loss have shown mixed results, the AAP said.

Pediatricians can consider prescribing it to children with obesity under specific conditions, the AAP said: alongside intensive health behavior and lifestyle counseling and when there is another medical reason to do so, such as Type 2 diabetes.

People who are overweight or obese are more likely to develop Type 2 diabetes, heart disease, stroke, arthritis and breathing problems. By the time children who are obese reach adulthood, they may already have some of those health problems, said Stanley Spinner, a pediatrician and chief medical officer of Texas Children's Pediatrics.

Dr. Spinner said he wouldn't be comfortable prescribing weight-loss drugs to children until long-term side effects are better understood.

Sustained weight loss is difficult to achieve because so many factors affect it. Genetics, limited access to healthy food in some places and the promotion of unhealthy foods are among factors that can contribute to obesity, Dr. Hampl said.

Some people don't have access to doctors who specialize in treating obesity, she added, so it is helpful for pediatricians to understand available options such as prescription medications.

"We have more tools in our toolbox now than ever before," Dr. Hampl said.



Immigrants pack up outside a migrant shelter in El Paso, Texas. El Paso declared a state of emergency last month after undergoing an influx of asylum seekers.

Biden Visits Border Amid Discord

By MICHELLE HACKMAN AND CATHERINE LUCEY

WASHINGTON—President Biden made his first trip to the U.S.-Mexico border since taking office, visiting a port of entry and a center for migrants as his immigration policy faces criticism from both parties.

Mr. Biden arrived Sunday afternoon in El Paso, Texas, which in December saw a surge of mostly Nicaraguan migrants. He stopped there on his way to Mexico City, where he will meet Monday and Tuesday with Mexican President Andrés Manuel López Obrador and Canadian Prime Minister Justin Trudeau for the North American Leaders' Summit.

His first stop was at the Bridge of the Americas Port of Entry, where the president toured the facility with border officials. He then stopped along the border fence that separates El Paso from Juarez, Mexico. Mr. Biden also visited the El Paso County Migrant Support Services Center.

"They need a lot of resources. We're going to get it for them," Mr. Biden told reporters.

Days before the trip, Mr. Biden announced an aggressive effort to bring down illegal crossings at the border. To the chagrin of some Democrats and immigration advocates, his plans rely on the resumption or expansion of several Trump-era policies that Mr. Biden has

previously decried, including Title 42, the pandemic-era border measure that allows migrants seeking asylum to be quickly turned away.

The administration has been struggling to respond in the face of a record 2.2 million arrests of people caught crossing the border illegally in the fiscal year that ended Sept. 30. El Paso declared a state of emergency last month as an influx of asylum seekers crossing the border illegally overwhelmed federal immigration and city authorities.

Mr. Biden was greeted at the airport by Texas Gov. Greg Abbott, a Republican who has criticized his policies. Republicans have been calling on Mr. Biden to travel to the region

for two years, saying he wasn't focused enough on the issue.

Mr. Abbott told reporters the president was "two years and about 20 billion dollars too late." He said he gave the president a letter asking him to take a series of enforcement steps, including detaining people who entered the country illegally and resuming construction of a border wall in Texas. Mr. Biden said Sunday afternoon that he hadn't yet read the letter. Mr. Abbott is building a barrier of shipping containers near El Paso in response to the influx of migrants.

Homeland Security Secretary Alejandro Mayorkas defended the president's policies to reporters on Air Force One

Sunday, saying the goal is to "incentivize a safe and orderly way and cut out the smuggling organizations." He said Mr. Biden was traveling to the border because "he made a decision to see what the challenges are and to see how we responded to those challenges down in El Paso."

Mr. Abbott and some other governors have been sending busloads of migrants to Democratic-run cities to draw attention to the issue of migrants straining local resources. Colorado Gov. Jared Polis, a Democrat, said Saturday he would halt busing migrants from Denver to New York City and Chicago.

—Santiago Perez contributed to this article.

Colorado Stops Busing Migrants to Chicago, NYC

By ERIN MULVANEY AND GINGER ADAMS OTIS

Colorado Gov. Jared Polis said he would halt busing migrants from Denver to New York City and Chicago after the mayors of those cities argued that their shelters were already overrun.

New York Mayor Eric Adams and Chicago Mayor Lori Lightfoot in a letter on Saturday to Mr. Polis argued that "overburdening other cities" isn't the solution to the burden of the wave of asylum seekers. Mr. Polis said in a statement Saturday that no more buses were scheduled to Chicago and a final charter to New York was slated to be completed Sunday.

Officials in several states including Colorado last year struggled to manage the influx of asylum seekers entering the U.S. illegally. Their arrival has prompted jockeying between states and municipalities over how to shelter the migrants. The Wall Street Journal reported in December that more than 1,400 had arrived in Denver.

Since December, Mr. Adams and Ms. Lightfoot, both Democrats, said hundreds of people have been bussed from Colorado to their respective cities. A representative for Mr. Polis, a Democrat, didn't immediately respond to a request for how many individuals have been bussed to the cities.



Colorado Gov. Jared Polis

"The buses have arrived, without any regard to either city's ability to appropriately shelter them," Ms. Lightfoot and Mr. Adams wrote in the letter sent Saturday.

Polis spokesman Conor Cahill said the administration is closely monitoring the situation. He said the travel backlog from the holiday season and the winter storms cleared, so Denver and the state will resume normal assistance for migrants through commercial travel. "We will not prevent anyone who wants to leave from going to their preferred destination," Mr. Cahill said.

The relocation of migrants from the southern U.S. border garnered greater attention last year. Texas Gov. Greg Abbott, a Republican, last year bussed individuals seeking asylum from the U.S. southern border to Democratic-led cities, including New York, Chicago,

Philadelphia, and Washington, D.C., as an attempt to highlight illegal crossings at the border.

Since Mr. Abbott sent migrants to their respective cities, New York and Chicago have reached maximum capacity at shelters and their resources are exhausted, Mr. Adams and Ms. Lightfoot said in the letter.

A spokesman for Mr. Abbott didn't immediately respond to a request seeking comment.

Since August, Chicago has added 3,854 migrants from Texas and 1,600 of those are in its shelter system. An estimated 36,400 asylum seekers have gone through New York City's emergency intake system, and its shelters are at capacity.

California Braces for New Powerful Storm, Flooding

Another storm in California marked by heavy rains and gusty winds was expected to begin Sunday evening and last through Tuesday morning, bringing the potential of major flooding, mudslides and downed trees that could lead to widespread power outages.

By Christine Mai-Duc, Jim Carlton and Erin Mulvaney

California Gov. Gavin Newsom said Sunday that the most intense weather is expected Monday evening, with higher gusts and heavy precipitation, and into the early hours Tuesday. He and other state officials warned Californians to avoid travel and prepare.

"We have been at this for how many days now, and expect to see the worst of it still in front of us," Mr. Newsom said. "Don't test fate."

The National Weather Service said the flash-flooding risk will increase as the storm continues Monday and into Tuesday. Some areas will see damaging winds as high as 45 to 60 miles an hour Sunday night, according to the Sacramento National Weather Service. Forecasters said the storms are coming from a relentless parade of cyclones moving across the Pacific Ocean.

Since late December, some areas of California have been hit with as much as 15 inches of rain. Because the terrain is saturated from previous rainfall, Monday's storm will



A tree was uprooted by a storm in Sacramento, Calif. More storms with heavy rains are coming to the state, but a historic drought is far from over, with reservoirs still well below historical averages.

threaten flash flooding and a rapid rise in river levels, according to forecasters.

State and local agencies across the state and local governments are preparing for the potential impact of the storms, and state officials warned that they could be the most challenging and impactful of the past few decades.

Mr. Newsom declared a state of emergency last week to support the continuing response to winter storms. His office activated the state operations center and preposi-

tioned fire and rescue equipment to mobilize quickly in the event of mudflows, avalanche or flash floods, his office said.

The state is particularly vulnerable because of drought and recent wildfires that weakened trees. Mud, rocks, and flood water can flow over areas that fires left barren. A debris flow can take homes off their foundations and carry items such as vegetation, large boulders and cars, the state officials warn.

California has been drenched in the past few weeks

by heavy rains and, at higher elevations, snow, caused by an atmospheric river, a flowing column of condensed water vapor in the atmosphere that produces significant levels of rain and snow. Swaths of the state received 15 or more inches of rain over the past two weeks, according to the National Weather Service.

The storms have brought much-needed water to its reservoirs and snow to its mountains, but researchers and officials said it would take several more winter storms to make a

dent in the drought that has sapped reservoirs, fallowed farmland and forced homeowners to let lawns turn brown.

Brad Pugh, a meteorologist with the National Oceanic and Atmospheric Administration's Climate Prediction Center, said despite the recent and predicted downpours, climate scientists give Northern California even chances of getting the same or more or less precipitation than usual for the first three months of this year.

"It's going to be really hard to recover," said Richard Heim, a meteorologist with NOAA. "I want to say, 'Yay!' in the short term. But we need more—a lot more—in the long term."

California and the Western U.S. have bounced in and out of drought conditions for more than two decades, Mr. Heim said, and the state has racked up huge rainfall deficits in recent years.

Rainfall totals for the past three years at Shasta Lake, a major reservoir, are 92 inches short of historical averages. As a result, the American West is currently the driest it has been in 1,200 years, according to researchers who analyzed tree-ring records— dealing a blow to hydroelectric-power supplies and the recreational boating industry, and forcing cutbacks to farmers and residential areas.

"Drought is not just what happened last week or what happened last month," Mr. Heim said.

U.S. NEWS

Concessions McCarthy Gave To Get the Job

BY NATALIE ANDREWS

WASHINGTON—Rep. Kevin McCarthy's election early Saturday morning to the House speaker role came after 14 unsuccessful ballots—and a lot of negotiating with roughly 20 Republican opponents.

To win them over, the Californian made several concessions, some of which could have a real impact on how he does his job and how Congress functions, while others could end up being more symbolic or short lived. The full list of concessions hasn't been released publicly. Here is what we know so far.

Motion to vacate

The most crucial concession by Mr. McCarthy—when it comes to both his own future and the House's ability to handle legislation that divides Republicans—was his willingness to restore what is known as the “motion to vacate the chair,” a procedure that allows rank-and-file members to ask for a vote to remove the speaker.

Before Democrats changed the chamber's rules in 2019 so that only party leaders could call for a vote to oust a speaker, individual lawmakers had that power.

Mr. McCarthy initially offered to restore the motion so that it would take five lawmakers to call for a speaker's removal. As the week went on and he struggled to amass the votes he needed to win the top job, Mr. McCarthy agreed to a change in House rules allowing any single member to call for such a vote.

In practice, in a House currently split 222-212 with one vacancy, at least five or six Republicans—if all of the chamber's Democrats join—would be needed to vote to remove the speaker to cost him his job. But the possibility that a small group of unhappy Republicans could depose Mr. McCarthy will be in the background of every consequential decision he makes.

Debt ceiling and spending cuts

While public details are scant, Mr. McCarthy made commitments to fellow Republicans to pair spending reductions with any debt-ceiling increase, according to people familiar with the matter.

“It's safe to say that we believe there ought to be specific concrete limits on spending attached to a debt-ceiling increase,” said Rep. Chip Roy (R., Texas).

Raising the nation's borrowing limit is shaping up to be one of the most consequential fights of the newly divided Congress. Conservatives have long abhorred raising the debt limit, which authorizes the Treasury to borrow money to pay for government expenditures Congress has previously approved.

They have viewed it as an opportunity to try to force

spending cuts, an effort that has largely failed under both Republican and Democratic administrations. Democrats, meanwhile, have in recent years refused to discuss spending cuts in return for raising the debt limit.

Committee assignments

There have also been few details made public about what pledges regarding committee assignments Mr. McCarthy offered to conservative holdouts. The topic has long been an important one to the House Freedom Caucus, whose members have felt that plum panel posts rarely come their way and typically go to leadership allies instead.

Specifically, Freedom Caucus members have asked for slots on the powerful House Rules Committee, which decides which bills get to the floor and which amendments are allowed a vote. Under both parties, the panel has traditionally been under the close control of leadership.

Some dissidents were also reportedly lobbying for seats or even subcommittee gavels on sought-after panels such as the Appropriations and Financial Services committees, though there is no sign that any of them was actually promised a chairmanship. Lawmakers won't find out all of their committee assignments for the 118th Congress until they are doled out in the coming weeks by the Steering Committee.

Other legislative demands

Mr. McCarthy's offer to holdouts specifically included a promise to bring up for a vote a border-security plan advanced by Texas Republicans, a term-limit requirement for members of Congress, and a plan to offer a federal budget that balances over 10 years.

House conservatives have also pushed Mr. McCarthy for the House to take up one-by-one on the chamber floor the 12 annual appropriations bills that together fund the government, and he has pledged to give lawmakers plenty of time and leeway to offer amendments. That would be a departure from how both parties in Congress have handled spending bills in recent years.

Instead, Congress has usually funded the government with omnibus measures that combine all or several appropriations bills—which conservatives say are usually too big and too hastily assembled—or continuing resolutions that maintain existing funding levels on a temporary basis. Even if the House is able to pass its versions of individual spending bills, the final spending package the chamber negotiates with President Biden and the Democratic-controlled Senate will likely be an omnibus.

—Lindsay Wise
contributed to this article.



After a 15-ballot election to become House speaker, Republican Kevin McCarthy plans to turn attention to the party's policy agenda, including bills on the Internal Revenue Service, the Strategic Petroleum Reserve and a panel to probe economic competition with China.

House GOP Pivots to IRS, China

Continued from Page One grants at the southern border. Republican lawmakers have also promised to increase investigations of the White House and executive agencies.

On Monday, the House is scheduled to vote on a set of chamber rules for the 118th Congress that will enshrine some of the pledges regarding legislative procedure Mr. McCarthy made to win over holdouts in his speaker election. The rules package will also make key changes to the operations of the Office of Congressional Ethics, which conducts initial reviews of allegations of impropriety against lawmakers.

“We'll pass the rules package tomorrow, and we'll get moving on doing what the American people elected us to do,” said Rep. Jim Jordan (R., Ohio), the incoming Judiciary Committee chairman and a prominent McCarthy ally, in an interview Sunday on Fox News. “In a two-year time span, we have seen a border that is no longer a border. We have seen a military that can't meet its recruitment goals. We've seen terrible energy policy, terrible education policy...We're going to unite around fixing those problems.”

Democrats said they hoped to find areas of bipartisan agreement. “Clearly we are going to have strong disagreements at times, but we can agree to disagree without being disagreeable,” said Rep. Hakeem Jeffries of New York, the chamber's Democratic leader, on NBC on Sunday.

At least one Republican said Sunday she was worried that obstruction by conservatives last week presaged greater partisanship ahead. “I am concerned that common-sense legislation will not get through to get a vote on the floor,” said Rep. Nancy Mace (R., S.C.) on CBS. Ms. Mace pointed to three antiabortion bills that Republicans could vote on over the coming days. “They're not pieces of legislation that can pass the Senate and get onto the desk of the



president,” she said.

The bruising fight to elect Mr. McCarthy as speaker has overshadowed the GOP's initial policy goals by shining a spotlight on the difficulty Republicans and the White House could face securing agreement on bigger government-funding measures, including an increase in the government's federal borrowing limit.

Many of Mr. McCarthy's GOP critics are adamantly opposed to raising the debt ceiling, which doesn't authorize new

‘I am concerned that common-sense legislation will not get through.’

spending but instead agrees to fund borrowing for debts the government has already agreed to incur. The fight over Mr. McCarthy's election as speaker illustrates how a small but devoted minority of Republicans could resist any agreement to raise the borrowing limit and threaten to oust Mr. McCarthy from his job if he approves one.

Mr. McCarthy made concessions on Friday to win over some GOP votes that included commitments to tie spending cuts to a debt-ceiling increase and adding more members of the arch-conservative House Freedom Caucus

to key committees.

Mr. McCarthy also agreed to a change in House rules to allow a single lawmaker to force a vote to oust the speaker. That could make bipartisan negotiations more perilous if a small group of Republicans strongly objected to concessions to Democrats. In the previous Congress, such a “motion to vacate the chair” could be brought only by party leaders.

Democrats said they were concerned that Republicans' leadership fight presaged more difficult gridlock ahead. “The speaker's chaos we saw this week...showed that the keys have been handed over to extremists,” said House Minority Whip Katherine Clark of Massachusetts on CNN.

Republicans rejected that characterization. The speaker fight was “an opportunity to take a hard look at each other in the Republican conference,” Rep. Dan Bishop (R., N.C.), a prominent McCarthy holdout who ultimately changed his vote to support the new speaker, said Sunday on NBC. “It was deciding the most important questions about how this Congress is going to proceed.”

Democrats, who control the Senate and the White House, are unlikely to agree to the spending curbs that Mr. McCarthy's Republican detractors might demand in exchange for agreeing to a debt-limit increase, raising the risk of brinkmanship, several analysts said. Moreover, the fight over

Mr. McCarthy's position revealed how deep the divisions run in a party with a slim four-vote majority, which potentially weakens their leverage with Democrats.

Without more discipline, “the Republicans will be in no position to negotiate anything,” wrote James Lucier, a policy analyst at Capital Alpha Partners, in a note to clients on Friday. “House Republicans don't hold the cards, and they don't know how to play.”

Exactly when Congress will face a deadline for action on the debt limit is unclear. Last June, the Bipartisan Policy Center estimated that the U.S. wouldn't exceed its roughly \$31.4 trillion in authorized borrowing until at least July. But that forecast didn't account for recent changes in interest rates, a suspension in student-loan payments and other economic variables, which could potentially bring forward the deadline.

If the U.S. government has to weigh steps to give priority to payments to bondholders ahead of retirees or veterans because Congress doesn't approve a debt-limit increase, the threat of a potential default could sow chaos in global financial markets.

Watch a Video

Scan this code to watch a video on the uphill battle McCarthy faces.

U.S. WATCH

COLORADO

Up to 2 Snowmobilers Killed in Avalanche

Searchers on Sunday resumed looking for a snowmobiler missing in a Colorado mountain avalanche that killed another snowmobiler the day before.

The man still missing probably didn't survive, Grand County Sheriff Brett Schroetlin said.

Searchers were using dogs and probing the avalanche field with poles in the area of Rollins Pass, which is also known as Corona Pass, he said.

They were looking for a 58-year-old from northern Colorado amid avalanche danger rated “considerable” in the high country Sunday, according to the Colorado Avalanche Information Center.

—Associated Press

NORTH CAROLINA

Five People Found Dead at a Home

Five people were found dead in a North Carolina home after

one of them apparently killed the other four and then took their own life, police said.

High Point police said officers found the bodies of two adults and three minors in the home on Saturday. All were pronounced dead at the scene.

Police said the killings were being investigated as a murder-suicide. Investigators said there was no ongoing threat to the community.

—Associated Press

FLORIDA

Woman Thrown From Horse at Rodeo Dies

A woman died after she was thrown from a horse at a rodeo in the Florida panhandle, authorities said Sunday.

The 56-year-old woman had just finished competing in a barrel race at the Baker Rodeo on Saturday when she was thrown from the galloping horse on an exit ramp and struck a pole, the Okaloosa County Sheriff's Office said in an email. The woman later died at a local hospital.

—Associated Press

BY JAN WOLFE
AND C. RYAN BARBER

WASHINGTON—Federal prosecutors are expected to open their seditious conspiracy case on Tuesday against Enrique Tarrío, the former leader of the extremist Proud Boys group, and four of its members, one of the highest-profile trials related to the Jan. 6, 2021, attack on the Capitol.

The trial, estimated to last more than a month, is one of three stemming from Jan. 6 that includes the rarely used charge of seditious conspiracy, an offense punishable by up to 20 years in prison. The indictment says the five men conspired “to prevent the lawful transfer of presidential power by force.”

The Justice Department will be looking to build on its conviction of Stewart Rhodes, founder of the Oath Keepers militia, who was found guilty of seditious conspiracy in November along with another member of that group. A trial against four other Oath Keep-



Enrique Tarrío is the former leader of the Proud Boys group.

ers on seditious conspiracy charges is still under way.

The Proud Boys' trial will unfold on the heels of the 18-month-long investigation by the House Jan. 6 select committee, which released a final

report last month detailing the alleged roles of the Proud Boys and Oath Keepers in the Capitol attack. In that 845-page document, the panel said the Proud Boys “led the attack, penetrated the Capitol, and led

hundreds of others inside.”

In a Washington courthouse within view of the Capitol, federal prosecutors are expected to similarly argue that the Proud Boys planned ahead of Jan. 6, 2021, to use force against the government and disrupt the peaceful transfer of power. Federal prosecutors have alleged in court filings and hearings that the group planned to rile up the crowd, effectively weaponizing mobs of supporters of former President Donald Trump.

Mr. Tarrío will stand trial alongside four other Proud Boys members—Joseph Biggs, Ethan Nordean, Dominic Pezzola and Zachary Rehl—who were indicted on seditious conspiracy charges last year and have been jailed while they await trial. All five men were previously indicted on less serious charges. They have pleaded not guilty to all charges facing them.

Jury selection is scheduled to resume and be completed Monday, with opening statements set for Tuesday.

U.S. NEWS

New Alzheimer's Drug Elusive for Most

Medicare won't pay unless patients are in government sanctioned study and there is none

By JOSEPH WALKER

A sweeping Medicare rule issued last year will keep the newly approved Alzheimer's disease drug Leqembi out of reach of most U.S. patients for months to come.

The Food and Drug Administration on Friday approved Eisai Co. and Biogen Inc.'s Leqembi, known generically as lecanemab, for the treatment of people with early-stage Alzheimer's disease, the vast majority of whom are insured by Medicare. However, Medicare won't pay for the drug unless patients are enrolled in government-sanctioned clinical trials, and no such studies are ongoing or planned.

The Alzheimer's Association patient-advocacy group asked the Centers for Medicare and Medicaid Services in December to reconsider its policy, a process that could take as long as six to nine months if it chooses to do so.

As many as 85% of patients who could benefit from Leqembi are insured by Medicare, said Ivan Cheung, Eisai's global Alzheimer's disease officer. Eisai projects that 100,000 patients could be using the drug by its third year on the market, assuming that Medicare officials lift coverage restrictions, Mr. Cheung said.

CMS said Friday it "is examining available information and may reconsider its current coverage based on this review."

Biogen and Eisai priced Leqembi at \$26,500 a year for the typical patient. "It's clear there won't be coverage on day one and that's never been true of any FDA approved drug

before," said Robert Egge, chief public policy officer of the Alzheimer's Association. "It's going to be very difficult if not impossible for Medicare beneficiaries to get coverage."

The holdup stems from the unusual move by Medicare officials last year to issue a rule restricting routine payment of drugs that target the protein amyloid in the brains of Alzheimer's patients. They made the move following the approval in 2021 of Aduhelm, also made by Biogen and Eisai, based on uncertain clinical trial evidence that it was effective at slowing progression of Alzheimer's.

The agency has said its policy leaves drugmakers enough time to organize clinical trials that will answer questions the agency has about the safety and effectiveness of their drugs in Medicare patients.

Drugmakers and patient-advocacy groups criticized the

rule for prematurely deciding the fate of similar drugs still in testing. Aduhelm was a unique scenario because Biogen officials had mistakenly ended two large clinical trials early, and were left with inconclusive results, some companies and doctors say.

Medicare officials moved too fast in judging medicines such as Leqembi based on the Aduhelm results, said Stephen Salloway, a professor of neurology and psychiatry at Brown University.

The FDA granted so-called accelerated approval to Leqembi based on a small, mid-stage study showing the drug significantly reduced levels of the protein amyloid in the brains of people with early Alzheimer's.

The agency says reducing amyloid is likely to predict a clinical benefit in patients, but the approval is conditioned on the benefit being proven in a

follow-up study.

Eisai, which has led Leqembi's development, has been in talks with CMS officials in the lead-up to the FDA approval decision, and the company plans to seek a reconsideration of the payment policy after it files for full approval, Mr. Cheung said.

If CMS changes course, Leqembi's use would be limited, Mr. Cheung said, because many Alzheimer's patients are never clinically diagnosed by a doctor, and patients with early-stage disease can be more difficult to identify than sicker patients.

Richard Isaacson, a preventive neurologist and researcher at the Institute for Neurodegenerative Disease of Florida, said that Leqembi requires a significant amount of effort and time on the part of patients and their family members. "This isn't just a pill you take everyday," said Dr. Isaacson.

Iowa Mulls Full-Year Raccoon Hunt to Curb Pests

By JOE BARRETT

Shine a light at any of the buildings on Ethan Crow's central Iowa farm at night and you are likely to see several pairs of eyes staring back, he says, and piles of scat covering the floor—signs of what farmers are calling an out-of-control raccoon problem.

Another farmer discovered that a raccoon had been sleeping inside his combine when he started it up, killing the animal and causing thousands of dollars in damage, he says.

Mr. Crow, 35 years old, who lives near Marshalltown, Iowa, says he loses several thousand dollars in sweet corn to raccoon raids every year. "We do some trapping when we can," he says. "Otherwise, I mean legally, there's not a lot that we are supposed to do." The fine for hunting or trapping a raccoon outside the season, which runs from early November through January, can be as much as \$335.

That could be changing soon. The Iowa Department of Natural Resources plans public hearings later this winter on a proposal to allow year-round hunting of raccoons and limited year-round trapping to give Iowans more options to address nuisance raccoons, says Vince Evelsizer, a biologist for the department. Annual surveys show that the number of raccoons has nearly tripled since 2006, he says.

Raccoons are thriving in Iowa and other Midwest states, Mr. Evelsizer says, adapting to the region's modern landscape, which includes new food sources from suburban homes and businesses and expansive planting of row crops.

Raccoons face few natural predators and are far less valuable to hunters and trappers because of the decline of the fur trade.

Annual surveys show the number of raccoons has nearly tripled since 2006.

Mr. Evelsizer says the department draws hundreds of complaints every year from farmers and homeowners about damage not only to crops but also to buildings, vehicles and bird feeders as well as injuries to pets and farm animals.

"It won't solve the problem overnight," he says of the proposed expansion of raccoon hunting, "but it will give people more flexibility to deal with nuisance situations." He says the department would continue to support nonlethal means of dealing with raccoons, such as putting electric wire around sweet-corn patches, installing a type of metal mesh to keep raccoons out of homes and relocating problem raccoons.

Many farmers have clearly had enough of the crafty mammals, which typically weigh about 8 to 20 pounds. "They may be cute and cuddly, but not here in farm country," says Dean Fisher, a Republican Iowa state representative. "They're a vermin and a nuisance."

Not all Iowans are on board with the expanded hunting proposal.

Preston Moore, who is Iowa state director for the Humane Society of the United States, says increased trapping will lead to more animal suffering and isn't likely to reduce conflicts or the raccoon population.

Haille Enneking and her husband, Thomas, hosted a female raccoon for three springs as she raised litters of kits in the front yard of their house in Des Moines.

"She was an awesome little neighbor," says Ms. Enneking, 34, who works in risk and control at a bank. The couple enjoyed watching her teach the kits to climb in the evenings and then waddle off for her own adventures, Ms. Enneking says. "She did not come back in 2022, and I have to say it's been weighing on my mind," she says. "I hope she is OK."

Cancer Patient Contests Age Limit For Clinical Trials

By AMY DOCKSER MARCUS

After Mikhail Rubin learned his lethal blood disease had progressed, he decided that he wanted a stem-cell transplant through a clinical trial. But there was an obstacle: his age.

Mr. Rubin, who is now 72, was too old to participate. Many cancer trials cap enrollment at age 65. Even when trials for older people are available, oncologists are reluctant to enroll elderly patients because frailties might make them less resilient against side effects from toxic treatments, according to a 2020 study in an American Cancer Society journal. People over 70 represent a growing share of the cancer-patient population but are vastly underrepresented in clinical trials, the study said.

"How can we make decisions for people over 70 if people over 70 are not included in the trials that we use to base our decision making?" said Dr. Mina Sedrak, deputy director of the Center for Cancer and Aging at City of Hope, a cancer center near Los Angeles and an author of the paper.

Mr. Rubin wanted to join a clinical trial testing stem and immune cells engineered by Orca Bio, a Menlo Park, Calif.-based biotech. Nathaniel Fernhoff, an Orca Bio founder, is Mr. Rubin's son-in-law. Dr. Fernhoff asked a transplant physician at Stanford University, who is the trial's principal investigator, to treat his father-in-law and to consider lifting the trial's age limit so Mr. Rubin could enroll.

The personal connection helped, but Mr. Rubin's enrollment was also part of a broader push to open more trials to older cancer patients. The Food and Drug Administration guidelines recommend "adequate representation" of

the elderly in cancer trials, including people over age 75. The Journal of the National Cancer Institute in December 2022 published a series of papers presented at a workshop focused on how to improve trial enrollment of older people.

Researchers have developed geriatric assessment tools that try to predict patients' survival chances based on more than age alone. Professional groups are also working to try to address gaps. Despite these efforts, enrollment of older patients still lags behind, cancer doctors said.

Mr. Rubin's doctors told him the standard of care for his blood cancer involved a stem-cell transplant with chemotherapy so aggressive that older people often receive a less-intense version. But receiving the less-intense version raises the chances of relapse, the doctors warned.

To participate in many trials involving transplants, patients would have to undergo the more intense chemotherapy whether randomly assigned to receive an experimental treatment or the standard of care. That makes it harder to incorporate older patients into randomized trials, cancer doctors said.

Trial enrollment is often cut off at 65 because of risks for older patients, said Miguel Angel Perales, chief of the adult bone marrow transplantation service at Memorial Sloan Kettering Cancer Center in New York City. Dr. Perales is also an adviser to Orca Bio but wasn't involved in determining Mr. Rubin's care.

Clinical trials frequently fail. Patients in a trial examining a stem-cell engineering approach that Dr. Perales helped develop didn't live as long as those getting a standard transplant, according to a Feb-



Mikhail Rubin, who is now 72 years old, wanted a stem-cell transplant through a clinical trial but was considered too old, as many trials cap enrollment at age 65. He eventually enrolled in the study.

ruary 2022 study in the Journal of Clinical Oncology.

"It was a moment of reckoning for all of us," Dr. Perales said.

Researchers have changed the chemotherapy regimen and started a new trial open to people over 65, Dr. Perales said.

Before his diagnosis, Mr. Rubin played tennis regularly. On most days, he rode his prized Gary Fisher mountain bike to his job as an engineer, nearly 12 miles round trip on San Francisco's hilly streets.

"People age differently," said Everett Meyer, Mr. Rubin's transplant doctor at Stanford University. He said Mr. Rubin's age gave him pause despite the man's robust fitness.

"You always worry about the unexplainable things," said Dr. Meyer, an associate professor of blood and marrow transplantation and cellular therapy and director of the Stanford Cellular Immune Tolerance Program. "You see elderly patients who after a transplant fail to thrive and you don't know exactly what is wrong."

Mr. Rubin spends every Sunday with his daughter, Yuliya, and Dr. Fernhoff. Dr. Fernhoff raised with them the

idea that Mr. Rubin consider the Orca Bio trial.

Dr. Fernhoff hoped the engineered cells could reduce the toxicity associated with transplants. That might give Mr. Rubin a better chance of withstanding the intense chemotherapy regimen that in combination with a transplant offers the best long-term survival, he said.

The family tapped Dr. Fernhoff's network of transplant doctors to understand the risks. "It was frightening to think that my dad might not make it out alive from the treatment alone, but that the harsh treatment was likely his only chance at long-term survival," said Ms. Rubin.

Dr. Meyer, the principal investigator in the Orca Bio trial at Stanford and a larger multiple-site Orca Bio trial, had presented Orca Bio data in over 50 patients. The data involved people 65 or younger, but suggested they experienced fewer complications and the potential for better one-year survival compared with patients who had received standard transplants at Stanford. He discussed the results with Mr. Rubin and the family. Eventually, they started to coalesce around Dr. Fernhoff's suggestion.

FROM PAGE ONE

Bar Is Set Low for Earnings

Continued from Page One landing and a hard landing and what that may look like."

The S&P 500 declined 19% in 2022 but started 2023 on a brighter note, rising 1.4% this past week after a lighter-than-expected wage-growth reading in Friday's jobs report suggested inflation is abating.

Investors will review quarterly results this week from some of the country's biggest banks, including JPMorgan Chase & Co. and Bank of America Corp., as well as companies such as Delta Air Lines Inc. and UnitedHealth Group Inc. They also will parse the latest consumer-price reading, which is likely to influence the pace of the Federal Reserve's campaign to raise interest rates.

A core question for investors

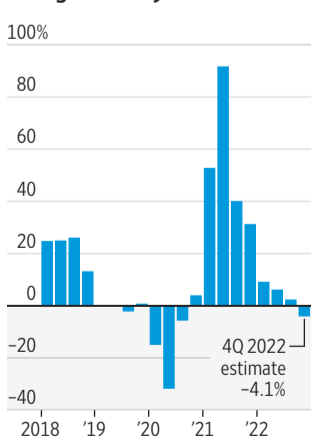
is just how long customers can continue stomaching higher prices as companies try to pass on elevated costs. Consumer spending slowed in November ahead of the holiday shopping period, according to the Commerce Department's latest report. Retailers offered steep seasonal discounts to try to entice budget-conscious shoppers.

Recent earnings reports have painted a mixed picture. Nike Inc., for one, bumped up its sales outlook in December as the athletic-apparel giant made progress with its inventory challenges.

"So long as the product is valued by the consumer, we've been able to stick those price increases in order to help offset growing input costs," Matthew Friend, chief financial officer, said on Nike's earnings call.

Last week, food maker Conagra Brands Inc. posted higher revenue, in part because of price increases, and said it was considering further increases down the line. But beverage maker Constellation Brands Inc. cut its profit forecast as customers experienced sticker

S&P 500 quarterly earnings, change from a year earlier



Note: Fourth-quarter 2022 earnings growth based on estimates as of Jan. 6, 2023. Source: FactSet

shock at more-expensive beer.

Companies also are dealing with higher input costs by reducing personnel. In recent months, big technology companies including Amazon.com Inc., Meta Platforms Inc. and Salesforce Inc. have unveiled mass layoffs to wrangle costs.

"We expect continued layoff announcements, probably

spreading beyond the tech sector," said Scott Duba, chief investment officer at Prime Capital Investment Advisors.

Mr. Duba said his firm is planning to use any volatility in markets during earnings season to look for buying opportunities. Prime Capital has been overweight in traditionally defensive sectors like healthcare, consumer staples and utilities, and is thinking about adding to positions in more growth-focused segments such as tech, he said.

For the fourth quarter, analysts expect energy companies to report the highest year-over-year earnings growth among the S&P 500 sectors at 63%, according to FactSet. They forecast the materials and consumer discretionary segments to log the greatest profit decline.

To be sure, many investors said they have braced for weaker results based on the sharp drop in consensus estimates. Analysts mused down their earnings expectations during the fourth quarter by 6.5%, a much sharper revision

than average, according to FactSet. That gives companies a lower bar to clear to give investors greater confidence to scoop up shares.

"We've seen a huge amount of telegraphing in advance," said Aoife Devitt, chief investment officer at Moneta Group. Ms. Devitt said her firm is bullish on energy, healthcare and consumer-staples companies going into the earnings season while remaining cautious on the tech industry.

Still, earnings estimates for 2023 remain relatively rosy, which could lead to further revisions ahead on Wall Street, some investors said. Analysts expect S&P 500 companies' profits to rise 4.7% this year, according to FactSet, about in line with estimates for 2022.

Falling profits run the risk of making stocks appear more expensive relative to companies' profits moving forward. Companies in the S&P 500 are trading at around 17 times their projected earnings over the next 12 months, according to FactSet, roughly in line with the 10-year average.

WORLD NEWS

China Reopens Borders to the World

Thousands fly into mainland as Beijing lifts restrictions, scraps hotel quarantines

By WENXIN FAN

HONG KONG—Tens of thousands of travelers began to fly in and out of mainland China on Sunday as Beijing removed almost all its border restrictions, bringing an end to pandemic measures that effectively sealed off the world's most populous nation from the rest of the world for three years.

The Chinese tourists heading abroad bring hope for relief to economies that had come to rely on spending by Chinese travelers in the years before the pandemic. The flow of travelers will likely remain restrained for a while as airlines readjust and some governments keep restrictions in place to prevent importing infections from China's largest Covid-19 outbreak yet.

China's decision to restore a freer flow of movement across its borders, announced in late December, ends one of the most tangible symbols of China's Covid-era isolation—particularly for the many middle- and upper-class Chinese citizens who had grown accustomed to traveling abroad freely before the pandemic.

The reopening also allows the business community to visit the fast-growing market again. China's Commerce Ministry said Friday that it had received strong signs of support from foreign executives who were eager to visit, check on their operations and consider new investments.

Hong Kong-based business executive Sherry Shi and her son were among thousands of overseas Chinese who boarded a plane bound for the mainland on Sunday.

"I'm so excited," said Ms. Shi, a native of Beijing, who said she was already busy scheduling reunions with



Hugs at the international flight arrivals area at Beijing Capital International Airport on Sunday, as thousands took flights in and out.

operator, said Thursday that it would more than double its flights to and from the mainland, operating 61 return flights each week between Hong Kong and 13 Chinese cities starting Jan. 14.

In addition to mandatory quarantines, China has dropped other restrictions, including one that required international planes flying to Beijing to first land in one of more than a dozen other Chinese cities. The measure had been in place since the start of the pandemic to protect the Chinese capital from infections.

The reopening Sunday included several entry points between the southern Chinese city of Shenzhen and the neighboring special administrative region of Hong Kong, though a high-speed train line connecting the two remains shut.

As of Friday afternoon, 340,000 people from Hong Kong had already booked visits to Shenzhen, according to Tony Wong, Hong Kong's acting chief information officer.

On Sunday, passengers carrying suitcases filled a train running from Hong Kong to a Shenzhen border crossing that had been closed for almost three years. Like many mainland students in Hong Kong, Sun Yisu had planned to stay in the city during the winter break. "It'd been too much trouble to go through the quarantine," she said from the train. She changed her mind when the government announced the border reopening. She expected to be home soon in Shandong province to celebrate the Lunar New Year.

Dong Shuyuan, a 62-year-old retiree from the Inner Mongolia region in northern China, crossed into Hong Kong from Shenzhen on Sunday, resuming an annual visit to see family that had been on pause for three years. He said he was longing to see his daughter and two grandchildren, including a 2-year-old he had never met.

—Jonathan Cheng in Beijing and Peter Landers in Tokyo contributed to this article.

friends and family, some over meals of Beijing roast duck that her son had missed in the past three years. Because of Covid-era quarantine rules, they had missed her father's funeral and hadn't seen many relatives and friends for years.

Sunday's travelers weren't the first group of passengers to avoid quarantine upon arrival in China. Since Beijing announced plans to change the rules, international travelers landing in several Chinese cities had protested against hotel quarantines, in many cases succeeding in persuading authorities to let them skip five days of confinement.

Travel in and out of China plunged during the pandemic. Border crossings in the three months ended Sept. 30 totaled 22 million, according to Chinese immigration authorities.

The number for the full year before the pandemic, 2019, was 670 million people, more than half of them mainland Chinese travelers, according to Chinese immigration data.

It will likely take some time for travel between China and the rest of the world to fully rebound to prepandemic levels. Many airlines adjusted their routes during the three years that China severely limited travel into the country and will need to redirect their fleets toward China.

In Shenzhen, only three international flights were scheduled to land on Sunday and two to take off. In Beijing, luggage conveyor belts in one of the world's biggest airport terminals were largely empty. In the eastern Chinese city of Hangzhou, a tech hub and tourism destination, local im-

migration officials said 1,300 air travelers were expected to enter from abroad on Sunday and 1,100 were set to exit.

Some governments have taken steps to limit the number of Chinese travelers. In late December, Japan said it had asked airlines not to increase the number of flights from China. While the request wasn't legally binding and was later relaxed somewhat for Hong Kong and Macau, it remains a brake on a significant expansion in travel.

Many countries, including the U.S., Australia, Canada, Japan, South Korea and Italy, have imposed testing requirements on passengers from China. Many of these have cited what they describe as China's lack of transparency around the scope of the Covid infections in the country as a

major factor in their decisions. China has called the restrictions unacceptable and politically motivated, warning of unspecified countermeasures.

But some in the Chinese mainland are already making up for lost time by snapping up tickets for international flights. On Trip.com, China's largest online travel-booking platform, bookings for overseas travel packages have surged since Beijing announced the scrapping of restrictions in late December. Overseas travel reservations during the weeklong Lunar New Year holiday, which begins Jan. 21, have jumped to more than five times those of last year, with Bangkok and Melbourne, Australia, among the most popular destinations.

Cathay Pacific Airways Ltd., Hong Kong's flagship airline

Beijing Takes on Challenges Of Regulating Deepfakes

By KAREN HAO

HONG KONG—China is implementing new rules to restrict the production of "deepfakes," media generated or edited by artificial-intelligence software that can make people appear to say and do things they never did.

Beijing's internet regulator, the Cyberspace Administration of China, will begin enforcing the regulation—on what it calls "deep synthesis" technology, including AI-powered image, audio and text-generation software—starting Tuesday, marking the world's first comprehensive attempt by a major regulatory agency to curb one of the most explosive and controversial areas of AI advancement.

Such technologies, which underpin wildly popular applications such as ChatGPT, a text generator developed by OpenAI, and Lensa, an automated maker of personalized digital avatars, pose new challenges for their potential to generate more deceptive media that could fuel misinformation and casts doubt on the veracity of virtually anything in the digital realm.

The new regulations, among other things, prohibit the use of AI-generated content for spreading "fake news," or information deemed disruptive to the economy or national security—broadly defined categories that give authorities wide latitude to interpret. They require providers of deep synthesis technologies, including companies, research organizations and individuals, to prominently label images, videos and text as synthetically generated or edited when they could be misconstrued as real.

The new rules, published on Dec. 11 ahead of their implementation this month, follow the unveiling of rules in August aimed at governing the algorithms that underpin the world's most powerful internet platforms.

Whether the new rules on deepfake-generation tools and algorithms have the desired



An office of the Cyberspace Administration of China in Beijing

effect will offer a test of Beijing's ability to manage a fast-evolving set of new technologies that is befuddling regulators the world over, technology policy analysts say.

U.S. lawmakers have sought to address the proliferation and potential abuse of deepfakes, but those efforts have stalled over free-speech concerns. In the European Union, regulators are further along but have taken a more cautious approach than China, strongly recommending that platforms find ways to mitigate the ability of deepfakes to spread disinformation, without banning them outright, says Matthias Spielkamp, executive director of Berlin-based AlgorithmWatch, a non-profit research and advocacy organization.

China's attempt at regulation shows Beijing is heavily influenced by the global debate surrounding the technology, said Graham Webster, a Stanford University research scholar who runs the DigiChina Project, which tracks China's digital-policy developments.

"China is learning with the world as to the potential impacts of these things, but it's moving forward with mandatory rules and enforcement more quickly," he said.

Deepfakes emerged after the creation of an open-source algorithm in 2014 capable of producing hyper-realistic images that look like photo-

graphs of people and objects that don't exist. The invention sparked a wave of research in powerful image-synthesis software—as well as new abuses, such as the grafting of mostly women's faces into pornography videos without their consent.

AI-powered synthesis technologies have since continued to advance and expand into different mediums, including illustrations, video, voice, text and chat conversations—all of which are now commonly categorized under the broad umbrella of "generative AI"—in part driven by their growing utility in commercial and entertainment applications.

Face-swapping apps such as Reface and features that add dog ears to selfies on TikTok and Snapchat use variations of generative algorithms to achieve their effects.

But fears about the abuse of generative technologies to create deepfakes have continued to grow.

It is now easier than ever to produce videos of politicians appearing to say anything, which have the potential to sow chaos, especially during elections or wars. The mountains of data used to train newer-generation AI software such as ChatGPT and Lensa—trillions of words and images scraped from the internet—have also sparked widespread concerns about data privacy and consent.

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WORLD NEWS

WORLD WATCH



A man was led from an apartment near Dortmund, Germany, Sunday as police arrested an Iranian suspected of obtaining cyanide and ricin.

Germany Says Raid Foils Toxin Plot

By WILLIAM BOSTON

BERLIN—German authorities said Sunday that police had arrested a 32-year-old Iranian citizen suspected of obtaining deadly toxins to allegedly carry out an Islamist-motivated attack.

The man was detained overnight after police raided the Iranian's apartment in Castrop-Rauxel, a town near Dortmund in the state of North Rhine-Westphalia.

"The accused is suspected of preparing a serious act of violence endangering the state by securing cyanide and ricin to carry out an Islamist-motivated attack," authorities said in a statement.

German Interior Minister Nancy Faeser praised the work of the investigators and police, saying that security forces had prevented 21 planned Islamic terror plots since 2000.

"Germany remains directly in the crosshairs of Islamic terror organizations. Islamic-motivated lone perpetrators are still a considerable danger," she said.

Acting on a tip from U.S. officials on Saturday, German prosecutors secured a search warrant and raided the suspect's apartment around midnight, deploying Germany's SEK antiterror unit and moving quickly to thwart a suspected plot that German officials said they thought could be in the advanced planning stages.

Concerned about the potential for toxic contamination, police, emergency workers and toxic-substance analysts from the Robert Koch Institute, Germany's disease control and prevention agency, cordoned off the neighborhood as police entered the apartment and arrested the Iranian man and his brother. It isn't clear whether the brother should be seen as a suspect or whether he just happened to be in the apartment at the time, officials said.

Holger Heming, the public prosecutor, told reporters that police found no cyanide or ricin in the apartment or basement and no signs of any

chemical contamination. Police did confiscate computers, mobile phones, and other forms of electronic data storage, he said.

"We took this tip very seriously," Mr. Heming said. "That's why we took action immediately with the police in order to eliminate any potential threat from such material on the scene."

Mr. Heming said authorities hadn't yet decided whether to present the detained individuals to a judge for official charging. If charged, they could face up to 10 years in prison, the prosecutor said.

German antiterror investigators routinely detain individuals who sympathize with Islamic State and other terrorist groups and have prevented planned attacks in the past.

In 2018, German police arrested a Tunisian husband and wife in Cologne who had planned a chemical attack using ricin, which they had also tested on a hamster. The husband had bought ricin online.

They were formally charged in 2019 and later found guilty

of planning the attack in support of Islamic State. The man was sentenced to 10 years in prison, and his wife received a sentence of eight years.

Though security officials feared the planning in Castrop-Rauxel could be advanced, they didn't elaborate on how far along the plans for the attack were or whether a specific target had already been selected.

"We are analyzing the secured evidence to determine how concrete the attack plans were or not," Mr. Heming said. "That is the basis of our investigation."

Photographs taken at the scene of the arrest showed some units wearing protective clothing and police leading a man on the street to a police van dressed only in his underwear, a T-shirt and sandals with a coat strung over his head, concealing his face.

Police carried evidence out of the suspect's apartment building in blue protective barrels to prevent any potential contamination, a police spokeswoman said.

SENEGAL

Public Bus Crashes; At Least 40 Dead

At least 40 people were killed and dozens injured in a bus crash in central Senegal, the country's president said Sunday.

President Macky Sall tweeted that the collision happened in Gniby village, in the Kaffrine region, at about 3:30 a.m.

Public prosecutor Cheikh Dieng said the crash happened on National Road No. 1 when a public bus punctured a tire and veered across the road, colliding with another bus coming from the opposite direction. At least 78 people were injured, some seriously, he said.

In 2017, at least 25 people were killed in the West African nation when two buses crashed. —Associated Press

JAPAN

Prime Minister's Trip To Focus on Security

Japanese Prime Minister Fumio Kishida begins a weeklong trip Monday to strengthen military ties with Europe and Britain and bring into focus the Japan-U.S. alliance at a summit in Washington, as Japan breaks from its postwar restraint to take on more offensive roles with an eye toward China.

In addition to Mr. Kishida's talks with President Joe Biden on Friday, the five-nation tour takes him to France, Italy, Britain and Canada—some of the Group of Seven nations Japan has stepped up defense ties with in recent years. His first stop is

Paris on Monday evening.

Mr. Kishida said his summit with Mr. Biden will underscore the strength of the Japan-U.S. alliance and how the two countries can work more closely under Japan's new security and defense strategies.

Japan in December adopted reforms including a counterstrike capability that marks a break from the country's exclusively self-defense-only postwar principle. Japan says the current deployment of missile interceptors is insufficient to defend it from rapid weapons advancement in China and North Korea.

—Associated Press

SERBIA

Forces' Return to Kosovo Is Rejected

NATO-led peacekeepers in Kosovo rejected a demand from Serbia that its security forces be allowed to return to the breakaway province amid ongoing tensions, Serbia's president said.

The KFOR peacekeepers, who deployed in Kosovo in 1999 after the NATO alliance's bombing forced the Serbian army out of the territory, said there is no need for the return of Serbian forces, President Aleksandar Vucic said.

Serbia made its demand in mid-December when tensions in Kosovo soared over the arrest of an ethnic Serb former police officer. Those tensions were defused amid European Union and U.S. efforts to push forward an EU-mediated dialogue between the former Balkan war foes. Serbia doesn't recognize Kosovo's 2008 declaration of independence.

—Associated Press



The bus collision in Gniby, Senegal, left dozens dead and injured.

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WORLD NEWS

Sweden, Turkey Clash Over NATO Steps

Ankara's extradition demands pose hurdle to deal for Nordic nation to join alliance

By JARED MALSIN

ISTANBUL—Sweden's prime minister said Sunday that his country can't meet some of the demands made by Turkey in order for the Nordic nation to enter the North Atlantic Treaty Organization.

"Turkey both confirms that we did what we said we would do, but they also say they want things we can't and don't want to give them," said Prime Minister Ulf Kristersson, speaking at a security conference in Sälen, Sweden.

He also said it was "impossible to know" whether Turkey would ratify Sweden's application before Turkey's coming

election, which was initially scheduled for June but is likely to be held earlier.

The comments point to an impasse between Sweden, Finland and Turkey, which has threatened to block the two countries' application to join the alliance over objections to their ties to Kurdish separatist groups. Both countries ended decades of neutrality by deciding to join NATO last year in reaction to Russia's invasion of Ukraine.

Turkish President Recep Tayyip Erdogan initially threatened to veto the Nordic nations' membership last May, citing what he argued was their support for the Kurdistan Workers' Party, known as the PKK. The group is designated a terrorist organization by Turkey, the European Union and the U.S., but the group's Syrian branch is a U.S. and western military partner in

the continuing campaign against Islamic State extremists. Sweden has disputed Mr. Erdogan's allegations as misinformation.

Turkey, Sweden and Finland signed an agreement in June that was designed to resolve the dispute by setting up a security dialogue among the three nations. Sweden and Finland also agreed to address extradition requests made by Turkey of alleged terrorism suspects.

Following the signing of the agreement, Mr. Erdogan and other Turkish officials have insisted that Sweden hasn't done enough to meet its demands, creating an impasse that has persisted for months.

All but two members of NATO have ratified Sweden and Finland's accession to the alliance, with only Turkey and Hungary remaining. Hungary has said its parliament would

vote on the expansion of the organization early this year.

Turkey's extradition requests are at the heart of the dispute. In the agreement they signed in June, Finland and Sweden only agreed to address Turkey's requests for extradition within the framework of their own laws and a European treaty on extraditions.

Sweden in September lifted restrictions on arms sales to Turkey that had been in place since a 2019 Turkish military incursion in Syria that targeted Kurdish militants.

Turkey's state news service in May published a list of the people Ankara wants to be extradited from Sweden. The list includes suspected PKK members, an exiled Turkish journalist and one person whose family says he died in 2015.

In December, Sweden's supreme court blocked the extradition of Bulent Kenes, an ex-

iled Turkish newspaper editor. The Turkish government has accused Mr. Kenes of being a member of the Gulen movement, which Turkey blames for a failed 2016 military coup attempt. The court said Mr. Kenes was at risk of persecution for his political beliefs.

Mr. Erdogan faces a difficult re-election battle in Turkey's coming national election, where there is widespread dissatisfaction with the state of the country's economy, which suffers from 64% inflation after peaking at over 85% last year. Much of the Turkish public has been supportive of his hard-line stance against Sweden and Finland.

Mr. Kristersson, who leads a conservative government elected in September that has been generally enthusiastic about boosting security ties with Turkey, said on Sunday that Sweden can't override its

own laws and judicial institutions.

"From time to time, Turkey mentions individuals that they want to see extradited from Sweden. My reply is that those issues are handled according to Swedish law. Swedish citizens will never be extradited to another country at all," he said.

"There are a lot of factors at play here, domestic political factors as well as Sweden's ability to prove that we're serious about what we've said," he also said.

NATO Secretary-General Jens Stoltenberg, speaking at the same security conference on Sunday, reiterated his view that Sweden and Finland had fulfilled their responsibilities under the June agreement with Turkey.

"I am happy that the agreement has been followed through," he said.

Russia's Cease-Fire in Ukraine Expires

By IAN LOVETT
AND ANN M. SIMMONS

Russia's self-declared 36-hour cease-fire expired with little letup in the fighting on Sunday morning, as Russian forces continued shelling across eastern Ukraine and Moscow-installed officials accused Ukrainian forces of bombing a power plant in occupied Donetsk.

The cease-fire, which Russian President Vladimir Putin had said would last from noon on Friday to midnight on Saturday, when the Russian Orthodox Church celebrated Christmas, brought little slowdown in the fighting. Ukraine dismissed the call to put down weapons as a ploy and refused to participate.

Ukrainian officials reported casualties across front-line regions on Saturday. In the eastern city of Bakhmut, where the heaviest fighting has been taking place in recent weeks, one person was killed and eight others injured, according to the regional governor. Shelling killed one man in the northeastern Kharkiv region. One person was injured in the southern Kherson region.

Early Sunday morning, Pavlo Kyrylenko, governor of the Donetsk region, said on the Telegram messaging platform that Russian forces also hit the front-line city of Kramatorsk with seven missiles, striking educational and industrial facilities.

"The world was once again able to see today how false any words...from Moscow are," Ukrainian President Volodymyr Zelensky said in his nightly ad-



Soldiers load weapons in a helicopter at a Ukrainian air base near the front line in the Kherson region.

dress on Saturday. "They said something there about an alleged cease-fire...But the reality is that Russian rounds hit Bakhmut and other Ukrainian positions again."

Russia's Defense Ministry said Saturday that its forces were observing a cease-fire but that they were repelling Ukrainian offensives mainly in the Donetsk region, where Bakhmut is located.

On Sunday, the ministry said it had hit Ukrainian forces in Kramatorsk in retaliation for a New Year's Day strike on a facility used as a base for mobilized troops in Makiivka, another city in Donetsk. Russian defense officials said the Makiivka strike killed 89 Russian servicemen, while Ukrai-

nian estimates were considerably higher.

The assault on Bakhmut—which Russian forces have been pushing to take for months—is being led by Wagner, a paramilitary group with close ties to the Kremlin.

On Saturday, representatives of Yevgeny Prigozhin, the group's founder, wrote on Telegram that the focus on Bakhmut was due to several strategic advantages the city offered.

"Bakhmut is the central point of the Eastern Front and a serious logistics center," Mr. Prigozhin said. "And the icing on the cake is the system of Soledar and Bakhmut mines, actually a network of underground cities." He added that

the underground networks are large enough that tanks and infantry fighting vehicles can also move around in them.

Bakhmut has been a hub of salt mining for centuries, but Mr. Prigozhin's claims about the city's subterranean complexes couldn't be independently verified.

John Kirby, a spokesman for the White House National Security Council, told reporters Friday that the U.S. sees "every indication that the Russians continue to want to propagate their efforts in the Donbas, particularly around Bakhmut."

In recent days, Russian military bloggers had posted that Moscow's forces had made a breakthrough in the nearby

city of Soledar, which could allow them to encircle Bakhmut. Ukrainian officials said Soledar remained under Ukrainian control.

The Institute for the Study of War, a Washington-based think tank, said that even if the bloggers' posts were accurate, Russian forces remained on the outskirts of Soledar, far from being able to encircle Bakhmut.

On Sunday, Moscow-installed officials said Ukrainian shelling over the weekend had damaged a power plant in the Donetsk region, according to TASS, a Russian state media outlet.

Authorities in the city of Lutuhyn in the Russian-occupied Luhansk region said a powerful explosion on Saturday at a gas pipeline, which temporarily left more than 13,000 customers without gas, was likely the result of sabotage, TASS reported.

The incident marks the latest in a series of recent strikes on power infrastructure and railway lines inside Russian-held territory that Russian authorities have said could involve sleeper cells of the Ukrainian military and local residents aligned with Kyiv.

Meanwhile, on Saturday Mr. Zelensky introduced sanctions against more than 100 Russian public figures, including artists who are based abroad and several who hold Ukrainian citizenship.

He said further sanctions would follow: "Everyone whose voice sounds in unison with the roar of Russian artillery will be isolated from the civilized world."

Iran Executes Two More Protesters

By DAVID S. CLOUD

Iran hanged two men on Saturday who were convicted of killing a militia member during antigovernment protests, according to Iranian state media, the third and fourth Iranians known to have received the death penalty in connection with the nearly four-month-old nationwide demonstrations.

The executed men, Mohammad Mehdi Karami, 22 years old, and Seyyed Mohammad Hosseini, 39, were convicted in the Nov. 3 killing of Ruhollah Ajamian, a member of the pro-regime Basij militia force. Prosecutors said Mr. Ajamian was stabbed and bludgeoned with rocks during protests in the city of Karaj, near Tehran.

It was the latest instance of the government using swift punishment against people accused of violent crimes against security forces in its efforts to suppress protests sparked by the death of 22-year-old Mahsa Amini, who was arrested for allegedly violating the country's strict Islamic dress code.

The demonstrations, which began with calls for reform and have transformed into rallies calling for an end to the country's Islamic system of rule, have shrunk in recent weeks.

The European Union said it was appalled by the executions.

Brazil's Congress Stormed

Continued from Page One
had warned of widespread fraud during October's vote, without presenting evidence, polarizing the country's electorate. He filed a request with the electoral court to annul ballots cast on most electronic voting machines in a move that would have overturned the Oct. 30 result—a request that was swiftly turned down by the court.

Mr. Bolsonaro left Brazil for Orlando, Fla., shortly before Mr. da Silva was inaugurated on Jan. 1, the first president in the country's recent democratic period to decline to take part in the symbolic act of handing over the presidential sash to his successor.

"This is exactly what the ex-president was encouraging his supporters to do," Mr. da Silva said of the rioting, shortly before boarding a plane back to Brasilia. Television images showed the president inspecting damage to the presidential palace, where rioters also invaded the office of his wife, Rosângela Lula da Silva, known as Janja, leaving broken glass and furniture strewn across the floor.

Mr. Bolsonaro rebutted accusations of inciting the attack, tweeting that he had always respected the constitution.

U.S. officials and Latin American leaders joined to criticize the attacks on Brazil's government.



The invasion of Brazil's Congress took place as President Luiz Inácio Lula da Silva was 500 miles away. He decreed an emergency to combat what he called 'fanatic fascists.'

President Biden called the riot "outrageous" during a visit to the U.S.-Mexico border. On Twitter, he wrote: "I condemn the assault on democracy and on the peaceful transfer of power in Brazil. Brazil's democratic institutions have our full support and the will of the Brazilian people must not be undermined."

President Gabriel Boric of Chile said in a statement posted on Twitter: "The Brazilian government has our full support in the face of this cowardly and vile attack on democracy." Officials in Argentina, Colombia and Mexico also re-

leased messages in support of Mr. da Silva's administration.

Mr. Bolsonaro, who still describes himself as Brazil's president on his social media profiles, has largely remained silent since losing October's election, the closest presidential race in Brazilian history.

In his first public appearance since the loss, Mr. Bolsonaro vowed to respect the constitution. But he said in a December speech, "Nothing is lost. The only real end is death." In his final live broadcast over Facebook before he left for the U.S., he urged his supporters not to "throw in the towel."

People close to the former president's administration said he was concerned he might be arrested, accused of encouraging anti-democratic acts, if he remained in Brazil.

Groups of Mr. Bolsonaro's supporters have camped out in front of army headquarters across the country since October's election, calling for the military to intervene to keep the right-wing leader in power. Last month, pro-Bolsonaro protesters also burned buses, clashed with police and tried to force their way into the Federal Police headquarters in Brasilia. Even after Mr. da Silva took

office, many of Mr. Bolsonaro's hard-core supporters said they believed that the inauguration ceremony was faked and that Mr. Bolsonaro remained the rightful leader of the country.

Some political analysts likened Sunday's act to the Jan. 6, 2021, riot in the U.S., in which supporters of then-President Trump tried to sabotage the counting of Electoral College votes that gave the presidential election to Joe Biden.

"It shows just how many challenges are ahead for democracy," said Rafael Cortez, a political scientist at the São Paulo-based consulting firm

Tendências.

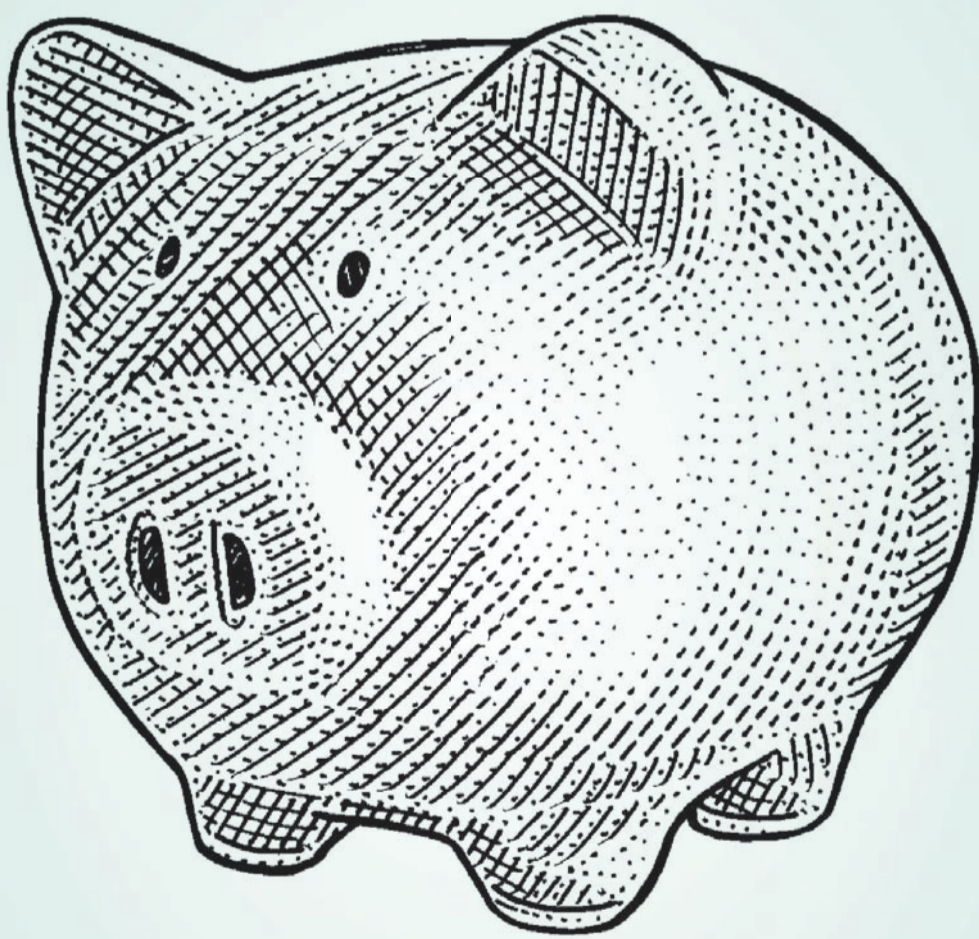
Ibaneis Rocha, governor of the federal district in which Brasilia is located, wrote on Twitter that he was taking all measures to contain the protesters and punish those responsible.

He added that he had fired the federal district's public security secretary, Anderson Torres, Mr. Bolsonaro's former justice minister and a federal police chief, whom Brazilian press reported to be in the U.S. Sunday. Mr. Torres couldn't be reached for comment.

—Nick Timiraos
contributed to this article.

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THE BOLD NEW SHOPPING SITE FROM THE WALL STREET JOURNAL.

FROM PAGE ONE

Transit Seeks More Riders

Continued from Page One falls and seeking new ways to fund existing service.

The ridership drop also has fueled an increase in transit crime, which in turn has pushed away more riders.

"The more you lose a ridership base, the more difficult it becomes to maintain a level of service that people are used to," said P.S. Sriraj, director of the Urban Transportation Center at the University of Illinois, Chicago. "It's becoming a vicious cycle."

In New York City, the Metropolitan Transportation Authority has disclosed plans to cut some Monday and Friday service and increase rider fares this year.

New York's subway system has regained about two-thirds of its pre-pandemic ridership with about 91 million trips in November, according to the MTA. But that is about 50 million fewer rides than in November 2019. Officials worry usage has stalled out at that level.

In San Francisco, the Bay Area Rapid Transit, or BART, recorded 3.7 million trips in November—a little more than one-third of the ridership before Covid.

Systems in Chicago, Philadelphia and Boston also remain short of their pre-pandemic user numbers, deepening financial strains. In cities such as Dallas and Cincinnati, where public-transit budgets are mostly funded through sales tax revenue and more people commute by car, user declines haven't hit as hard.

'Choice riders'

In the U.S. overall, about 883,000 fewer people took public transit in the third quarter of 2022 compared with the same period in 2019, according to federal data gathered by the American Public Transportation Association.

The decline is particularly acute among so-called "choice riders," people who have access to a vehicle but choose to take mass transit, Mr. Sriraj said. This group includes office workers who tend to favor commuter rail over public buses, he added.

For New York City's transit system—the nation's largest by usage—changing ridership patterns in those business districts.

Driving the drop in midtown and downtown users is a loss of office workers, some of whom are now going into the office three days a week, instead of five, MTA officials and analysts say.

Mark Fox, who owns Rag-trader, a bar near the Herald Square subway station in midtown, said he has noticed on Tuesdays through Thursdays that seats are full and revenue is higher. On Mondays and Fridays, the happy-hour crowds are lighter, and Mr. Fox said he has an easier time finding a seat home on the Long Island Rail Road trains.

"I think the hybrid work

model is going to be here to stay for some industries," he said.

The MTA, which besides the subway operates buses, bridges, tunnels and commuter trains, received \$15.1 billion in federal relief aid connected to the Covid-19 crisis, emergency funding that helped offset lost fares and kept normal service running.

But the authority has already used about two-thirds of the aid, including \$1.9 billion in 2022. It expects to draw down the rest by 2026.

In December, officials approved a budget that includes a 5.5% increase for fares and tolls this year. They still need to determine how the fare adjustment applies to various ticket types and hold hearings, but could increase the \$2.75 base fare for the first time since 2015.

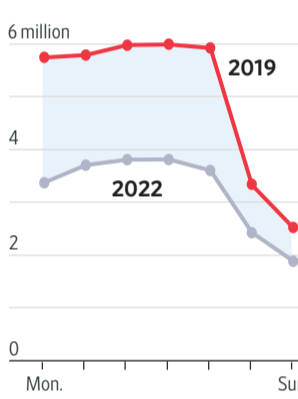
Even with the increase, the transport authority is projecting a \$600 million budget shortfall this year. By 2026, the funding gap is expected to grow to \$1.6 billion.

"We need to be up front with everybody about where we are in terms of having a successful funding model," said Janno Lieber, the MTA's chair and chief executive. "Mass transit is like air and water for New Yorkers—we cannot live without it."

In Boston, the region's Massachusetts Bay Transportation Authority is already having trouble keeping up with its decades-old infrastructure. After



Average New York City subway ridership in 2019 and 2022 for the four weeks following Columbus Day*



*The 2019 and 2022 averages for Monday exclude Columbus Day, a holiday, and are based on three weeks of data.
Source: Metropolitan Transportation Authority

years of deferred maintenance, the authority shut down service on the T's orange line for 30 days this summer to catch up on repairs.

This summer, the MBTA projects it will exhaust its nearly \$2 billion received in pandemic-era federal aid and plans to fill a \$208 million operating shortfall with reserve funds in the coming fiscal year.

Josh Ostroff, former interim director of Transportation for Massachusetts, a passenger advocacy group, said state lawmakers need to re-

think the current fare-driven revenue model.

"Public transit should not have to pay its own way," he said. "It is necessary to the overall economic health of the region."

Planners for San Francisco's Bay Area Rapid Transit say there is now stronger demand for ridership on the weekends, prompting them to add service on Saturday nights.

For BART, federal funds are expected to run out in 2025, after which it projects a budget gap of more than \$200 million. The authority plans to

seek a new funding stream. Without it, the shortfall could trigger service reductions. One planning document shows BART would need to cut the number of train lines to three, from the current five, to break even.

Transit authorities have so far been resistant to making cuts, believing it would further depress ridership. Officials are also concerned about delays on long-needed repairs and infrastructure improvements.

Richard Davis, a local president with the Transport Workers Union, said the MTA's planned service cutbacks on Mondays and Fridays hurt essential workers who can't work remotely.

"Under this plan, the people who clean those offices will get shafted," he said.

Mr. Lieber said the service adjustments affect 0.2% of the MTA's service and additional buses and trains will be added on weekends.

To stave off further cuts, transit authorities are seeking new revenue streams.

In New York, the MTA is preparing to charge drivers a fee to enter Manhattan south of Central Park, a system known as congestion pricing. New York lawmakers have already approved the fee and federal officials are reviewing its impact.



Above, a Chicago Transit Authority train arrives at the Roosevelt train station in December; left, commuters board a Bay Area Rapid Transit, or BART, train in Oakland, Calif.

have proposed other income generators, such as a special tax on package deliveries or drawing more revenue from sales taxes.

Lisa Daglian, executive director of the MTA's Permanent Citizens Advisory Committee, said new state taxes on marijuana sales and casino licenses could help fund the transit authority.

"It's not fixing a deficit," she said. "It's finding a new business model."

In the meantime, the ridership slump is creating other problems for mass-transit authorities.

In New York, more riders are skipping fares due to economic hardship and attitudes that changed during the pandemic, MTA officials say, resulting in an estimated \$550 million a year in lost revenue.

Safety concerns

In a consumer survey conducted by New York's Metropolitan Transportation Authority this spring, roughly 60% of subway riders said they are riding less due to safety concerns. Major transit crimes were up 30% last year compared with 2021, according to police.

In response to rising crime, the MTA says it has added police patrols, hired private security guards to monitor turnstiles and plans to install more cameras on subway cars.

The number of riders who said they feel safe or very safe in stations increased by 10% between November and December, according to a recent MTA survey.

Lori Romeo, a lawyer who lives in Brooklyn and works in downtown Manhattan, said she rarely goes to her office anymore and takes an express bus instead of the subway when she does.

"The homeless are sad, but the floridly psychotic and dangerous make going into Manhattan a challenging experience," she said.

stripper pole.

It can take two hours to film one TikTok. "She forgets her lines," Mr. Giacobbo says of his grandmother.

"I don't forget!" Ms. Paolino shoots back, explaining that she starts and stops frequently to make sure she gets her lines right. "I think he just said that to aggravate me."

Ms. Paolino's life hasn't changed entirely. She still sells Avon beauty products. But the extra cash from TikTok is nice. She says she uses it to spoil her five grandchildren with gestures, such as taking them out to lunch and paying for it all.

"I just enjoy spending it," she says. "If I don't spend it now, what am I going to do?"

Kevin Droniak moved to Los Angeles in 2020, far away

from the Connecticut home of his grandmother Lillian Droniak. She is 92 and once worked in a factory assembling parts for an aircraft manufacturer. Now she's a TikTok star, with help from her grandson.

Mr. Droniak, who is 25, concocted a plan to keep the videos coming without being with Ms. Droniak, who uses a flip phone and still mourns the decline of phone books.

He bought her an iPhone that she uses only over Wi-Fi, without cellular service. After she films herself, the video automatically goes to the cloud and Mr. Droniak downloads it from across the country to edit and post on TikTok.

He flies to Connecticut once a month to film ads, for which companies pay about five fig-

ures, Mr. Droniak says. What does his grandma do with the money? "I go to the store if I need a jacket or I need a new pair of shoes," says Ms. Droniak, who also hands out \$20 bills to family members who drive her around. "They appreciate it," she adds.

Beyond the ads, she decides what she wants to film on her own. She videos herself dancing on her porch or telling followers she wants to adopt them as her grandchildren.

In a recent clip, she lists her goals for the new year. They include "stay alive."

Ms. Droniak says TikTok keeps her busy and keeps her close to her grandson. She plans to do it as long as she can.

"Maybe that's why I'm living so long," she says, "be-

cause God says: She's having fun and people love her."

These older folks have racked up views on TikTok because they stand out on the app, which is mostly filled with teens.

"You're seeing a lot of young faces," says Mae Karwowski, founder of influencer marketing agency Obviously. "People really stop when they see a grandparent."

After his celebrity grandma drew more than 5 million TikTok followers, Thomas Cheung tried to give her a break because of her bad back. He posted videos of his daughter and himself instead. Views plummeted.

"They wanted granny," says Mr. Cheung, 35, who lives in Sydney, Australia.

His grandmother, Hui Jun



For New York City's transit system—the nation's largest by usage—changing ridership patterns are having a big impact.

Grandmas Are Stars On TikTok

Continued from Page One money.

Mr. Giacobbo, who lives near his grandma, takes videos of her between college classes and an internship.

Ms. Paolino likes to stay feisty on TikTok, a reminder of her younger days when she danced at social clubs. She gyrate against an oxygen tank in one video to announce she was home from a hospital stay. In another, she danced with a patio umbrella as if it was a

Wang, didn't want her TikTok career to end either. She says shooting the videos, in which she dances and raps, reminds her of her time singing opera as a child.

"It is quite a challenging puzzle to solve," her grandson says. "How do you make a viral video with your 96-year-old grandma who can barely move?"

Mr. Cheung came up with a way. He films her sitting down and brings her things to react to. In one video, he shows her pictures of rappers and asks which one she would date. She picks the only option without face tattoos, Indonesian rapper Rich Brian, and says, "yeah, yeah, yeah, yeah, yeah, yeah," when she sees him.

The video has 1.6 million views.



WORK & LIFE
RACHEL FEINTZEIG

Some Days, Having It All Means It All Falls Apart

Look for silver linings amid the job, the kids, illnesses and mishaps

The first message, received while I was at the office one day last month, drowning in work, informed me that my daughter had lice. The second confirmed my son had it, too.

The third, which came as my deadline was approaching and I was feeling phantom itchiness on my scalp, announced that my son's wonderful kindergarten teacher had quit the week before and was never coming back.

I felt like I'd been cast in an adult version of "Alexander and the Terrible, Horrible, No Good, Very Bad Day." Everything—work, life, parasites—had collided. In addition to having no idea which crisis to tackle first, I questioned how I'd gotten there in the first place.

Sometimes there's a fine line between having it all and *it's all falling apart*. After a stretch when many of us labored to be Santa at home and year-end heroes at work, all while facing a triple-demic, we could stand to take a deep breath, shift our perspective and, when all else fails, laugh at the absurdity of it all.

"On your bad days, when nothing is going right, you go, 'Oh, my God, I'm a horrible parent. I'm a horrible employee. I'm a horrible wife. I'm a horrible everything,'" says Lilian Tsi Stielstra, a mother of two grown children in Vancouver, Wash. The 58-year-old says she still remembers the morning years ago when she confidently marched into her office in her brand-new black power suit only to realize it was adorned with a blob of her one-year-old's snot.

One lawyer and mother of four in Pennsylvania told me she had once dropped her child off at soccer practice, then figured out, in the blur of juggling back-to-back calls, she'd dropped the wrong child. A nonprofit executive mistakenly threw the plastic bag containing his homemade lunch in the trash and commuted to the office cluelessly clutching a bag filled with cat poop. One tech leader recounted to me the time she received a text message while stationed in a glass conference room in her bustling office. It was her fiancé, breaking up with her.

Some tales of work-life clash are grisly, like presenting to a client in Chicago still bloodied from fresh dental work. Some are eventually funny, like when your child bursts into a research meeting of scientists to announce his pet lizards are having sex.

Navigating our different responsibilities and identities has never been easy. These days, it's compounded by our current stew of illnesses, corporate chaos and the pressure on parents to make

up for everything kids lost during the pandemic.

"It's all colliding," says Lisa Duerre, who spent a day last August dealing with an ailing sibling, an anxious child, a crucial client pitch and a dog who decided right then was a good time to get sick all over the carpet.

The chief executive of RLD Group, which advises tech companies on culture, Ms. Duerre recently had a coaching client kick off a session by placing her forehead down on the desk. The client was overwhelmed by caring for a parent with dementia while dealing with a corporate reorganization.

For those in the throes of acute work-life tensions, Ms. Duerre recommends first pausing. Take three deep breaths. Notice how you're

feeling—are you screaming "Just cancel everything!" in your head? Are your shoulders scrunched up near your ears? Tell yourself you're just going to choose the next right action, and the next, one at a time. Ask yourself what's most important to do right now, and then ask for help where you need it.

Go to a peer first if you can, she says, so you're not constantly sounding alarms to your boss. When you do approach your manager with a problem, bring some possible solutions rather than plaintive queries. The pediatrician only has an appointment during the client meeting; would you prefer I call in from the parking lot there or send someone else to the meeting in my place?

Messy days, and tragic and scary moments too, are part of having a full life. Shouldering many roles, from dad to dog owner to team leader, makes us happier, says Yael Schonbrun, a clinical psychologist and assistant professor at Brown University, though it can also make some situations harder.

"When we have a life that has a lot of meaning and purpose, it's often quite uncomfortable," she says.

See if you can find the silver linings in your busy, complicated days. For example, limited time can force us to be more focused and present, says Dr. Schonbrun, the author of a book about how working parents can manage feeling overwhelmed. Stepping away from work to see our kids or tend to another responsibility can breed bursts of creativity.

When our lives are bigger, a loss or challenge in one area often doesn't hit as hard.

"Even though I might run at a higher anxiety and higher stress, I don't run lonely," reasons Shelley Nelson, who juggles two kids and a job at a financial-technology company. She hit a run of bad luck starting in late 2021, breaking her hand right as she was starting a new job, leaving her with one for

typing. Then came pinkeye, a flat tire that made her late for a meeting where she was to meet her new executives, Covid-19 infections for nearly the whole family and the death of her husband's grandmother.

"I was, like, this is not who I am," she says of all the accommodations she had to request from her new manager, from extra work-from-home days to time off. She laughed to keep from crying. She wished she could do better, at everything. But she told herself she was managing as well as she could, and found the bad days built resilience.

I did, too. When the woman at the lice-treatment center examined my hair and assured me that good moms get lice, I took the diagnosis as proof of my hands-on parenting. When my son came down with a mystery fever the following week, I cherished the extra cuddles on the couch. By the time my daughter was hit with a stomach bug on Christmas Eve, just as my editor was texting me about a column, I was less fazed by it all.

Nothing seemed to be going as planned, but it still felt like a privilege to have so many things I loved, constantly colliding with each other.



◀ For Shelley Nelson, a new job, broken hand



▶ Lisa Duerre held a client call in her minivan.

MY RIDE | A.J. BAIME

A 93-Year-Old Ford Turns Into a Hot Rod

Stacie Depner, 46, a mechanical engineer and medical device product-development director living in Anaheim, Calif., on her 1930 Ford Model A hot rod, as told to A.J. Baime.

WHEN I WAS in my second year in college, I was living on University Avenue in Minneapolis and every weekend I would see old cars drive by. I found out that everyone was going to Porky's, a famous drive-in, for cruise nights. I thought: "I wonder what other cool car events are going on around here?" That's when I found out about Back to the 50's, which is one of the biggest annual car shows in the country. I first went in 1996, and this was a eureka moment for me.

I grew up going to car shows with my brother and my father. My uncle had a shop and he and my father built cars that they raced and smashed up, then they would rebuild them. We went to drag races and stock-car races. So when I first started going to Back to the 50's, I invited my parents. I also started meeting young people who, like me, were into cars and rockabilly music.

Then I thought: "I am a mechanical engineer. Why can't I build a car? If I was going to build a car, what would it be?"



I started gathering parts in 2006. I bought frame rails, and I had a shop in Minnesota build the frame. (I have done some welding, but I am not skilled so I needed help with this part.) I acquired a 1930 Ford roadster body. I didn't have a space to build the car at the time. I ended up using a space at a friend's house—Jeff Bloedorn, who owns East Side Speed Shop in Stillwater, Minn. His wife was my best friend, so I spent a lot of time at their house. I went there about twice a week after work, and on weekends.



Stacie Depner with her 1930 Ford Model A custom roadster, with its early 1960s 327 V-8 engine, at the Race of Gentlemen in Jurupa Valley, Calif.



Jeff guided me along, helped me pick parts, and I did most of the physical work.

I built the floor structure. I built the rear suspension. I got an early 1960s 327 V-8 engine and I put in

an old-style cam shaft so it sounded pretty good. We started building in November 2009, and the following summer, I had it on the road and I took it to Back to the 50's.

I drove in looking pretty disheveled and exhausted, but I sure was happy. My car had open headers so it was freakin' loud! Some friends of

mine saw me and screamed, "Oh my God, it's Stacie!" It was an amazing moment.

I have been driving the roadster ever since. I took it out to California with me. I have been so busy with work the past two years, so I brought the car to my friend Jay Dean to overhaul it, at his shop Nostalgia Ranch in Fallbrook, Calif. I wanted to make it more of a show car, so we added a lot of chrome, a new engine intake and a new rear end. The result is what you see here.

It has been a great ride. And the journey keeps on going.

CLOCKWISE FROM TOP: PHOTO ILLUSTRATION BY ELENA SCOTT/THE WALL STREET JOURNAL; ISTOCK; PINELSQUID; LISA DUERRE; SHELLEY NELSON

TRACY NGUYEN FOR THE WALL STREET JOURNAL (3)

PERSONAL JOURNAL.



JACOB KEPLER FOR THE WALL STREET JOURNAL (2); BABYPARK; WOWNWEE; BHEART; BIRD BUDDY; ACER

By SHARA TIBKEN,
CORDILIA JAMES
AND DALVIN BROWN

Cool, Crazy and Cute Tech We Found at Las Vegas CES

A head-worn smell generator. Hummingbird-feeder cameras. A plane mask that covers your mouth for quiet phone calls at 30,000 feet. The annual tech confab in Las Vegas is back.

While CES wasn't back at full strength and some economic worries caused companies to highlight more pragmatic product ideas, the event looked a little more like usual this year.

We saw hundreds of items. Some were unproven and many could go sideways, but here's what intrigued, delighted and puzzled us most in Vegas. Just remember, while you'll be able to buy some of them in

the coming months or years, these aren't recommendations.

▼ A laptop-charging stationary bike desk

Getting in a workout while



you're working is nice. Being able to charge your laptop using your own movement is even better. As you hop on Acer's eKinect BD 3 and start pedaling, the bike desk converts the energy and delivers it to your devices through USB ports. One hour of constant cycling at 60 revolutions per minute can generate 75 watts of power, Acer says—fully charging an iPhone 14 could take as little as 1.5 hours. Better get pedaling! Good thing the desk also features a beverage holder. The charging bike goes on sale in June in North America for \$999.



▲ A self-driving lawn mower

A lawn-mowing robot has long been one of the great promises of the digital age. But the ones on the market for the last decade or more have mostly created more work than they took away. Worx, which has been in the business a while, showed off the Landroid Vision. It's packed with cameras and autonomous-vehicle AI so it can tell the difference between grass and other surfaces. You don't even have to set up boundary wires or antennas to keep it from running off. It's "drop and mow," as the company says. During a demo in Las Vegas, it easily steered clear of a (plush) hedgehog lying on the turf. It starts at \$2,399 and goes on sale in April.

▼ A fitness-tracking watch band

This is for people who love their classic watch but want to keep up with all the latest fitness-tracking tech. French startup Baracoda developed Bheart, a wristband that fits standard watches and tracks activity levels, body heat, steps and sleep quality. It doesn't have its own display, so you need an app to use it. The best part is that, like many classic self-winding watches, the band powers itself via motion—as well as body heat and environmental light, collected through solar panels. Baracoda hopes to start selling it for \$100 in April.



▲ A face mask for quiet calls

The European Commission recently said passengers can use 5G on planes in Europe, even for mid-air phone calls. (That's not happening in the U.S.—yet.) While that might make everyone else invest in noise-canceling headphones, more thoughtful talkers might look into Skyted. Created by an Airbus alum and funded by the planemaker, this privacy mask uses aerospace materials and techniques to absorb 80% of voice vibrations. This means you can place a phone call—

or trash talk opponents in an online videogame—without bugging fellow passengers, office mates or domestic partners. The high-tech mouth muffler, which starts at \$400, will launch on Kickstarter in March.

▲ A home urinalysis scanner

This may look like a massive AirTag, but it's designed to track something even more personal than your luggage: French health-tech company Withings designed U-Scan to hang inside your toilet bowl and analyze your urine. When you pee, the pebble-shaped device's thermal sensor automatically turns it on, and it collects enough of a sample for a test, using replaceable cartridges. It reads biomarkers to report on your hydration, nutrition, metabolism and more. It's not supposed to confuse you with a partner or roommate, either. The company says a built-in low-energy radar sensor tracks each user's unique "stream signature." The company hopes to sell the device in Europe later this year for about \$530, and eventually bring it to the U.S.



▲ A camera-equipped hummingbird feeder

People selfies are so yesterday. But bird selfies—"birdies"?! Sign us up. Bird Buddy began shipping its original \$199 camera-equipped bird feeder in September, and is one-upping itself at CES with a model designed for the zippiest of fowl, the hummingbird. An AI-equipped motion sensor detects when a bird has arrived, and a camera captures images and videos. The system analyzes the images to determine the bird's species. The company hasn't said when the hummingbird feeder will ship.

▲ Fish-identifying aquarium tech

Plenty of fish in the sea? More like, plenty of fish you can see. Taiwan's Industrial Technology Research Institute has a smart system for aquariums that displays information about aquatic species. The screen tracks the observer's line of sight or gestures to determine what you're looking at. Then it uses AI to identify the fish from its own image database. An overlay on the wall of the fish tank then shows the relevant information. The tech is already being used at the National Museum of Marine

Science and Technology in Taiwan. ITRI says it could also work for windows on tour buses.

▲ A virtual smell machine

Vermont-based startup OVR Technology created a wearable that produces scents to match the views from smartphones, tablets or computers. The Ion 3 wraps around the back of your head and rests low on your left cheek, directing its mixed-on-the-fly essences to your nose. When you're gazing at a beach scene, you can inhale the sea air. When you're touring exotic locales from your office chair, you can actually smell the flowers. We've tried it, and it really works. You can design your own scents, combining essences ranging from earthy and woody to citrus and sweet.



▲ A high-tech baby car seat

Sweat, tears, messy hair. Signs of a parent who just wrestled a wild animal—or just installed a car seat? With its app-guided installation and a smart base that notifies you when it's installed correctly, the Babyark car seat aims to address key parental pain points. It also notifies you if a child is unbuckled or left unattended in the seat. In the event of a crash, it uses energy absorption technology to slow the seat's forward momentum. What doesn't it do? Self clean all the dried peanut butter and crushed Goldfish. For the price, maybe it should: The seat, due out this summer, will cost \$1,190.

▼ An e-dog named Dog-E, of course

If you want to read this dog's mind, look at its tail. Dog-E—the latest robot from veteran cybertoy maker WowWee—has audio sensors for hearing verbal commands and touch sensors on its head, nose and body to respond to caresses. It can bark and growl in various



tones. But its tail is where you can see icons and messages letting you know it's hungry or wants to play. The robot has over 10 million possible combinations of colorful lights, sounds and personality traits to make it unique to you. It will be available in the U.S. this fall for \$80. Good Dog-E.


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ARTS IN REVIEW

ART REVIEW

Hopper's Visions of a Slower City

The painter's lonely, unhurried urban scenes are the focus of an exhibition at the Whitney Museum of American Art

By KAREN WILKIN

New York
Surprisingly, two quintessential American painters, Edward Hopper (1882-1967) and Stuart Davis (1892-1964), share similar histories, despite a 10-year age difference and differences in their work. Both commuted to New York City as teenagers to study art, Hopper from Nyack, N.Y., and Davis from New Jersey. Both moved to Greenwich Village early in the 20th century, Hopper to spend the rest of his life there, Davis almost all of his. Both studied with Robert Henri, worked initially as illustrators and had formative stays in Paris and New England. Both exhibited in the 1913 International Exhibition of Modern Art, known as the Armory Show. Both made New York City a major theme in their work.

Davis was fascinated by the adventurous European painters he encountered at the Armory Show and resolved, he wrote, to be a Modern Artist (his capitals), striving, at first, to emulate Van Gogh, Matisse and the Cubists. Hopper was already aware of these vanguardists, thanks to three extended trips to France between 1906 and 1910. Yet he was indifferent to their innovations, remaining faithful to a personal brand of perceptual realism. Where Davis embraced urban modernity, inventing brilliantly colored visual equivalents for the cacophony of New York streets, Hopper concentrated on interiors and the vestiges of an earlier, less hurried city, creating, at his best, ambiguous, often crepuscular images about silence and isolation.



Edward Hopper's 'Room in New York' (1932), above, 'Early Sunday Morning' (1930), left, 'Morning Sun' (1952), below center, and 'New York Movie' (1939), bottom left; installation view of 'Edward Hopper's New York' at the Whitney, bottom right

magazine covers and illustrations assert his penchant for explicit storytelling, a tendency that persisted (not always helpfully) even after he abandoned commercial art for "pure" painting. As the exhibition makes plain, Hopper's strongest works are invigorated by tension between an apparent naturalism and lucid structure and an implied, enigmatic—rather than overt—narrative.

The curators discuss Hopper's attachment to "the horizontal city"—his preference for modest buildings like those in the celebrated "Early Sunday Morning" (1930), with its row of closed shops, the empty street populated by an anthropomorphic fire hy-

parently bored, turns away to hit a note on the piano. The composition's firm geometry, emphasized by the repeated rectangles of the paneling of a tall door and pictures on the wall, offsets the flavor of illustration.

But the illustrator dominates in "Two on the Aisle" (1927), at once testimony to Hopper's appetite for theater and movies, and to banal specificity. A couple in evening clothes find their orchestra seats in a nearly empty theater. The man struggles to remove his coat. We're forced to invent a backstory for the disparity between their obvious means and early, unsophisticated arrival time. Quite the opposite, the introspective, self-contained usher leaning on the wall in "New York Movie" (1939) makes the image mysterious and compelling. Notebook drawings reveal that Hopper sketched several actual theaters before devising his own for "New York Movie," underscoring the importance of invention in his most memorable works.

Hopper's New York interiors often seem moody, even when the titles refer to daylight. Spaces are claustrophobic. People in offices seem to be staying long after closing hours. A woman in an Automat at night may be the only patron. An exception is "Morning Sun" (1952). Bathed in sunshine, Hopper's wife, Jo, on a bed, stares at rooftops out the window. The pyramid of Jo's seated form, dead center, anchors an arrangement of generous rectangles. Is the painting about light, geometry, or Hopper's affection for his wife? The cityscape seems almost an afterthought, but it explains the inclusion of "Morning Sun" in "Edward Hopper's New York." For that, we should be grateful.

Edward Hopper's New York
Whitney Museum of American Art, through March 5

Ms. Wilkin is an independent curator and critic.

He focused on everything from domestic interiors to street scenes, restaurants to offices.

Student work, plus paintings, drawings and etchings made in the early 1900s are contrasted by the youthful Hopper's commercial art. His enduring preoccupations are announced by waterfront views, rooftops glimpsed from the El train, lonely night scenes and figures seen unawares, presented with broad, forthright strokes and solid planes of tone and color. The



drant and barber pole. He must have spent a lot of time riding the El trains or gazing omnisciently from the approaches to bridges and from rooftops and upper windows, studying things invisible from street level, such as elaborate cornices and arched windows. Sometimes, as in "Room in New York" (1932), Hopper indulged in the guilty pleasure of staring into lighted windows at night, here discovering an oddly disconnected couple. The man leans over his newspaper while the woman, ap-



SPORTS

Georgia, TCU Took Different Routes

The national championship game is a business trip for the Bulldogs and a surprise vacation for the Horned Frogs

By LAINE HIGGINS

Los Angeles

Monday night's college football championship between Georgia and Texas Christian pits one of the sport's powerhouses and one of its unheralded outsiders. It's also a test case for what types of teams can make it to the sport's pinnacle in 2023.

With the sport in a dramatic period of flux, the blueprint for successful programs is up for debate. Schools like Georgia have institutional backing to spend boatloads of money to recruit the best players and can ferry them into the top rounds of the NFL draft after winning collegiate championships. The depth of the roster is such that practices are sometimes harder than games.

Then there is TCU. The Horned Frogs made the title game behind a head coach who makes a fraction of the money of Georgia's Kirby Smart, has less shiny facilities and lower-rated players who go to the NFL much less frequently than those at Georgia.

Yet both teams ended up in Los Angeles. And there are lessons to be learned in the radically different ways they got here.

Before Smart's arrival in December 2015, Georgia was known as an underachieving giant. Its campus is smack in the middle of one of the most fertile high-school football breeding grounds, but much of the Peach State's top talent was leaving to play elsewhere. It had a massive stadium, but no indoor football facility until 2016. Its conference is megarich, but it also includes a juggernaut named Alabama.

All of the pieces were in place for Smart to elevate Georgia to the level of Nick Saban's Crimson Tide, but he needed to make a few important tweaks. First, he launched a charm offensive with the university's administration.

"He had to go to the administration and say: 'Listen, we're all chasing Alabama. If you want to catch them and surpass them, there has to be a university investment,'" said ESPN recruiting analyst Tom Luginbill.

Smart argued that the university



TCU players work out during a practice session ahead of Monday's College Football Playoff national championship game against the Georgia Bulldogs.

stood to gain off the field from a winning football team. He pointed to Alabama and Clemson, which saw out-of-state applications, donations and enrollment increase following their respective national championships in the 2010s. The Georgia brass went all in.

More money meant a private jet for recruiting visits, which allowed the Bulldogs staff to court top prospects from every coast. The first player from California recruited by Smart signed in 2017; the first Texan he wooed followed the next year. Later, he would snag the top player from Arizona, Kelee Ringo.

"He basically put his own spin on Alabama. And then he knows how to work a cellphone way better than

Nick, so basically he could communicate with recruits on a different level," said Marshall Malchow, director of player personnel at Georgia from 2016 to 2019.

"If you like hard, then you'll fit in our place," Smart said on Saturday.

This stands in contrast with the approach taken by first-year coach Sonny Dykes at TCU. The Horned Frogs signed one five-star prospect in the past four years, who has since transferred to Ole Miss, compared with Georgia's 18. Prior to the College Football Playoff semifinal, just four players on the roster had ever played in a bowl game. TCU in December announced a \$40 million athletics center renovation and expansion project, but that level in-

vestment lags behind Georgia's.

Dykes unified what veteran players said had been a cliquey roster by encouraging them to enjoy the ride. They would finish the week with kickball games, head to the coach's house for home-cooked meals and celebrate every win like it was their last. Ask players what their experience in Fort Worth has been in 2022, and they'll tell you: it was fun.

The Horned Frogs are even treating the postseason differently than their opponent. This is a business trip for Georgia. For TCU, it's a surprise vacation.

"We're just happy to be in this position," said TCU cornerback Tre'Vius Hodges-Tomlinson. He added: "This is not something that

happens often. This is a one-time thing for some teams...It's not all about being serious."

TCU is not lacking for talent at the top end—quarterback Max Dugan finished second in voting for the Heisman Trophy—but they can't match Georgia's depth.

"They're a really well coached football team that kind of had everything fall together at the right time," Luginbill said.

It isn't that TCU is among the "have-nots" of college football; they're just not among the top of the "haves." And that's the fundamental difference that will be tested at SoFi Stadium. TCU is climbing to the top; Georgia is already there with no plans of leaving.

The WSJ Daily Crossword | Edited by Mike Shenk

Crossword grid with numbers 1-66 indicating starting positions for clues.

- 27 Like the "e" in "mime"
29 President who served for 492 days
33 Music category
34 Elephant of kids' books
35 They like having things up in the air
36 Barbra's "Funny Girl" part
37 Miss Jane, who solved "The Murder at the Vicarage"
38 Attacked from the air
39 Famed escape artist
43 Hard to grasp

SHE'S GOT IT | By Dave Taber & Laura Moll

Word puzzle grid with clues and answers. Clues include: 31 Simple top, 59 Words from Professor Higgins, and where you'll find the starts of 17-, 26-, 35- and 48-Across, 61 Register, 62 Period of history, 63 Tibetan monk, 64 Goofy creator, 65 "Far out!", 66 Verve.

Previous Puzzle's Solution grid showing the solution to the previous crossword puzzle.

The contest answer is I SEE IT. Six grid answers consist of or end with a word containing AHA (HA-HAS, OMAHA, MAHAL, SAHARA, GRAHAM, MAHAN). Six other answers match those words if AHA is replaced with a single letter (HIS, OMS, MEL, SERA, GRIM, MTN). The replacement letters spell the contest answer.



Buffalo's Nyheim Hines returned the opening kickoff against the Patriots for a 96-yard touchdown.

Bills Deliver a Storybook Win

By ANDREW BEATON

It took precisely one play for the Buffalo Bills to show how they would respond in their first game since last Monday's was canceled after their safety Damar Hamlin went into cardiac arrest on the field.

Buffalo's Nyheim Hines returned the opening kickoff of Sunday's game against the New England Patriots for a 96-yard touchdown, as the stadium burst into roars and an incredulous Josh Allen, the Bills quarterback, put his hands on his head watching from the sidelines.

"OMFG!!!!!!!!!!!!!!!" Hamlin tweeted afterward from the hospital.

The storybook moment, at the start of Buffalo's 35-23 win over New England, was the capstone to a week that morphed from mournful to joyous relief as Hamlin's condition improved remarkably. Even more incredibly, during a season when there had been just four kickoff returns for touchdowns, Hines became the 11th player in NFL history to return two back in the same game.

From the moment NFL games returned Saturday, the weekend became a celebration of Hamlin's recovery cast against the backdrop of play-

off races coming to a climax. Hamlin is now awake, breathing on his own and appearing to be in excellent neurological condition after collapsing on the field after making a tackle against the Cincinnati Bengals. Hamlin, who received CPR and had his heartbeat restarted with a defibrillator before an ambulance took him to the hospital, was well enough to tweet throughout Sunday's game while tributes to him were center stage at games everywhere.

Players wore shirts during warm-ups that said "Love for Damar," public address systems provided a moment for fans to cheer for him and signs scrawled with messages of support dotted stadiums. Commissioner Roger Goodell attended the game, wearing a hat with Hamlin's No. 3, while Bills players also wore a patch with Hamlin's number.

The final weekend of the regular season also decided final postseason berths and seedings—with the playoff picture that was upended by the cancellation of the Bills-Bengals game.

With a win over the Raiders on Saturday, the Kansas City Chiefs locked up the AFC's No. 1 seed, though if the Bills had beaten both the Bengals and the Patriots, it would have been theirs. As a

result, in an attempt to diminish the inequities caused by the situation, the NFL decided that the AFC Championship will be played at a neutral site if the Bills and Chiefs meet.

Buffalo is now the No. 2 seed, but that game was also decisive for the Patriots, who could have locked up a wild-card berth with a victory. Instead, they'll miss the playoffs while the Miami Dolphins sneaked in with an 11-6 win over the New York Jets.

Cincinnati, which was beating Buffalo 7-3 at the time of the game's suspension, earned the No. 3 seed by beating a banged up Ravens team and avoided another awkward scenario the NFL created by the teams playing an uneven number of games. If Baltimore had won, and the Ravens and Bengals had met during the wild-card round, home field would have been decided by a coin flip.

The Bengals were openly upset with that possibility, and that continued into the game. Cincinnati running back Joe Mixon celebrated a touchdown by taking a coin out of his glove and flipping it in the end zone.

Buffalo will play Miami in the wild-card round, while AFC North champion Cincinnati hosts Baltimore.

OPINION

The Voting Bloc Against Bossiness



INSIDE VIEW
By Andy Kessler

Meet the Dontells, sure to be a political force in the next few elections. Their mantra is simple: Don't tell me what to do, hence the name. Their telltale sign is an obvious case of ODD. What's that? Oppositional defiant disorder, which, according to Johns Hopkins Medicine, is a behavior disorder, often in children who "are uncooperative, defiant, and hostile toward peers, parents, teachers, and other authority figures." Yeah, I've got that.

Also add: Don't tell me what to say, to think, to pay. Backlash was inevitable against the metastatic absurdity. Use only paper straws. Don't tell me what to do. You can't say "master bedroom" anymore. Oh yes I can. That 6-foot-tall dude winning all the NCAA women's swimming meets is really a woman. I don't think so. Every threat is existential. Maybe to you. No abortions ever. What? Your taxes pay people not to work. Make it stop!

Tea partiers and red-hatted MAGA supporters pushed back against Obama-era bossiness. They didn't want high taxes to pay for open-border welfare, gun confiscation or being woke poked. Heck, they even supported a blundering bloviator for president. That's how desperate their Dontell

dedication was. Note, there is a fine distinction between the Doncares (I don't care), the Leavmis (leave me alone), and the Dontells. The first two groups rarely vote. But Dontells vote in droves, on both sides of the aisle.

Amazingly, the whole Dontell thing still comes as a huge surprise to self-important city dwellers on both coasts. Yes, most big-city progressives like to be dominated and enjoy being told what to do. Walk/Don't Walk. Mind the gap. Wait in long lines. Alternate-side-of-the-street parking regulations. Calorie counts in

The Dontells don't want to be told what to think, what to say, or what to do.

doughnut shops. Confiscatory taxes. New York's (unconstitutional) ban on large sodas. San Francisco's ban on Happy Meals. The seemingly mandatory use of words such as "positionality" and "performativity" in conversation.

Liberals, implied in the name, say they are for freedom, but are they? The progressive wing is full of authoritarians telling others what to do or how to think: America is a racist country. Wear a mask. Limit charter schools. Bees are fish (in California). "A drag queen bloviator for president. That's how desperate their Dontell

ESG. CRT. DEI. I could go on. Meanwhile, Dontells are fed up with submission.

Elon Musk, who tweets about a "woke mind virus," became a card-carrying Dontell in 2020 when California Gov. Gavin Newsom's lockdowns closed his Tesla factories. He eventually moved Tesla's headquarters to Texas. Last year 340,000 others left California. I would bet most are Dontells.

So far, Florida Gov. Ron DeSantis is a Dontell hero—he checks all the boxes. He got rid of lockdowns and mask mandates. He stood up to Disney's pushback against a law requiring classroom discussions of sex to be age-appropriate. The state still levies no income tax. His appeal, I think, is that he wants voters to make up their own minds about what to say or do.

There is going to be a fight for Dontell swing voters in 2024. In 2021 then-Gov. Doug Ducey said, "Arizona does not allow mask mandates, vaccine mandates, vaccine passports or discrimination in schools based on who is or isn't vaccinated." Pity he was term-limited. Dontells piled on to support Glenn Youngkin after his Virginia gubernatorial opponent, Terry McAuliffe, said, "I don't think parents should be telling schools what they should teach."

Stanford University provided a list of forbidden words with its Elimination of Harmful Language Initiative. C'mon man. Sorry, I mean: C'mon

person. Corporate America also plays along. In 1992 we had Rockette Barbie and U.S. Presidential candidate Barbie. Pretty cool. For 2022, Mattel introduced Chief Sustainability Officer Barbie, part of its "Eco-Leadership Team" line of "certified CarbonNeutral® products." Don't tell me what to think!

Many Dontells rally around the yellow Gadsden flag with its coiled rattlesnake and declaration "Don't Tread on Me." In 2016 a controversy raged over whether the Gadsden flag was racist. Really? There's that insulting implicit bias again. Dontells hate the thought police.

It's about freedom. Are Dontells libertarians? Not necessarily. There is a deeper psychology of freedom that runs through society, way beyond Ayn Rand fanatics or Cato Institute donors or even cryptocrazies. This is especially true in Silicon Valley, even though its residents won't admit it. Disruption almost by definition is not listening to what others tell you to do.

We no longer live in a nanny state, but a bossy state. You must express the prevailing opinion or face mockery. Do this, don't do that. Instead, let's eliminate ODD in our lifetime. The Dontells' philosophy is simple: How about you live your life, and I'll live mine. Don't tell me what to do, say, think or pay. Oh yeah, and don't tread on me . . . because I vote.

Write to kessler@wsj.com.

BOOKSHELF | By Stephen Brumwell

Courage And Carnage

The Siege of Loyalty House

By Jessie Childs
(Pegasus, 318 pages, \$28.95)

On Oct. 14, 1645, at the height of the English Civil War between Charles I and his defiant Parliament, Gen. Oliver Cromwell unleashed a brigade of the New Model Army against the most notorious remaining royalist outpost. For more than two years, Basing House—a sprawling estate in Hampshire, 55 miles southwest of London—had been held for the king despite repeated efforts to subdue its garrison. Now, at last, the stronghold was stormed, and all inside were slaughtered or captured.

In "The Siege of Loyalty House," Jessie Childs tells the compelling story of a place that acquired a mystique far beyond its strategic significance, mounting a staunch resistance justifying the sobriquet recalled in her title.

Underpinned by meticulous research, this finely crafted narrative unfolds in evocative and often poetic language, transporting readers back to a "terrifying, electrifying time" and breathing fresh life into the men and women who endured it.

Ms. Childs, a historian whose previous works have focused on the earlier Tudor period, shows how the hardships of enforced confinement revealed the best and worst of Basing's defenders. It was a "garrison of all the talents," she writes, and included individuals whose backgrounds as artists, scientists and merchants open vistas into a tumultuous age. The fight for Basing House becomes a prism to view the English Revolution, a much-debated episode encompassing the execution of Charles I in 1649 and the monarchy's replacement by a decade-long republic. For bewildered witnesses, it truly was a world "turned upside down."

Highlighting key flashpoints, Ms. Childs traces the gradual polarization of loyalties and the inexorable slide into war. The stubborn, duplicitous Charles Stuart believed in his divine right to rule as he pleased, but Parliament refused to bend to his will, suspecting him of seeking to revive the elaborate "papist" rituals of the pre-Reformation Catholic Church. As tensions escalated in London, the king's swaggering Cavalier supporters confronted gatherings of Roundheads (a mocking reference to the city's short-haired apprentices who favored Parliament).

Ms. Childs charts the Civil War's unspooling tragedy with insight and compassion. Shocked by the opening clash at Edgehill, in October 1642, Parliament's commander in chief, Robert Devereux, Earl of Essex, was unable to compose the customary postbattle report. After experiencing the carnage, the earl's "mind and body shut down."

Like other fratricidal conflicts, the struggle pitted former comrades against each other. In younger days, the Roundhead general Sir William Waller and his opponent, Sir Ralph Hopton, had shared the dangers of war-torn Bohemia (today's Czech Republic). In December 1643, when Hopton wrote Waller requesting the body of a slain subordinate, he earnestly desired that "God give a sudden stop to this issue of English blood" before signing off as "your faithful friend."

As the siege intensified, the walls of the royalist stronghold were bolstered by earthworks likely designed by its celebrated occupant Inigo Jones.

Although religious wrangling contributed to the war, for many, when it came to picking sides, conscience trumped faith. The owner of Basing House, John Paulet, 5th Marquess of Winchester, was both a devout Catholic and an ardent royalist whose family motto, "Aimez Loyauté" ("Love Loyalty"), gave his home its nickname. By contrast, some of the stronghold's toughest defenders, including its military governor, Marmaduke Rawdon, were Protestants who had anguished over their allegiance.

Located on the main road to the west country, Basing House had long been a convenient stop for traveling monarchs. It featured two brick-built Tudor mansions: The Old House was sited within the substantial earthworks of a Norman castle; the more elaborate New House was constructed alongside it. Erected as a peaceful residence, Basing House was nonetheless defensible against all save the heaviest artillery. As the siege intensified, its walls were bolstered by up-to-date earth bastions, likely designed by a celebrated occupant, the architect Inigo Jones.

The divisions that sparked the English Civil War, Ms. Childs tells us, prompted a proliferation of "newsbooks" and partisan pamphlets—the birth, she says, of "popular journalism in England." Another of Basing's notable defenders was Thomas Fuller, whose biographical collection, titled "History of the Worthies of England," aimed to preserve a kernel of truth amid all the circulating lies.

Among the most fascinating—and appealing—members of the garrison was Thomas Johnson, a London apothecary who rambled far and wide to find and identify "every indigenous plant in England and Wales" so that he could catalog and analyze the ingredients that went into the medicines he prescribed. Johnson proved himself a natural soldier, his dedication as a herbalist matched by bravery in combat.

Ms. Childs possesses the knack of encapsulating action in a sentence or two of lively prose and telling imagery. Roundhead cavalry routed over a steep hill during the 1643 battle of Roundway Down became a "broth of metal, bone, leather and flesh," while mortars deployed to lob explosive shells high over the walls of Basing House are likened to "squat iron toads" that "croaked deadly fireworks."

At the restoration of Charles II in 1660, the Act of Oblivion sought to erase memories of recent strife in hopes of future harmony. One group was exempted from amnesty: The surviving "regicides" who had urged the death of the king's father faced the ghastly punishment for treason. Mercifully, Ms. Childs spares us the gruesome details, yet her description of the firebrand preacher Hugh Peter awaiting death, determined to master his fear despite the jeers of the gore-smeared executioner, is less chilling.

Cromwell's bloody conquest left "Loyalty House" a scorched shell. Even so, its ditches and foundations survive. Early last century, excavations exposed graffiti left by Roundhead prisoners. The sketches were swiftly obliterated by the melting snow of an unexpected storm, yet Ms. Childs's vivid account will ensure that the drama that inspired them won't be forgotten.

Mr. Brumwell's books include "Turncoat: Benedict Arnold and the Crisis of American Liberty."

Biden Bows to Blackmail on Migrants



AMERICAS
By Mary Anastasia O'Grady

The Cuban military dictatorship has unleashed three destabilizing crises since taking power in 1959. They occurred in 1965, 1980 and 1994-95, all years when a Democrat was in the White House. During the Obama administration, more than 120,000 Cuban migrants found their way to U.S. ports of entry from 2014-16, mainly via Central America.

There was no attempt by Fidel Castro to flood American shores with desperate *balseros* during the presidencies of Ronald Reagan, George H.W. Bush or George W. Bush despite their hard-line policies against Cuba. Donald Trump faced caravans arriving at the southern border starting in 2018 but by the end of 2019, the numbers of migrant "encounters" by U.S. Customs and Border Protection had dropped precipitously.

This partisan dichotomy is worth noting in light of the human train-wreck at the southern U.S. border since President Biden took office. Is the migrant crisis merely a spontaneous flood of huddled masses yearning to breathe free, or is it an organized assault on U.S. law and order similar to Castro pranks of old?

Flight data from Venezuela to Mexico collected by the nongovernmental organization

Center for a Secure Free Society, or SFS, and interviews the center has done with migrants at the U.S. border suggest the latter. In a paper due out in March, SFS director Joseph Humire presents research to show that Caracas has played a key role in facilitating the migrant spike since 2021.

Using migrants as weapons is essentially an act of war. Yet on Thursday the U.S. announced that it will grant an additional 30,000 visas a month to Venezuelans, Nicaraguans, Cubans and Haitians if they apply from their home countries. Mr. Biden sets a bad precedent in bowing to blackmail as so many of his Democratic predecessors did.

Enemies of Western liberal democracies have a long tradition of sparking migration crises to extract geopolitical concessions from governments that appear vulnerable to extortion. In a 2016 essay in the journal *Military Review* titled "Migration as a Weapon in Theory and in Practice," Tufts University political science professor Kelly Greenhill defined the strategy as "coercive engineered migration."

Weak nations, Ms. Greenhill explained, can capitalize on the desperation of their populations "to achieve political goals that would be utterly unattainable through military means." Clearly "the idea that states such as Cuba, Haiti, and Mexico could successfully coerce their neighbor, the United States, with the threat of military force is absurd," Ms. Greenhill wrote. But "the tacit or explicit threat of demographic bombs"

to force the U.S. to negotiations, is not. Cuba was successful in this strategy during the presidencies of Lyndon Johnson, Jimmy Carter, Bill Clinton and Barack Obama.

Ms. Greenhill's essay doesn't mention Venezuela but in recent years it may have become the most aggressive practitioner of the geopolitical coercion that she described.

The administration rewards Venezuelan trafficking with 30,000 new visas.

Venezuela wants desperately to get out from under U.S. sanctions imposed by the Trump administration and restore its legitimacy. It made progress last year by forcing U.S. talks with dictator Nicolás Maduro to free American hostages and feigning interest in negotiating a return to democracy. But the large numbers of people desperate to leave the country also scream opportunity.

Many migrants are opponents of the regime, and exile is a way of purging dissidents. But it isn't enough that they leave. Caracas delights in the destabilizing effects of large numbers of migrants on Uncle Sam's doorstep. Those eventually employed in the U.S. will send back dollar remittances, which will prop up Venezuela's economy.

Some seven million people

have fled Venezuela since 2014, when the economy hit the skids. But in most of those years, migrants went largely to neighboring countries in South America. When Mr. Biden arrived in the White House, things changed.

Mr. Humire told me last week that "immigration agents encountered nearly 190,000 Venezuelans along the U.S.-Mexico border in the latest fiscal year ending September 30, a 375% increase over the previous fiscal year." Organized crime trafficked many of those people on land but the evidence collected by SFS suggests that it wasn't without help from Caracas.

According to SFS, in 2021 and 2022 the majority of the direct flights to Mexico from Venezuela were operated by Conviasa, which is subject to U.S. sanctions, or other, smaller state-owned or state-controlled airlines. SFS found that Venezuelans it interviewed at the border, who had arrived in Mexico by air, had purchased packages from Venezuelan travel agents. The packages included the necessary government-issue travel documents to enter Mexico and contacts with human smugglers who facilitated the ground journey to the U.S. border.

Mr. Biden could clamp down on Mr. Maduro's trafficking network by imposing sanctions on fuel and service providers to the Venezuelan airlines. Instead, he has opted to reward the exploitation of the refugees. Problem not solved.

Write to OGrady@wsj.com.

Would Kirby Smart Turn Down a Raise?

By Bob Greene

When Kirby Smart, head coach of the University of Georgia Bulldogs, leads his team onto the field Monday night to play Texas Christian University for the national college football championship, he may have any number of worries on his mind. Presumably one of them won't be how he's going to afford his next meal. Mr. Smart's compensation this year is \$10.25 million.

If that salary seems eye-popping, know that it's indicative of how, even in these inflationary times, some inflationary curves are steeper than others—and how successful college football coaches can compel just about any compensation they desire. Big-time football brings big-time riches to university coffers. Mr. Smart is hardly alone. To reach the championship game, Georgia defeated Ohio State. The Buckeyes' head coach, Ryan Day, is paid

\$9.5 million a year.

Yet whenever the subject of inflation and football coaches comes up, I smile at the memory of the most unlikely melding of the two there has ever been.

In 1974 the U.S. was beset by vexing inflation. The new president, Gerald Ford, went before Congress and delivered a speech he hoped would be inspirational. Instead, its key message was resoundingly derided.

Ford's theme was "Whip Inflation Now." His theory was that if every American practiced frugality—growing backyard vegetable gardens was one example—inflation would be whipped. His administration asked citizens to wear WIN buttons, as he did, to show their support.

Comedians went to town—those WIN buttons were ready-made punch lines. But there was one well-known American who saw nothing humorous in Ford's speech: Woody Hayes.

One of Mr. Day's coaching predecessors at Ohio State, Hayes had already won three consensus national championships for the school when Ford made his speech. At the time, Hayes's annual salary was around \$27,000, according to contemporaneous reporting.

To whip inflation, college coach Woody Hayes did so in 1974.

That isn't a typo. Football coaches hadn't yet discovered they could demand the keys to the universities' vaults. Even adjusted for inflation, Hayes's salary was the equivalent of only some \$165,000 in 2023 dollars—a rounding error for Messrs. Smart and Day.

But when the university approached Hayes during the 1974 season about a nice raise, he said no.

The reason? Hayes thought Ford's message had great

merit and felt it was his responsibility to help ease inflation by refusing a bigger salary. It seemed downright unpatriotic to take a raise. He was confident that he and his wife, Anne, could get along fine on \$27,000.

The last time I had dinner with Hayes, who died in 1987, I asked him about the story, and he confirmed it. Later Anne Hayes told me that was the way it happened. And when I visited Ford at his home in California in 1994, he, too, told me he was aware of it. "That was Woody," he said, smiling and shaking his head.

Can you imagine any college coach today, in inflationary times or not, turning down a salary increase?

Enjoy the national championship game Monday night. If Georgia wins the title for the second straight year, Mr. Smart may well be in line for a raise down the road.

Mr. Greene's books include "Late Edition: A Love Story."

OPINION

REVIEW & OUTLOOK

The U.S. Navy's Stranded Lieutenant

Japan's new defense strategy warns that Asia is facing the most challenging security environment since World War II. Tokyo and Washington have to work together to deter China, and Beijing would benefit from cracks in the alliance. So it's worth asking for Tokyo's help in mending a growing rift by returning a U.S. Navy lieutenant locked up in a Japanese prison.

Lt. Ridge Alkonis, assigned to the guided-missile destroyer the USS Benfold in Yokosuka, was driving his family back from a trip to Mt. Fuji in May 2021 when he fell unconscious. Two Japanese nationals died in the resulting wreck. No one alleges drugs or alcohol were involved. Lt. Alkonis is a Mormon and doesn't drink, and his wife and young children were in the car in broad daylight. Jonathan Franks, a spokesman for the family, says a Navy neurologist said that Lt. Alkonis had suffered acute mountain sickness.

The tragedy has cascaded into a larger fiasco. Lt. Alkonis was arrested and held in solitary confinement for more than three weeks, his family says. He wasn't given a medical exam that might have exonerated him.

An October letter to President Biden from more than 30 Members of Congress expressed "deep concern" that Japan had refused the lieutenant basic due process and abrogated the agreement that governs U.S. troops in the country. A spokesman for the Embassy of Japan says the government "adhered to the Status of Forces Agreement and its agreed minutes" during the process.

Lt. Alkonis pleaded guilty to charges of negligent driving, on the hope that he would receive a suspended sentence. Lt. Alkonis had no criminal history and had served multiple tours in Japan without incident. He also spent two years in Japan on a Mormon mission, teaching free English classes and doing other volunteer work.

Lt. Alkonis repeatedly expressed remorse, paying \$1.65 million in restitution to the families of the victims, a significant sum cobbled together from insurance, savings and donations from friends and family. Junior officers aren't paid handsomely and Lt. Alkonis is the son of a California fire chief. His wife, Brittany, devotes her time to raising their three children.

A Japanese judge nonetheless sentenced Lt. Alkonis to three years in prison, which he began serving in July. His pay and benefits were set to lapse in December. Utah Sen. Mike Lee, who has visited Lt. Alkonis in prison, prodded

Harsh punishment after a tragic accident needs a bilateral solution.

the Pentagon to make an exception so the officer's family wouldn't lose the household income and health insurance. Mr. Lee ended up forcing the Biden Administration's hand by attaching an amendment to the omnibus spending bill that requires the Pentagon to keep paying Lt. Alkonis. It passed by voice vote.

But Chief of Naval Operations Admiral Mike Gilday said at the Naval War College last year that while "it's very tough" for Lt. Alkonis' family, "you have to balance that against justice." It's "not an easy problem," he said, and U.S.-Japan negotiations are "way above" his "pay grade."

Would Adm. Gilday have sounded off so casually if a case involved a woman service member detained in Saudi Arabia? This isn't a rhetorical question: Thousands of Navy sailors stop at ports in the Middle East, and the U.S. has an interest in ensuring none are perceived as vulnerable to the whims of local justice.

Military officers don't have license to behave with impunity, and crimes by U.S. personnel on Okinawa have eroded Japanese support for hosting U.S. troops. The Pentagon is no doubt nervous about the fragile politics. But also in decline is American public support for stationing troops around the world, and Americans see in this case a U.S. officer treated unfairly by a country he was helping to defend.

Sen. Lee tells us the "military is facing unprecedented challenges in terms of personnel, morale and recruiting," and this debacle sends a bad message to would-be volunteers. Service members may wonder if they are one tragic day away from personal and financial ruin. Lt. Alkonis' performance records, which we've reviewed, suggest he was on track to command a destroyer. Why cart your wife and kids all over the world and spend at least half your time deployed at sea, if the U.S. government might one day toss you overboard?

* * *

Lt. Alkonis has served several months of his sentence—hardly light punishment—and Tokyo would be wise to seek a swift end to this episode and return him to U.S. custody. U.S. lawmakers will continue to press the case, and better to solve this between allies before it becomes a bigger bilateral irritant.

Prime Minister Fumio Kishida visits Washington this week at an important bilateral moment. President Biden can help by asking the Japanese delegation to bring the American lieutenant with them when they come to town.

Defense Is Now a GOP Target

As we reported Saturday, Speaker Kevin McCarthy's deal with GOP dissenters puts defense spending on the chopping block. No less than Rep. Jim Jordan, spiritual leader of the House Freedom Caucus, confirmed this in response to a question from host Shannon Bream on Fox News Sunday.

"We got a \$32 trillion debt. Everything has to be on the table," Mr. Jordan said. He said the Pentagon should focus on money for the troops and cut the general staff.

"Maybe if we focused on that, helping the troops who do so much of the work out there for our great country, and maybe focus on getting rid of all the woke policies in our military, we'd have the money we need to make sure our troops get the pay raise they deserve, we have the weapons systems and the training that

needs to be done, so we're ready to deal with our adversaries around the planet, that's what we want to focus on," Mr. Jordan said.

If Congress wants to cut general officer and PR jobs, and reform military healthcare and pensions, by all means go for it. The latter two are where some money is, but neither is likely to happen this Congress. Woke training is a matter of culture, not money.

The reality is that if defense is cut, what will go first is spending for operations and maintenance to sustain military readiness, as well as money for the weapons to deter China. If the GOP rebels honor their demand for "regular order," defense hawks may have more votes. But it's worrisome that some Republicans are joining the progressive calls to shrink the military when the world grows more dangerous.

Judicial Thunder Out of Ohio

Judges across the country are rethinking their deference to regulators who stretch the law, and the latest example is thunder out of the Ohio Supreme Court. The Dec. 29 decision deserves more notice as a powerful statement of judicial principles in dealing with an unrestrained bureaucracy.

Twism Enterprises v. State Board of Registration is a prosaic licensing case by usual standards. TWISM challenged a decision by Ohio regulators denying its application to provide engineering services in the state. The court ruled 7-0 that the regulatory board had essentially rewritten Ohio law by insisting that anyone providing engineering services must be an employee, and not an independent contractor. The statute says no such thing, and the court ruled for the company.

But the court didn't stop there. Writing for himself and three other Justices, Justice Patrick DeWine used the case to step back and examine the doctrine of judicial deference to regulators under Ohio law. That doctrine, embedded at the federal level in the Supreme Court's 1984 *Chevron* decision, is getting a much-needed re-examination in legal circles.

Justice DeWine swept away competing lines of previous Ohio deference cases to make clear that "the judicial branch is never required to defer to an agency's interpretation of the law." The agency's view "is simply one consideration a court may sometimes take into account in rendering the court's own independent judgment as to what the law is," he writes.

Adios, *Chevron* deference. While the ruling applies only in Ohio, Justice DeWine's opinion is notable for taking a broader look at deference and the rethinking taking place across the U.S.

"It is worth noting that we are not alone in

The state Supreme Court shreds Chevron-style deference to regulators.

recalibrating our approach to agency deference," he writes. "Roughly half the states in the Union review agency interpretations of the law de novo." High courts in Arkansas, Delaware, Kansas, Michigan and Mississippi "have similarly revamped their deference doctrines lately, returning to de novo review."

This is a welcome trend as it restores the proper constitutional understanding of the separation of powers. Whatever the original intention of *Chevron* deference, it has become a license for regulators to find entirely new meaning in statutes years after they were written. They can do so safe in the knowledge that courts will let them do it.

But as Justice DeWine notes, courts have the final say in interpreting whether agency actions are consistent with the law or usurp it. And courts have a duty to overrule agencies when they exceed their proper legal authority.

Far more is at stake than judicial theory. As Congress has ceased to do its job of writing clear and limited laws, Presidents and many governors have imposed their policy preferences by agency diktat. Then when they are challenged in court, they cite *Chevron* as an all-purpose get-out-of-judicial-review card. This is tyranny by bureaucracy.

The Biden Administration has pulled this gambit more than any in modern history. Think vaccine and climate mandates and a nationwide eviction moratorium. The U.S. Supreme Court has reined in some of these excesses, and we hope it will do the same on the President's illegal student-loan cancellation this year.

Meantime, the Ohio Supreme Court has provided a constitutional guide that other judges can follow and a necessary warning to willful regulators everywhere.

LETTERS TO THE EDITOR

Grading Ben Sasse's Paean to Civic Pluralism

Sen. Ben Sasse's call for civility and persuasion in "America's True Divide: Pluralists vs. Zealots" (op-ed, Jan. 3) is, well, neither very civil nor persuasive. From the get-go, the senator frames America's divide not as a wound to be healed or problem to be solved, but as a competition to be won. In dubbing his opponents "political zealots," he also discards any hope of persuading them to become "civic pluralists." Name-calling is hardly an effective way to begin a dialogue.

Proceeding with claims that civic pluralists "value debate and persuasion" and are "committed to human dignity, even for those with whom we disagree" betrays a lack of self-awareness, the kind that has hindered pundits from understanding those who eventually voted for Donald Trump in 2016. Such condescension backfired then. Does Mr. Sasse think it will work now?

Mr. Sasse advocates "resisting the temptation to reduce fellow Americans to caricatures," while reducing swaths of his countrymen to caricatures. Those he terms "zealots," on the right and left, should be forgiven for thinking that Mr. Sasse is being insincere.

NICOLAS ABOUCHEHEDD
New York

Ben Sasse defines "civic pluralists" as those who "value debate," regard government's role as "small but important," and believe government "doesn't give us rights," as rights come from nature or nature's God. But leftists don't particularly value debate, think government should be small, or embrace the Declaration of Independence's claim that we are endowed with certain unalienable rights. As Justice Ketanji Brown Jackson said during her confirmation process, "I do not hold a position on whether individuals possess natural rights."

By Mr. Sasse's own definitions, the divide between "political zealots" and "civic pluralists" looks a lot like the divide between blue and red America, between woke revolutionaries and those who believe in the American Revolution.

JEFFREY H. ANDERSON
President, American Main Street Initiative
Alexandria, Va.

What's the solution? Attacks from the other side of the aisle only accentuate hyperbole and fuel tribalism. Each party has the tough task of marginalizing its own tribalists. I hope Mr. Sasse's resignation from Congress isn't a sign that it is impossible.

JOHN SISSON
Somerville, Mass.

Republicans Should Give Rep. Santos the Boot

Thank you to Peggy Noonan for "Why George Santos's Lies Matter" (Declarations, Dec. 31). If we are to right the good ship U.S.A. by restoring our government institutions to their proper mission—competently administering the business of the people—we need lawmakers of probity. If Republicans want to demonstrate they are serious about this task, they will initiate the process by dismissing this incorrigible liar despite their slim House majority.

GREG POLITO
Dallas

I look forward every Saturday to Ms. Noonan's insights. I have dedicated my career to protecting my clients in the insurance-brokerage business, saving workers from life-threatening injuries in our daily advocacy for safe work practices and proper risk management. Therefore, when she writes that Mr. Santos "didn't work in some dreary insurance brokerage in Hempstead, N.Y.," I

take exception to that characterization of my profession. It is an unfair swipe at an industry dedicated to the preservation of hard-earned assets. Ms. Noonan suggests that Goldman Sachs, which Mr. Santos had on his résumé, is a superior place of employment, when Goldman recently paid a \$2.9 billion fine in a bribery case.

ROBERT PHELAN
Avon, Conn.

During my career in recruiting, integrity in the workplace was paramount, and the vetting process showed us which candidates had it. Integrity fosters honesty, respect and responsibility, and it is vital to decision-making.

Should we not expect it of our elected representatives and government? Voters, not politicians, elected Mr. Santos. Now that the truth is known, the voters via a special election should decide his fate.

FRAN KALUZYNY
Huntington Beach, Calif.

It Is Too Late to Save the FBI With a Reform

William McGurn asks "Can the FBI be reformed?" in "Let an FBI Agent Lead the FBI" (Main Street, Jan. 3). He points to politicization of the top jobs as the cause of the bureau's recent shameful record. While it may be true that a fish rots from the head down, at this point the entire body is rotten. Despite his repetition of the mantra that "the overwhelming majority of agents are professional investigators who do their jobs without regard to politics," most Americans no longer trust the bureau to do the right thing. Why? Because during a decade of blatant civil-rights violations and circumventions of the Constitution, the number of rank-and-file agents who

stood up as whistleblowers can be counted on one hand.

To answer Mr. McGurn's question: No, the FBI cannot be reformed. The time has come to dismantle the organization, make sure its current employees are deemed no longer fit for service in any capacity that requires public trust, and start over. Until then, the American public will be correct in suspecting that the FBI is no longer on its side. They aren't the good guys anymore.

CHRISTOPHER STEPHENS
New York

Biden's 'Triumphs' Abroad

Peggy Noonan writes in the voice of a "Biden intimate" about the triumphs of Joe Biden's presidency as though she believes them herself ("Spare Us a Trump-Biden Rematch" Declarations, Dec. 24). To say Mr. Biden triumphed by getting the U.S. out of Afghanistan would be akin to saying Donald Trump had a smooth transfer of power at the end of his presidency. And "History threw you a curve with Ukraine, but you warned it would happen . . . and defended the rule of international law"? President Biden didn't only telegraph his lack of intent to get involved before the invasion, he flat out said he wouldn't send troops to Ukraine, giving Vladimir Putin the green light. If these are triumphs, what would be considered failures?

JEFF POULSEN
Burley, Idaho

Cash Bail Makes No Sense, And It Needs a Replacement

In "How a Nonprofit Bail Fund Frees Violent Criminals" (Cross Country, Dec. 31), Jillian Kay Melchior frets about crimes by people whose bail is paid by nonprofits, but not about crimes by people who pay their own bail. Clearly, the problem, if there is one, is in allowing bail, not the source of bail.

A better solution is to shift from bail to electronic monitoring. Electronic monitoring discourages additional crimes and encourages accused people to appear in court because they could be easily found. It would also avoid the cost of confinement and life disruption for innocent accused people, their families and their employers.

CLAUDE THAU
Overland Park, Kan.

Insurance Controls Medicine

Regarding a Jan. 5 letter concerning misdiagnosis and overdiagnosis in emergency rooms: I overheard recently a voice in aggrieved tones from a room behind the front desk at the outpatient clinic of a local hospital say, "Insurance controls everything we do! I'm not supposed to say that."

LOUISE VOGEL
Topton, Pa.

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"No raises this year but grab as many pens as you want."

OPINION

The White House Covid Censorship Machine

By Jenin Younes
And Aaron Kheriaty

Newly released documents show that the White House has played a major role in censoring Americans on social media. Email exchanges between Rob Flaherty, the White House's director of digital media, and social-media executives prove the companies put Covid censorship policies in place in response to relentless, coercive pressure from the White House—not voluntarily. The emails emerged Jan. 6 in the discovery phase of *Missouri v. Biden*, a free-speech case brought by the attorneys general of Missouri and Louisiana and four private plaintiffs represented by the New Civil Liberties Alliance.

On March 14, 2021, Mr. Flaherty emailed a Facebook executive (whose name we've redacted as a courtesy) with the subject line "You are hiding the ball" and a link to a Washington Post article about Facebook's own research into "the spread of ideas that contribute to vaccine hesitancy," as the paper put it. "I think there is a misunderstanding," Mr. Flaherty replied. "We are gravely concerned that your service is one of the top drivers of vaccine hesitancy—period. . . . We want to know that you're trying, we want to know how we can help, and we want to know that you're not playing a shell game. . . . This would all be a lot easier if you would just be straight with us."

On March 21, after failing to placate Mr. Flaherty, the Facebook executive sent an email detailing the

company's planned policy changes. They included "removing vaccine misinformation" and "reducing the virality of content discouraging vaccines that does not contain actionable misinformation." Facebook characterized this material as "often-true content" that "can be framed as sensation, alarmist, or shocking." Facebook pledged to "remove these Groups, Pages, and Accounts when they are disproportionately promoting this sensationalized content."

In that exchange, Mr. Flaherty demanded to know what Facebook was doing to "limit the spread of viral content" on WhatsApp, a private message app, especially "given its reach in immigrant communities and communities of color." The company responded three weeks later with a lengthy list of promises.

On April 9, Mr. Flaherty asked "what actions and changes you're making to ensure . . . you're not making our country's vaccine hesitancy problem worse." He faulted the company for insufficient zeal in earlier efforts to control political speech: "In the electoral context, you tested and deployed an algorithmic shift that promoted quality news and information about the election. . . . You only did this, however, after an election that you helped increase skepticism in, and an insurrection which was plotted, in large part, by your platform. And then you turned it back off. I want some assurances, based in data, that you are not doing the same thing again here." The executive's response: "Understood."

On April 14, Mr. Flaherty pressed the executive about why "the top post about vaccines today" is Tucker Carlson "saying they don't work": "I

want to know what 'Reduction' actually looks like," he said. The exec responded: "Running this down now."

On April 23, Mr. Flaherty sent the executive an internal memo that he claimed had been circulating in the White House. It asserts that "Facebook plays a major role in the spread of COVID vaccine misinformation" and accuses the company of, among other things, "failure to monitor events hosting anti-vaccine and COVID disinformation" and "directing attention to COVID-skeptics/anti-vaccine 'trusted' messengers."

Newly released emails show how officials coerce social-media companies to toe the government line.

On May 10, the executive sent Mr. Flaherty a list of steps Facebook had taken "to increase vaccine acceptance." Mr. Flaherty scoffed, "Hard to take any of this seriously when you're actively promoting anti-vaccine pages in search," and linked to an NBC reporter's tweet. The executive wrote back: "Thanks Rob—both of the accounts featured in this tweet have been removed from Instagram entirely for breaking our policies."

President Biden, press secretary Jen Psaki and Surgeon General Vivek Murthy later publicly vowed to hold the platforms accountable if they didn't heighten censorship. On July 16, 2021, a reporter asked Mr. Biden his "message to platforms like Facebook." He replied, "They're killing people." Mr. Biden later claimed he

meant *users*, not platforms, were killing people. But the record shows Facebook itself was the target of the White House's pressure campaign.

Mr. Flaherty also strong-armed Google in April 2021, accusing YouTube (which it owns) of "funneling" people into vaccine hesitancy. He said this concern was "shared at the highest (and I mean the highest) levels of the WH," and required "more work to be done." Mr. Flaherty demanded to know what further measures Google would take to remove disfavored content. An executive responded that the company was working to "address your concerns related to Covid-19 misinformation."

These emails establish a clear pattern: Mr. Flaherty, representing the White House, expresses anger at the companies' failure to censor Covid-related content to his satisfaction. The companies change their policies to address his demands. As a result, thousands of Americans were silenced for questioning government-approved Covid narratives. Two of the *Missouri* plaintiffs, Jay Bhattacharya and Martin Kulldorff, are epidemiologists whom multiple social-media platforms censored at the government's behest for expressing views that were scientifically well-founded but diverged from the government line—for instance, that children and adults with natural immunity from prior infection don't need Covid vaccines.

Emails made public through earlier lawsuits, Freedom of Information Act requests and Elon Musk's release of the Twitter Files had already exposed a sprawling censorship regime involving the White House as well as the Centers for Disease Control and

Prevention, the Department of Homeland Security, the Federal Bureau of Investigation and other agencies. The government directed tech companies to remove certain types of material and even to censor specific posts and accounts. Again, these included truthful messages casting doubt on the efficacy of masks and challenging Covid-19 vaccine mandates.

The First Amendment bars government from engaging in viewpoint-based censorship. The state-action doctrine bars government from circumventing constitutional strictures by suborning private companies to accomplish forbidden ends indirectly.

Defenders of the government have fallen back on the claim that cooperation by the tech companies was voluntary, from which they conclude that the First Amendment isn't implicated. The reasoning is dubious, but even if it were valid, the premise has now been proved false.

The Flaherty emails demonstrate that the federal government unlawfully coerced the companies in an effort to ensure that Americans would be exposed only to state-approved information about Covid-19. As a result of that unconstitutional state action, Americans were given the false impression of a scientific "consensus" on critically important issues around Covid-19. A reckoning for the government's unlawful, deceptive and dangerous conduct is under way in court.

Ms. Younes, litigation counsel at the New Civil Liberties Alliance, represents the private plaintiffs in Missouri v. Biden. Dr. Kheriaty is a senior scholar at the Brownstone Institute, a fellow at the Ethics and Public Policy Center and one of the plaintiffs.

The West Can Stand Up for Democracy—and Save My Life

By Mikheil Saakashvili

Tbilisi, Georgia

All my life, I have worked to promote democracy and Western values. I have stood up against Russian aggression. I ask the U.S. and its allies to support the people of Georgia against tyranny, to preserve our progress toward Westernization, and to save my life.

In 2003 I joined brave Georgians during the Rose Revolution to ensure our country's peaceful transition to democracy. Like Ukrainian President Volodymyr Zelensky, I challenged Vladimir Putin when he invaded Georgia in 2008.

Putin hasn't forgotten how my fellow Georgians and I fought back against Russia's invasion in 2008.

During my nine years as president, Georgia moved from being a mafia-dominated territory to a democracy with a dynamic economy. Today I am in the custody of a pro-Russian Georgian government under false and politically motivated charges of improperly pardoning security officials during my presidency and indirectly ordering a fatal attack on a political rival.

Since October 2021, I have been detained in Georgia under abusive and inhuman conditions. I am now in Tbilisi's Vivamed Prison Clinic under constant surveillance. I have limited contact with my family and was able to pass this article discreetly to my mother. I am being punished for my commitment to democracy and Western values and for my ties with Georgia's Western allies, including the U.S. If Georgia's enemies succeed and I die in custody, other leaders in the region should worry about their fates and that of the area.

Under my administration, Georgia was a showcase of Western influence in the post-Soviet region. To make an example of us, Mr. Putin punished Georgia with a surprise invasion in August 2008 in the middle of the night through the Roki tunnel in the Caucasus Mountains. His goal was to depose our democratically elected government.

I was told to leave the country with my family within 24 hours or face imminent death. I stayed and fought back alongside fellow Georgians. The

U.S. supported us, and Eastern European leaders flew to Tbilisi to demonstrate solidarity. We stopped Russia on the threshold of our capital.

In 2012 I presided over the first peaceful electoral transfer of power in the Caucasus region. Mr. Putin didn't hide his meddling in Georgia's 2012 parliamentary elections, which brought to power the founder of the ruling Georgian Dream coalition, oligarch Bidzina Ivanishvili, who made his fortune in Russia.

During the Russo-Georgian War in 2008, Mr. Putin pledged to punish me and on several occasions drew parallels between me and his one-time domestic rival Alexei Navalny. Throughout those conflicts, I used speeches such as a 2013 address to the United Nations to warn about the threat Mr. Putin posed to Georgia and Ukraine.

After my presidency, I joined President Petro Poroshenko's administration in Kyiv. (I went to college in Ukraine and speak the language fluently.) I was appointed governor of Ukraine's Southern Odessa region in 2015, just as Mr. Putin was trying to subvert the area through his agents and separatists. In December that year, I was stripped of my Georgian citizenship by Mr. Ivanishvili's pro-Russian government.

Late last year, I left Ukraine and



A supporter of the former president of Georgia at a rally in Tbilisi, Jan. 4.

returned to Tbilisi. Like most Georgians, I was concerned by the country's democratic backsliding and drift toward Russian influence. I knew I risked being arrested and imprisoned on politically motivated charges that only authorities in Georgia or Russia consider legitimate. Yet I would have reconsidered returning had I known that I would be tortured and poisoned by Georgian authorities and brought near death.

Mr. Zelensky and other European leaders have appealed to Georgian

authorities to allow me to get medical treatment in the West. The European Parliament and the Council of Europe passed resolutions calling for my medical transfer abroad. A team of 11 European doctors working with the nonprofit Empathy in Georgia, which supports victims of torture and human-rights abuses, has said that medical help in Georgia is inadequate to halt my rapid decline. An independent team of five leading U.S. medical experts examined me in the fall of 2022 and said that without

emergency treatment outside Georgia, I will die in detention.

All these doctors found that I have suffered potentially lethal heavy-metal poisoning and brain damage at the hands of my captors. A local Georgian court is considering a medical transfer, but the proceedings continue to be delayed with no clear timeline for a ruling. We know the Georgian court's decision will be politically influenced and pressure from the allies I stood with—the U.S., U.K., and the European Union—will be critical in pushing the Georgian government to endorse the right decision and spare my life. Though the country is drifting toward Russia, these officials fear and depend on the West. If they understand that letting me die will have serious consequences, they will act accordingly.

I have written President Biden, whom I met in the 1990s through my friend Sen. John McCain. In 2012 Mr. Biden, then vice president, called me the "George Washington of Eastern Europe." Now I can only hope that the U.S. doesn't allow Mr. Putin the victory of my death and the Russian control of Georgia that we have fought together to prevent.

Mr. Saakashvili served as president of Georgia, 2004-07 and 2008-13.

'Experts' Are Fueling Distrust in Vaccines

LIFE SCIENCE
By Allysia Finley

Nearly half of Americans believe Covid vaccines have probably caused a significant number of unexplained deaths, according to a Rasmussen Reports survey last week. In December, Rasmussen reported that a near equal

proportion worry that Covid vaccines may have major side effects (57%) as believe they are effective (56%).

People can hold both views at the same time. But the self-professed expert class and many who call themselves journalists dismiss anyone who questions their Covid vaccine orthodoxy as an "anti-vaxxer"—a label as sneering as "climate denier."

But surveys show that most Americans, including those who didn't get Covid shots, don't distrust vaccines in general. Public views on Covid

vaccines are more complicated because they are new and haven't been thoroughly studied. The experts are responsible for vaccine skepticism because they aren't honest about the potential risks.

The mRNA vaccines use a novel technology to combat a novel virus that is evolving. They were authorized by the Food and Drug Administration on an emergency basis after only 10 months of testing. Vaccine trials usually take about 10 years.

With thousands dying each day, the FDA in December 2020 decided it couldn't wait for an exhaustive study and authorized the Pfizer and Moderna vaccines after two large randomized controlled trials showed they were nearly 95% effective against symptomatic infection. But patients had been tracked for only a few months. The trials included too few participants to identify relatively rare adverse effects, especially among those of different age groups or with particular medical conditions. Public-health officials couldn't conclude with any certainty whether the vaccines cause, for example, neurological symptoms in 1 of every 100,000 recipients or cardiac problems in 1 of every 10,000 young men.

While the FDA later granted both vaccines full approval, boosters were never tested in large clinical trials. Nor has the government's recommended vaccine regimen, which for seniors has been five doses in less than two years. Booster recommendations were made on the fly on the assumption that the benefits outweighed the vaccine risks. Last fall two senior FDA vaccine officials resigned, reportedly because political appointees were pre-empting agency scientists and rushing boosters for all adults without enough evidence that

they were necessary or safe.

"Since the boosters have potential side effects, however rare, it's important to direct them to the people who will gain a clear benefit," they wrote in the Washington Post in November 2021. "A healthy young person with two mRNA vaccine doses is extremely unlikely to be hospitalized with covid, so the case for risking any side effects—such as myocarditis—diminishes substantially."

They also raised the concern that boosters could lead to immunological imprinting, in which "repeatedly 'training' the immune system to fight the original virus could reduce the effectiveness of a variant-specific booster."

They opt for derision in place of persuasion and deny or ignore what people see with their own eyes.

Scientists continue to study and make new discoveries about the virus; the same goes for vaccines. An article in the American Heart Association's journal *Circulation* last week found a link between myocarditis in teens and higher circulating levels of vaccine spike proteins in the blood. The authors found no correlation with vaccine antibody or T-cell responses, suspected by many as the cause of myocarditis.

A Dec. 22 study in *Science Immunology* found that repeated mRNA vaccines increased production of a specific class of antibodies known as IgG4, which is associated with immune tolerance. That's when the immune system continually encounters

a foreign agent, learns it isn't lethal, and stops targeting it. In the case of the vaccine spike protein, IgG4 could make people more susceptible to future Covid infection.

All this deserves more study. To say the human organism and its systems are complicated is an understatement. A little more humility by those who purport to be experts is in order. It's usually impossible to prove a death or adverse event is caused by a vaccine. But when a friend dies unexpectedly soon after getting inoculated, it isn't irrational to wonder if a vaccine has contributed.

Stanford health-policy professor Michelle Mello—a vocal critic of vaccine misinformation—described her personal angst in the San Francisco Chronicle when her healthy 45-year-old husband suffered a stroke a few days after his second Covid dose. "Even after what one doctor called 'a million-dollar workup,' no one can figure out what happened," she wrote in July 2021.

When she suggested reporting the stroke to the federal Vaccine Adverse Event Reporting System, a self-reporting database that tracks events possibly related to vaccines, "the hospital care team shifted uncomfortably," apparently worried that "anti-vaccination groups are combing those reports looking for tidbits to support their claims that the vaccines are unsafe."

The internet is full of stories of unexplained deaths that follow vaccines, many of which may be coincidence but some of which may not. The more the experts deny or ignore what people see with their own eyes, or what new evidence and experience show, the more people will ignore their counsel and be open to charlatans who undermine all vaccination.

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Bonds Start the Year With a Rally

BY SAM GOLDFARB AND MATT GROSSMAN

U.S. Treasuries are off to a solid start in 2023, providing a glimmer of hope to investors recovering from a historically terrible year for bonds.

Treasury yields, which fall when bond prices rise, logged sizable declines in the first week of the year. The moves were aided first by encouraging inflation readings in Europe, and then by U.S. economic reports on Friday that showed a smaller-than-expected increase in average hourly earnings for workers

and a surprisingly soft reading on service-sector activity.

Many investors see the pace of wage growth as a major driver of inflation. The new data was therefore taken as a welcome development that could ease pressure on the Federal Reserve to keep aggressively raising interest rates. Expectations for short-term rates set by the central bank play a key role in determining the level of Treasury yields.

The Fed raised rates by a half a percentage point, or 50 basis points, at its last meeting in December. But the jobs

report alone “puts 25 basis points on the table for February and March,” said Mike Sewell, a portfolio manager at T. Rowe Price.

Investors were hardly doing victory laps.

Last week stood in contrast with the first week of 2022, when prices of Treasuries immediately started tumbling. That set the tone for a year when bonds delivered by far their biggest annual losses in records going back to the 1970s.

Still, the first four days of trading in 2023 only marked a partial reversal of a jump in

yields that occurred during the late December holiday season, when light trading can exacerbate moves.

The yield on the benchmark 10-year U.S. Treasury note settled Friday at 3.570%, according to Tradeweb. That was down from 3.826% the previous Friday, the last trading session of 2022. But it was still up from around 3.45% on Dec. 15.

A lot is at stake in how bonds perform in 2023. Last year’s poor showing, which was driven by persistent inflation and escalating interest-rate expectations, helped

spread losses across financial markets, battering not only plain-vanilla bond funds but formerly highflying assets, from Tesla shares to cryptocurrencies.

Rising yields dragged down stock prices to reflect the improved returns investors could now get essentially risk-free by holding government bonds to maturity. That was particularly true for so-called growth stocks—many of them in the tech sector—which are valued primarily for large profits that are expected to arrive further in *Please turn to page B9*

Jack Ma Cedes Control of Ant Group

BY JING YANG

Billionaire Jack Ma is ceding control of Ant Group Co., capping a tumultuous period for the Chinese fintech giant.

Mr. Ma will no longer be the controlling person of Ant, the company said Saturday, confirming a previous report by The Wall Street Journal.

The changes are being made to reduce Ant’s reliance on the Chinese billionaire, who co-founded Alibaba Group Holding Ltd. and helped create Ant.

Mr. Ma doesn’t hold an executive role at Ant or sit on its board but is a larger-than-life figure at the company. He has controlled Ant via an entity in which he holds the dominant position. The agreements that allowed Mr. Ma’s dominance will be terminated. He and nine other Ant executives and employees will have voting rights at the company and can exercise their power independently of each other and of Mr. Ma, according to Ant.

Ant, which owns the popular digital-payment platform Alipay, has been forced to overhaul its operations amid a government crackdown that began with Beijing calling off the company’s multibillion-dollar initial public offering in November 2020. The IPO, which had been slated to happen in Shanghai and Hong Kong concurrently, would have raised more than \$34 billion and valued Ant at more than \$300 billion.

Ant has been revamping its various business lines, from consumer lending to insurance, and will eventually become a financial holding company subject to regulations in line with traditional financial firms.

The change of control moves Ant a step closer to finishing its overhaul. Yet it also could put back a potential *Please turn to page B2*

Mattel Sees Return of Disney Princesses



Designers now use new knitted fibers for a more diverse array of hair types.

BY ROBBIE WHELAN

At the toy manufacturer Mattel Inc., Disney’s princesses are saving the day.

Nearly a decade after losing the Walt Disney Co.’s princess doll license to Hasbro Inc., Mattel is back to making and selling the doll versions of some of Disney’s iconic characters.

Executives at Mattel say the comeback caps a turnaround effort following years of financial distress and creative doldrums. Its new line of princess dolls represent 17 different Disney characters, including Cinderella, Moana, and Anna and

Elsa of “Frozen.”

Behind the return of the princesses is a broader effort to revive the design mojo at the company best known for making Barbie and Hot Wheels. Designers are launching new toy lines, working with fine-art creators, remaking classic characters and broadening where its toy brands appear, including the creation of big-budget films and live events, all geared toward clawing back market share and widening the long-term appeal of its toy catalog.

The changes, spurred in part by Chairman and Chief Executive Officer Ynon Kreiz’s re-

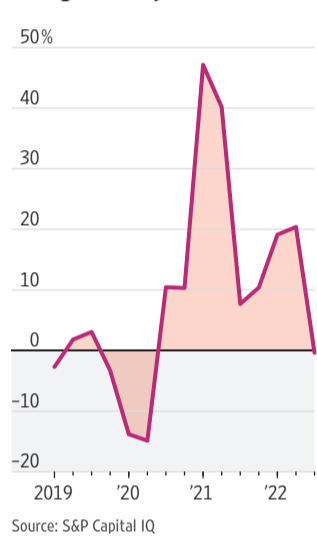
structuring, are beginning to show up in Mattel’s financials. Net sales rose every year since Mr. Kreiz—a former television-studio executive who briefly worked for Disney—took over as CEO in 2018.

The company’s annual operating income has swung to a \$730 million profit in 2021 from a loss of \$343 million in 2017. It has been profitable in each of the first three quarters of 2022.

Only a few years ago, the gloom hanging over the nearly 80-year-old company was palpable, Mr. Kreiz says.

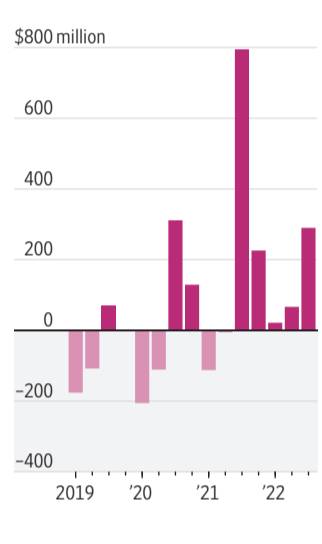
“You would come into this

Mattel’s quarterly revenue, change from year earlier



Source: S&P Capital IQ

Quarterly net income/loss



FTX Seeks to Recoup Charitable Donations

BY ERIC WALLERSTEIN

Sam Bankman-Fried and FTX doled out millions in charitable donations. Now, new management is asking for it back.

Some of the money has been spent, and the gifts flowed through myriad sources and agreements that are proving difficult to tally.

Mr. Bankman-Fried, FTX and its affiliates used stolen customer money to pour billions of dollars into risky wagers that imploded, according to federal prosecutors and regulators. The company collapsed into bankruptcy in November.

Its undoing continues to ripple through the crypto world and beyond it, to academia, nonprofits and politics. FTX’s new management, led by CEO John. J. Ray, says it has been a challenge to determine the company’s assets, liabilities and even how many bank accounts it held. Customers

whose money is locked up on the crypto exchange are wondering if they will ever get it back. Mr. Ray has asked for their patience but warned it will be a difficult road.

Federal prosecutors have said Mr. Bankman-Fried used customer deposits to fund his trading firm and make political donations, and regulators have said he used customer money for personal expenses as well, like buying lavish real estate.

Mr. Bankman-Fried has pleaded not guilty to prosecutors’ charges. His spokesman said charitable donations were all from trading profits, and not from customer deposits.

FTX’s new management is also trying to claw back donations that Mr. Bankman-Fried and other executives made to politicians and political groups.

The company said in a news release that its new management has been approached by *Please turn to page B9*

INSIDE



BUSINESS NEWS
Musk seeks to move trial over Tesla tweets out of San Francisco. **B2**



AUTOS
Developing nations favor EVs from China, which keeps costs within reach. **B3**

SpaceX Seeks More Flights As Rivals Ready New Rockets

BY MICAH MAIDENBERG

SpaceX is pushing to increase its flight rate this year as competitors work to debut new vehicles for the launch market.

The rocket-and-satellite company Elon Musk leads is aiming to conduct up to 100 orbital flights in 2023, Mr. Musk said in a tweet last August. That would represent a 64% jump compared with the 61 missions the company handled last year—itsself the top number among private and government rocket launchers around the world, according to a new report from astrophysicist Jonathan McDowell, who tracks global space flight.

Space Exploration Technologies Corp., as SpaceX is called formally, has built a powerful position in the launch market with its Falcon 9 vehicle, which is under-



SpaceX built a strong market position with its Falcon 9 vehicle.

pinned by a reusable booster capable of returning to Earth after liftoff.

All but one of SpaceX’s missions last year used Falcon 9 rockets—the exception being a November launch of its Falcon Heavy vehicle for a national-security mission. More than

half of the Falcon 9 flights deployed the company’s Starlink internet satellites, according to data from the Federal Aviation Administration.

“Falcon 9 now holds the world record for most launches of a single vehicle *Please turn to page B2*

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INDEX TO BUSINESSES

These indexes cite notable references to most parent companies and businesspeople in today's edition. Articles on regional page inserts aren't cited in these indexes.

A-B	Hallador Energy.....R3	Rocket Lab USA.....B2
Abbott Laboratories..B10	Hartford Longevity Economy ETF.....R5	S
AbbVie.....B10	HelixNano.....B9	SAIC-GM-Wuling Automobile.....B3
Aegis Value Fund.....R3	Hewlett Packard Enterprise.....R5	Salesforce.....A1
Akita Drilling.....R3	I	Samsung.....B10
Alcon.....B10	Intercontinental Exchange.....R3	Sands China.....B6
Alphabet.....R2	International Petroleum R3	Sarepta Therapeutics..R5
Amazon.com.....A1,B2,R2	iShares Ageing Population UCITS ETF USD.....R5	Schlumberger.....R3
Amerigo Resources....R3	Johnson & Johnson..B10	Schwartz Value Focused Fund.....R3
Amgen.....R5	JPMorgan Chase.....A5	SeaSpine Holdings....B10
A.O. Smith.....R3	Kinetics Market Opportunities Fund..R3	Shell.....B2
Apple.....B10,R2	Kinetics Paradigm Fund R3	Siemens Healthineers B10
AstraZeneca.....R5	Kinetics Small Cap Opportunities Fund..R3	SK Hynix.....B10
Ave Maria Value FundR3	Las Vegas Sands.....B6	Snap.....A2
Bank of America.....A5	Lockheed Martin.....B2	Space Exploration Technologies.....B1
Barrick Gold.....R3	Medtronic.....B10,R5	T
Baxter International..B10	Merck.....R5	Tesla.....B3
Berkshire Hathaway B3,R3	Meta Platforms....A2,R2	Texas Pacific Land....R3
Biogen.....A5	MGM China Holdings..B6	Toyota Daihatsu Engineering & Manufacturing.....B3
Blue Origin.....B2	MGM Resorts International.....B6	U
BNSF Railway.....B9	Micron Technology....B10	Union Pacific.....B9
Boeing.....B2	Microsoft.....B4	V
Boston Scientific.....R5	N	Vanguard Group.....R6
Bristol-Myers Squibb..B4	Novartis.....B10	Vanguard Health Care ETF.....R5
Brookfield.....R3	O	Vanguard Long-Term Treasury ETF.....R6
BYD.....B3	Orezone Gold.....R3	Vanguard Total Stock Market ETF.....R6
C-H	P	Varex Imaging.....B10
CACI International.....R3	Pernod Ricard.....B6	Vimeo.....A2
Carhartt.....B4	Pfizer.....R5	W
Centerra Gold.....R3	R	Walt Disney.....B1
Charles Schwab.....R5	Redfin.....A2	World Wrestling Entertainment.....R5
Chevron.....R3	Regeneron Pharmaceuticals.....R5	Wynn Resorts.....B6
CME Group.....R3	RH.....R3	Y
Deere.....B6	Remy Cointreau.....B6	Yeti Holdings.....R3
Devon Energy.....R3		
Diageo.....B6		
Eisai.....A5		
Envista Holdings.....B10		
Equinox Gold.....R3		
Franco-Nevada.....R3		
GE.....B10		
GE HealthCare Technologies.....B10		
Global X Aging Population ETF.....R5		
Great Wall Motor.....B3		

INDEX TO PEOPLE

A-D	Down, Chris.....B4	Schwartz, George.....R3
Ablin, Jack.....R2	H-S	Sewell, Mike.....B1
Agusti, Katrina.....B4	Herbert, Liz.....B4	Shantanu Narayen.....B4
Arnott, Amy.....R1	Jassy, Andy.....A1	Shao, Xiaofeng.....B2
Bankman-Fried, Sam..B1	Jing, Eric.....B2	Snider, Susannah....R4
Barbee, Scott.....R3	Kreiz, Ynon.....B1	Stewart, Martha.....R2
Beck, Peter.....B2	Krueger, Pam.....R4	Sud, Anjali.....A2
Benioff, Marc.....A2,B4	Kunze-Concewitz, BobB6	T-Z
Bezos, Jeff.....B2	Ma, Jack.....B1	Taylor, Bret.....B4
Brenner, Robbie.....B4	McQuarrie, Edward...R6	van Beurden, Ben.....B2
Buffett, Warren.....B3	Musk, Elon.....B1,B2	von Autenried, Paul..B4
Butterfield, Stewart..B4	Ni, Xingjun.....B2	Wong, Jason.....B4
Davolos, James.....R3	Ray, John. J.....B1	Wong, Rich.....A2
Dickson, Richard.....B4	Ricard, Alexandre..B6	Wu, Ted.....B1
Dorsey, Jack.....A2		Zuckerberg, Mark.....A2

BUSINESS & FINANCE

Musk Seeks to Move Fraud Trial

By PATIENCE HAGGIN



ANGELA WEISS/AGENCE FRANCE-PRESSE/GETTY IMAGES

At issue are tweets in 2018 suggesting Elon Musk had funding to take electric-vehicle company Tesla private.

Elon Musk is seeking to have a coming securities-fraud trial involving his conduct running Tesla Inc. moved out of San Francisco, arguing that negative publicity surrounding his use and recent management of Twitter has biased local jurors against him.

San Francisco's jury pool has been "exposed to excessive and adverse pretrial publicity concerning Defendant Elon Musk that will deprive him of an impartial jury and his constitutional right to a fair trial," Mr. Musk's attorneys argued in a Friday court filing.

Mr. Musk and Tesla are facing a trial scheduled to begin this month over a shareholder lawsuit relating to his tweets in 2018 suggesting he had funding to take the electric-vehicle company private.

Mr. Musk purchased San Francisco-based social-media site Twitter Inc. in late October and soon after laid off about half of its staff. Mr. Musk's attorneys argued in a court filing that Twitter's recent staff reductions, including almost 1,000 employees in the federal-court district that includes San Francisco, have caused prejudice against Mr.

Musk among jurors "who were personally impacted or are close to those personally impacted." Mr. Musk's lawyers also cited negative responses from local politicians and media in the filing.

Mr. Musk tweeted in 2018, "Am considering taking Tesla private at \$420. Funding secured." The deal that would have been valued at \$72 billion at the time never materialized. Investors sued Tesla and Mr. Musk, claiming his tweets were false and cost them billions by spurring swings in Tesla's

stock price. In court filings, Mr. Musk has maintained that his tweets were accurate and that Saudi Arabia's sovereign-wealth fund had agreed to support his attempt to take Tesla private. U.S. District Judge Edward Chen, who is overseeing the case, last year ruled that Mr. Musk's tweets about taking the company private were false and misleading.

Mr. Musk and Tesla each paid \$20 million to settle a civil lawsuit by the Securities and Exchange Commission over the tweets in 2018. Mr.

Musk also relinquished the role of Tesla chairman, though he remained as the company's chief executive. He later said in legal filings that he felt pressured to settle the suit. Last year, a federal judge denied Mr. Musk's request to scrap the settlement.

Mr. Musk's attorneys also wrote in the filing that the local press has accused Mr. Musk of "encouraging and personally participating in the purported spread of misinformation" on Twitter. His attorneys argued that this coverage might make potential San Francisco jurors "unable to impartially evaluate" Mr. Musk's conduct in connection with the 2018 tweets that are at issue in the trial.

The motion proposes that the trial be held in western Texas. Tesla moved its headquarters from northern California to Austin in late 2021. Tesla has 47,000 employees in California, according to a Tesla blog post published this week.

Watch a Video

Scan this code to watch a video on what's behind Tesla's stock slide.

SpaceX Eyes More Flights

Continued from page B1

type in a single year," the company said in a tweet last month about the rocket's pace in 2022. On average, SpaceX launched every six days last year, that tweet said.

A spokesman for Hawthorne, Calif.-based SpaceX didn't respond to a request for comment.

The size of the global launch market amounted to roughly \$8 billion in 2022, ac-

ording to a September estimate from Deutsche Bank analysts, who project growth to \$35 billion by 2030.

The number of orbital flights is growing, as companies and governments set new ambitions for commercial, scientific and other projects in space.

Globally, 180 launches reached orbit in 2022, according to the report from Dr. McDowell, up from 86 missions five years ago.

Several rocket-launch companies have been working to roll out new rockets. Amazon.com Inc. has purchased a significant amount of future launch capacity, last year securing up to 83 missions from three providers for Project Kuiper, the satellite-internet

business it has been planning.

United Launch Alliance, a rocket operator co-owned by Lockheed Martin Corp. and Boeing Co., is planning to blast off its new vehicle, called Vulcan Centaur, on its inaugural flight in the first quarter, a spokeswoman said. Vulcan, which depends on engines built by Jeff Bezos's Blue Origin LLC, is handling 38 launches for Project Kuiper in the years ahead and will also be used for national-security missions.

Blue Origin also has been working to develop a large rocket called New Glenn. An executive at the company said at an industry event last March that Blue Origin had been looking to launch the vehicle for the first time at the

end of 2022, but added it moved off that time frame. A spokeswoman said Blue Origin is making progress on New Glenn and will fly it when the company is ready.

Rocket Lab USA Inc. is developing a rocket called Neutron that it is looking to launch on its inaugural flight in 2024, company executives have said. Neutron would be larger and more powerful than its Electron vehicle, which the company blasted off nine times from a site in New Zealand last year.

"Demand is really going up and people are much more sensitive to how they're going to get their stuff on orbit," Rocket Lab Chief Executive Peter Beck said in a recent interview.

Shell Expects to Post a Rebound in Fourth-Quarter Natural-Gas Profit

By JENNY STRASBURG

Shell PLC expects its quarterly natural-gas profit was "significantly higher" than in the preceding three months, when price swings hurt results in that core business amid a global scramble for energy.

The London-based oil giant said Friday it experienced higher refining margins in its chemicals and fuels business in the last three months of 2022, but that trading profit from refined products will trail third-quarter results.

The trading update ahead of fourth-quarter earnings, scheduled for Feb. 2, suggests Shell remains on track for what analysts expect to be a record full-year profit. The higher estimated natural-gas profit is driven in part by lower taxes in the business, typically Shell's biggest cash generator. That decreased tax burden helped offset the effect of lower sales volumes in liquefied natural gas, which Shell said were hurt by production issues including plant outages.

Shell said Friday it expects to pay around \$2 billion more

in European Union and U.K. energy-profit levies—so-called windfall taxes—that governments have adopted to help businesses and consumers cope with soaring energy costs. Shell said those additional taxes won't affect its fourth-quarter adjusted earnings or cash position because of expected timing of payments over coming years.

The update suggests Shell is on track to log record earnings for the full year.

The \$2 billion is in addition to \$360 million in anticipated windfall taxes Shell disclosed in 2022. Shell didn't break down the levy amounts by region. For years, the company has received tax relief from North Sea investments and the costs of decommissioning U.K. production activities, offsetting any U.K. tax liabilities it otherwise might have had.

Friday's earnings snapshot

comes after Shell and its peers have posted consecutive quarters of record profits driven by soaring prices and strong global demand for energy. The bumper earnings have fueled tens of billions of dollars in share buybacks and dividends from global energy giants, spurring scrutiny from governments, trade groups and consumers bitten by high energy prices amid Russia's war in Ukraine.

"The combination of better trading and lower tax should support earnings, however it is disappointing to see Shell's liquefaction volumes come in lower once again," RBC Capital Markets analyst Biraj Borkhataria said, describing Shell's overall earnings preview as mixed.

Last week, Shell veteran Wael Sawan, most recently its head of integrated gas and renewables, took over as chief executive, succeeding longtime boss Ben van Beurden. The leadership change comes as Shell grapples with balancing its traditional oil-and-gas business with promises to move further into renewable energy.

Jack Ma Cedes Ant Control

Continued from page B1

tial revival of Ant's IPO for a year or more.

Chinese securities regulations require a timeout on public listings for companies that have gone through a recent change in control.

Regulators didn't demand the change but have given their blessing, the Journal reported previously. Ant is required to map out its ownership structure when it applies to become a financial holding company.

The nine others who will hold voting rights include Chairman Eric Jing, Executive



SERGEY DOLZHENKO/EPAA/SHUTTERSTOCK

Chinese billionaire Jack Ma

Vice President Xiaofeng Shao and Chief Technology Officer Xingjun Ni, in line with the details in the previous Journal report. Mr. Shao is also the general secretary of Ant's Communist Party committee, according to people familiar with the matter. Mr. Ni was

instrumental in founding Ali-pay in 2004.

Mr. Ma has all but vanished from the public spotlight since he laid into Chinese regulators in a speech days before Ant's planned IPO in 2020.

He retired from Alibaba in 2019 but continued to control Ant.

The two companies that Mr. Ma co-founded have been charting separate courses in light of Beijing's crackdown on big internet platforms.

Mr. Ma's control over Ant goes back more than a decade to the period when he was CEO of Alibaba.

Throughout the years, he had contemplated giving up control of Ant out of corporate-governance concerns that risks may arise from Ant being too reliant on a single dominant figure atop the company, the Journal reported previously.

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BUSINESS NEWS

Developing Nations Favor Chinese EVs

Vehicles are hard sell in places like Thailand, but Chinese makers keep cost within reach

By RIVER DAVIS

KORAT, Thailand—When Wimonisri Boonyopakorn's husband moved to Bangkok for work last year, the 35-year-old schoolteacher decided to buy a car so she could make the 160-mile trip to visit him.

She was surprised to find several electric vehicles from Chinese manufacturers that cost less than gas-powered cars of a similar size.

"I had an image of an EV being very fancy," she said.

For now, the Thai EV market is just a rounding error in the global car industry. But it points to some trends that analysts say are worrisome for global auto makers.

With government subsidies, Chinese EVs are emerging as price leaders in Southeast Asian nations where Japanese companies have long controlled most of the automotive market. That is a contrast with developed nations like the U.S., where EVs are generally sold to those who can afford to pay extra for the environmental halo.

Chinese EV makers are bringing to the developing world the benefits of manufacturing scale that they built back home with state support. For more than a decade, China has backed the production of smaller, affordable EVs and their most-expensive component, batteries. In 2022, China accounted for more than half of EVs sold globally.

In Korat, a Thai regional center northeast of Bangkok, the fresh black paint and large windows of a newly built **Great Wall Motor** Co. dealership stand out on a strip of highway lined with older-looking showrooms offering Nissans and Fords.

With a less-affluent population, "Thailand and other emerging nations in Asia have different requirements for EVs



With government subsidies, Chinese EVs are emerging as price leaders in Southeast Asia. A Great Wall Motor Ora Good Cat GT EV.

than the U.S.," said Hirota Uchida, head of the Southeast Asia automotive business at management consulting firm Arthur D. Little. Chinese manufacturers are showing that they are able to play to the need for affordability, he said.

Political considerations make it unlikely that Chinese auto makers could develop a big presence in the U.S., but some analysts say their dominance of EV sales in Southeast Asia could be a precursor to a fight for market share in Europe, the second-largest EV market after China.

In a November report, Fitch Solutions said a weakening economy could lead some consumers in the developed world to look for options from China. The market-research firm said Chinese brands could double down on efforts to expand in Europe in 2023 and claim up to 15% of the continent's battery-electric market in 2025, from about 5% in 2022. Some Chinese brands also are looking to sell higher-end models in Europe.

In Thailand, 13,298 EVs were sold in the first nine months of 2022, according to the country's energy ministry, up from 1,954 in 2021. The Bangkok-based Kasikorn Research Center estimates that Chinese manufacturers accounted for about 80% of those EV sales.

Price makes the difference. Toyota's electric bZ4X retails for about \$53,000 in Thailand. **Tesla** Inc. recently started selling cars in the country, and its Model 3 starts at around \$51,000—more than twice what Ms. Boonyopakorn paid for her new car.

The vehicle Ms. Boonyopakorn settled on was an electric subcompact called the Ora Good Cat from China's Great Wall Motor. It cost her 763,000 baht, equivalent to about \$22,000, with the help of around \$4,000 in government subsidies. That made it less expensive than a gas-powered Toyota Corolla or Honda Civic.

In Indonesia, **SAIC-GM-Wuling Automobile** Co.'s Air electric hatchback was introduced last summer and became the



Wimonisri Boonyopakorn with her Great Wall electric vehicle.

country's top-selling EV in the July-to-September quarter. It starts at a price equivalent to around \$15,000.

For now, the Chinese share of the overall Thai market is small. Japanese brands offering mostly gasoline-powered and

hybrid gas-electric cars account for about 80% to 90% of total vehicle sales, according to Arthur D. Little.

In Thailand, Toyota believes that EVs as well as other vehicles like hybrid and hydrogen-powered cars can play a role in

reducing carbon emissions, said Prasanna Ganesh, an executive at Thailand-based **Toyota Daihatsu Engineering & Manufacturing**. For now, compared with EVs, hybrids need less support from subsidies and "can be a mass and accessible solution," Mr. Ganesh said.

A Toyota spokeswoman said the company planned to introduce numerous EV models in Asia.

Especially in areas outside of major cities like Bangkok and Korat, few non-Japanese vehicles are visible on roads. Many are sport-utility vehicles or trucks, which are costly to power with batteries.

Siriwan Boonvisuit, who manages a Toyota dealership in the central province of Saraburi, said, charging infrastructure remains limited and around 60% of vehicles are pickup trucks. Farming is a major industry in the province, and people often use the beds of their trucks to transport goods like durian and sugar cane, she said.

"Interest in EVs is a trend in bigger cities," Ms. Boonvisuit said. In Saraburi, "Chinese auto makers aren't causing a sense of crisis," she said.

The competition is still in its early stages. Great Wall opened a car factory in Rayong, Thailand, in June 2021, initially making hybrid vehicles. In September, the company said it wanted the Rayong plant to become a "global production and export base."

BYD Co., a top Chinese EV maker that has backing from Warren Buffett's **Berkshire Hathaway** Inc., said in September it planned to open its first wholly owned passenger car factory outside China, also in Rayong. It said the plant would open in 2024 with an annual production capacity of 150,000 EVs to be sold mostly in Southeast Asia and Europe.

The Mercator Institute for China Studies, a German think tank, has advocated that Europe use trade measures to prevent its market from being flooded by low-cost Chinese EVs.

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Adobe's Chief Sizes Up the State of Tech Now

Shantanu Narayen talks about volatility in the industry, Adobe's \$20 billion Figma deal and setting priorities for the year

By **CHIP CUTTER**

For all the turmoil in the technology industry in 2022, Adobe Inc. Chief Executive Shantanu Narayen says the questions he and other executives keep asking these days are relatively timeless.

"Are you looking around the corner adequately?" the 59-year-old asks. "How do you—in addition to ensuring that you have the right strategy—execute against it?"

Mr. Narayen, one of the longest-serving tech leaders, has overseen a broad expansion of Adobe since he stepped into the top role in 2007. While Adobe may be best known for software such as Photoshop, Acrobat and Illustrator, its business also includes a suite of tools and data analytics products used by marketers and brands. Adobe purchased the cloud-based video editing and collaboration software Frame.io in 2021.

In September, Adobe said it planned to buy Figma, a fast-growing collaboration and productivity platform used by designers and developers, for \$20 billion. The deal is Adobe's largest acquisition to date. The Figma deal surprised Adobe's

investors and led to criticism from some Figma users who said the acquisition would slow innovation and lead to pricing changes. The purchase faces scrutiny from federal regulators. Adobe has said it is confident the deal will close in 2023 and that it plans to allow Figma to operate autonomously.

Mr. Narayen recently spoke with The Wall Street Journal. Here are edited excerpts:

WSJ: A number of prominent tech companies have laid off workers or paused projects. How would you sum up the state of the industry now?

MR. NARAYEN: I think the macroeconomic environment, honestly, is being used as a mechanism to say: Is prioritization being done appropriately? There is an element of the financial community that is looking at, where perhaps it was growth at all costs a few years ago, now they're looking at a balance of growth and profitability. At Adobe, we do that all the time.

WSJ: So, how does the economy look from your perspective now? Are you noticing any notable shifts in spending among your customers?



CAROLYN FONG FOR THE WALL STREET JOURNAL

Adobe CEO Shantanu Narayen says, 'Digital is transforming everything: how we work, how we live.'

MR. NARAYEN: I think the consumer sentiment, overall, looks actually fairly positive. I would say the U.S. has demonstrated tremendous resilience overall. People in Europe are perhaps a little bit more concerned about the winter and energy prices and inflation. We look at it and say there's macroeconomic [shifts] and then there's our addressable market. In the long run, the trend towards digital is not going to change.

WSJ: Figma has some users

who are concerned about the pending acquisition. Are there lessons from prior acquisitions at Adobe that will inform how you work with Figma?

MR. NARAYEN: The lessons that we learn from other acquisitions include first getting a really deep appreciation of what the existing customers like about it now. With Figma, we've been talking to a number of customers, and they could not be more excited about what we could do together. We are cognizant existing customers may have

some questions, and the only way we can demonstrate that we have the right intentions is with time.

WSJ: Adobe is 40 years old. Where do you think the innovations will come from next?

MR. NARAYEN: Digital is transforming everything: how we work, how we live, the entertainment that we consume, education. So I think of Adobe as a company that is going to use digital to impact how individuals—small and medium businesses and larger enterprises—communicate, create content, monetize content, manage content.

We just think that the opportunities are only going to expand and not diminish. If you look at artificial intelligence and what's happening with AI, and the ability for AI to make our products more accessible, more fun, more productive for individuals, I think we're in the very, very early innings.

WSJ: Adobe emphasized flexibility with a hybrid office schedule. Does work in 2023 look much different than it does today?

MR. NARAYEN: We've always believed in flexibility. But for

meetings that matter and moments that matter, I don't think there's any substitute for being able to be in the room with people to read off the energy, to read off the body language. Especially when you're incubating new projects, I want people together; I think you accelerate the incubation process, the alignment process. Then, when it's more execution, I think giving people the flexibility to execute the way they want is completely fine.

WSJ: You've been a CEO for 15 years now. Is there a part of your job that occupies much more of your time now than it did at the beginning?

MR. NARAYEN: Every year I try and say: What are one or two big areas where it feels like I can have an impact and I can influence where the organization should be headed both in terms of learning from the talent that exists within the company and outside the company? And then, having the ability to use that to change priorities. I think way too often people do what they're good at, rather than perhaps where the company wants them to make an impact.

Mattel Sees Return of Princesses

Continued from page B1 making good toys?"

In the past few years, Mr. Wu's team designed and launched a new line of monster trucks and collapsible race tracks for Hot Wheels cars, and gone deeper into radio-controlled toy vehicles, a segment where Mattel had little presence before.

During the yearslong Disney drought, Mattel's share price

plummeted and sales fell by 25%. Three CEOs came and went. When Mr. Kreiz took charge in April 2018, he closed factories and swiftly cut staff to 8,500 from 13,500.

He reorganized Mattel's creative divisions. Instead of keeping brands in silos including Barbie, Fisher-Price and American Girl, the company is now organized into teams that design dolls, vehicles and toys for young children, allowing designers to share ideas more easily.

Mr. Kreiz faces an uphill battle to reach the more than \$6 billion in annual sales that the company regularly achieved in the early part of the prior decade, and its share price is hovering around \$20, less than half

the highs it reached in 2013 before it lost the Disney contract.

For the new line of Disney princess dolls, Mattel experimented with facial design.

Designers digitally sculpted features and hand-painted faces on prototypes that were based on the characters' appearance in films. They incorporated new knitted fibers for a more diverse array of hair types. The goal was to make the designs less lifelike and more closely resemble how children say the characters should look, based on feedback from focus groups, says Chris Down, Mattel's chief design officer, a C-suite position that was created as part of Mr. Kreiz's 2018 restructuring.

A number of the new doll sets come in cardboard packaging that can be cut out and folded into background objects, such as the shell throne from "The Little Mermaid," which Mr. Down says enriches play scenarios for children.

"This is one of the crown jewels of the toy business," Mr. Down says. "When we won it back, it was a huge triumph. People were crying around here."

Disney declined to comment. Designers are encouraged to participate in periodic "Big Ideas" showcases, in which employees can pitch an idea for a new toy or feature with the potential that it might end up in front of senior executives at the company.

In the past few years, Barbie's "color reveal" dolls, which

change from a "mystery pink" hue to a surprise color palette when submerged in water, came out of this process.

Over the past two years, Chief Operating Officer Richard Dickson, an art collector and former fashion executive, launched Mattel Creations, which makes higher-price, limited-edition collectors' versions of toys from the Barbie, Masters of the Universe and other product lines, often collaborating with artists such as the pop surrealist Mark Ryden and the Japanese contemporary artist Takashi Murakami.

Shortly after becoming CEO, Mr. Kreiz hired Robbie Brenner, the producer behind the Oscar-nominated film "Dallas Buyers Club" to helm the company's

new film unit, Mattel Films. The company is making a push to produce hit films tied to its toy brands. Mr. Kreiz in the early 2000s helped launch the Fox Kids Europe TV network and later led Maker Studios, an online production company that was sold to Disney.

Mattel has produced cartoons based on American Girl dolls and Hot Wheels toy cars before, but lagged behind Hasbro and Lego AS, which have had success with such movies as "Transformers" and "Lego Batman." Mattel now has 15 feature films in some stage of development, including a "Barbie" movie co-written and directed by the indie film star Greta Gerwig, slated for release this summer.



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CLASS ACTION

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NEW YORK

KNOX COUNTY PENSION & RETIREMENT BOARD, KNOX CHAPMAN UTILITY DISTRICT, BEAUMONT FINANCIAL PARTNERS LLC, WILLIAM JACKSON, and EMILY E. COLE, individually on behalf of themselves and a class of similarly situated investors,
Plaintiffs,

v.
ALLIANZ GLOBAL INVESTORS U.S. LLC, ALLIANZ GLOBAL INVESTORS DISTRIBUTORS LLC, and ALLIANZ FUNDS MULTI-STRATEGY TRUST (n/k/a VIRTUOUS STRATEGY TRUST),
Defendants.

Index No.: 651233/2021

SUMMARY NOTICE OF PROPOSED SETTLEMENT OF CLASS ACTION

SUMMARY NOTICE OF PROPOSED SETTLEMENT OF CLASS ACTION

TO: Any Person who or which purchased or otherwise acquired an interest in the shares of any of the Allianz Global Investors Structured Alpha mutual funds listed below (collectively, the "Mutual Funds"):

AllianzGI Structured Return Fund ("Structured Return Fund").

Class A (Ticker AZIAX)
Class C (Ticker AZICX)
Class P (Ticker AZIPX)
Class R6 (Ticker AZIRX)
Institutional Class (Ticker AZIIX)

AllianzGI U.S. Equity Hedged Fund ("U.S. Equity Hedged Fund").

Class A (Ticker AZUAX), Class C (Ticker AZUCX)
Class P (Ticker AZUPX), Institutional Class (Ticker AZUIX)

AllianzGI PerformanceFee Structured US Equity Fund ("PerformanceFee Equity Fund").

Class P (Ticker APBPX)
Class R6 (Ticker APBRX), Institutional Class (APBIX), and/or

AllianzGI PerformanceFee Structured US Fixed Income Fund ("PerformanceFee Fixed Income Fund").

Class P (Ticker APKPX)
Class R6 (Ticker APKRX)
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pursuant or traceable to, or whose investments were otherwise solicited through, the Offering Communications,¹ and who or which

- (i) purchased those shares prior to February 24, 2020, and sold those shares on or after February 24, 2020 and prior to the respective Mutual Fund's liquidation date;
- (ii) purchased those shares prior to February 24, 2020, and held those shares through the liquidation of the respective Mutual Fund;
- (iii) purchased those shares on or after February 24, 2020, and sold those shares prior to the respective Mutual Fund's liquidation date; or
- (iv) purchased those shares on or after February 24, 2020, and held those shares through the liquidation of the respective Mutual Fund, and,
- (v) in each case, was damaged thereby ("Settlement Class" or "Settlement Class Member").

THIS SUMMARY NOTICE WAS AUTHORIZED BY THE COURT. IT IS NOT A LAWYER SOLICITATION. PLEASE READ THIS SUMMARY NOTICE CAREFULLY AND IN ITS ENTIRETY.

YOU ARE HEREBY NOTIFIED that a hearing (the "Settlement Fairness Hearing") will be held on **March 9, 2023, at 9:30 a.m.**, before the Honorable Andrew Borrok of the Supreme Court of the State of New York, either in person at the New York County Courthouse, 60 Centre Street, Courtroom 238, New York, New York 10007, or by telephone or videoconference (in the discretion of the Court). At the Settlement Fairness Hearing the Court will, among other things: (i) determine whether the proposed settlement of the above-captioned action for \$145,000,000 in cash (the "Settlement") as set forth in the Stipulation of Settlement dated November 1, 2022 ("Stipulation")² is fair, reasonable, and adequate, and should be approved by the Court; (ii) determine whether the Judgment as provided under the Stipulation should be entered; (iii) determine whether the proposed Plan of Allocation for the distribution of the Net Settlement Fund should be approved by the Court as fair and reasonable; (iv) determine whether to grant final certification of the Settlement Class for purposes of the Settlement; (v) consider Plaintiffs' Counsel's application for an award of attorneys' fees and Litigation Expenses, including Plaintiffs' request for payment for their efforts in prosecuting this Action on behalf of the Settlement Class; (vi) consider any objections or opt outs received by the Court; and (vii) rule upon such other matters as the Court may deem appropriate. Any updates regarding the Settlement Fairness Hearing, including any changes to the date or time of the hearing or updates regarding in-person or remote appearances at the hearing, will be posted to the Settlement Website, www.AllianzMutualFundsLitigation.com.

This is a securities action against Defendants for claims under §§11, 12(a)(2), and 15 of the Securities Act of 1933. Plaintiffs claim that Defendants violated the Securities Act by reason of material misrepresentations and omissions in the Offering Communications for the Mutual Funds. Specifically, Plaintiffs allege that the Offering Communications included untrue material statements, and failed to disclose material information, regarding, among other things, the Mutual Funds' investment strategies. Defendants deny they have committed any act or omission giving rise to liability in this Action.

IF YOU ARE A MEMBER OF THE SETTLEMENT CLASS, YOUR RIGHTS WILL BE AFFECTED BY THE SETTLEMENT OF THIS ACTION.

To share in the distribution of the Settlement Fund, you must establish your rights by submitting a Proof of Claim and Release Form ("Claim Form") postmarked (if mailed), or submitted online using the Settlement Website, www.AllianzMutualFundsLitigation.com, no later than **April 20, 2023**. Your failure to postmark your Proof of Claim or to submit it online using the Settlement Website by **April 20, 2023** will subject your claim to rejection and preclude your receiving any of the recovery in connection with the Settlement of this Action. If you are a member of the Settlement Class and do not request exclusion therefrom, you will be bound by the Settlement and any judgment and release entered in the Action, including, but not limited to, the Judgment, whether or not you submit a Claim Form.

If you have not received a copy of the full Notice of Proposed Settlement of Class Action (the "Notice"), which more completely describes the Settlement and your rights thereunder (including your right to object to the Settlement), and a Claim Form, you may obtain these documents, as well as a copy of the Stipulation (which, among other things, contains definitions for the defined terms used in this Summary Notice) and other settlement documents, online at www.AllianzMutualFundsLitigation.com, by contacting the Claims Administrator by email at info@AllianzMutualFundsLitigation.com, or by writing to:

Allianz Mutual Funds Litigation
c/o A.B. Data, Ltd.
P.O. Box 173050
Milwaukee, WI 53217

Inquiries should NOT be directed to Defendants, the Court, or the Clerk of the Court.

Inquiries, other than requests for the Notice or Claim Form, may be made to Plaintiffs' Counsel:

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lee@sfclasslaw.com

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James A. Harrod, Esq.
Bernstein Litowitz Berger & Grossmann LLP
1251 Avenue of the Americas
New York, NY 10020
800-380-8496
settlements@blbglaw.com

If you desire to be excluded from the Settlement Class, you must submit a request for exclusion such that it is **received no later than February 16, 2023**, in the manner and form explained in the Notice. All members of the Settlement Class who have not requested exclusion from the Settlement Class will be bound by the Settlement even if they do not submit a timely Claim Form.

If you are a Settlement Class Member, you have the right to object to the Settlement, the Plan of Allocation, the request by Plaintiffs' Counsel for an award of attorneys' fees and Litigation Expenses, and/or the awards to Plaintiffs for representing the Settlement Class. Any objections must be filed with the Court and sent to Plaintiffs' Counsel and Defendants' Counsel such that they are **received no later than February 16, 2023**, in the manner and form explained in the Notice.

DATED: December 21, 2022

BY ORDER OF THE SUPREME COURT OF NEW YORK,
COUNTY OF NEW YORK,
HONORABLE ANDREW BORROK, J.S.C.

¹ "Offering Communications" means, collectively:

- (i) the Form N-1A filed by the Allianz Funds Multi-Strategy Trust with the Securities and Exchange Commission ("SEC") on January 31, 2017 (the "Structured Return and U.S. Equity Hedged 2017 Registration Statement");
- (ii) the Allianz Funds Multi-Strategy Trust Prospectus containing information concerning the Structured Return Fund and the U.S. Equity Hedged Fund filed with the Structured Return and U.S. Equity Hedged 2017 Registration Statement;
- (iii) the Form N-1A filed by the Allianz Funds Multi-Strategy Trust with the SEC on December 31, 2017 (the "PerformanceFee Funds 2017 Registration Statement");
- (iv) the Allianz Funds Multi-Strategy Prospectus containing information concerning the PerformanceFee Equity Fund and the PerformanceFee Fixed Income Fund filed with the PerformanceFee Funds 2017 Registration Statement;
- (v) subsequent effective registration statements and prospectuses for the Mutual Funds;
- (vi) the other communications referenced in Sections VI, IX, and X of Plaintiffs' Amended Class Action Complaint filed in the Action on September 9, 2022; and
- (vii) any other communications by any Defendant concerning any Mutual Fund.

² The Stipulation can be viewed and/or obtained at www.AllianzMutualFundsLitigation.com. Any capitalized terms not otherwise defined in this Summary Notice shall have the meanings given to them in the Stipulation.

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BUSINESS & FINANCE

Deere to Allow Farmers To Repair Own Equipment

By PATIENCE HAGGIN

Machinery manufacturer Deere & Co. signed a memorandum of understanding with the American Farm Bureau Federation on Sunday that the group said ensures farmers can repair their own farm equipment or take it to independent repair shops.

The agreement addresses a debate that has grown in recent years, as the farm industry has implemented high-tech equipment like software and sensors in machinery like tractors and harvesters aimed at boosting harvests and speeding planting.

Some farmer organizations and consumer advocacy groups have accused Deere and other manufacturers of using propri-

etary software on their equipment to restrict repair work to the manufacturers' own dealers.

Some farmers have said it has increased their costs by forcing them to call in technicians from dealerships for repairs they could handle themselves, if the equipment companies would give them greater access to the software.

Deere has said it provides tools and repair manuals enabling private repairs but has pushed back against what it says are attempts by farmers to modify software that controls machinery operations.

The agreement creates a mechanism to address farmers' concerns and give them access to resources needed to repair

their own equipment, such as diagnostic and repair codes, manuals and product guides.

Since 2021 the Biden administration has pushed for tractor makers to make it easier for farmers and independent mechanics to repair the equipment.

The memorandum says it seeks to address the right-to-repair issue through the private sector rather than through regulation or legislation, and discourages the federation's state organizations from introducing, promoting or supporting such legislation. Should state or federal right-to-repair legislation be enacted, Deere and the federation have the right to withdraw from the agreement with 15 days' written notice.

Macau Casinos Get Relief, But Challenges Remain

By ELAINE YU

HONG KONG—Macau's struggling casinos are poised for a recovery, say analysts, with visitors from mainland China expected to surge after the country reopened its borders Sunday.

Longer-term challenges remain as the casinos face burdensome new operating licenses designed to finally cure the city's addiction to gambling.

The 10-year license renewals took effect last week, committing the six operators—including units of U.S. giants Wynn Resorts Ltd., Las Vegas Sands Corp. and MGM Resorts International—to plowing \$14.83 billion into the city over the next decade, Hong Kong stock exchange filings show. Almost 92% of that is earmarked for developing nongambling projects.

MGM China Holdings Ltd. said its planned projects include a high-end wellness center and a collaboration to design shows between a virtual-reality company and celebrated filmmaker Zhang Yimou, who directed the opening ceremonies for the 2008 and 2022 Beijing Olympics. Sands said its plans included a proposed new convention center, redeveloping a site into a garden-themed attraction and a luxury yacht business. Wynn has yet to announce specific long-term projects.

The Macau government didn't respond to a request for comment.

For more than a decade, Beijing has said it wants Macau to



The city should get more Chinese visitors after Beijing lifted curbs. Sands China's Venetian Macao.

diversify away from gambling, but there have been few obvious signs of success. This time, it aims to succeed by adding more government oversight along with financial incentives. For example, operators will pay higher taxes if they fail to attract a bigger share of foreign tourists.

Mainland tourists accounted for about 7 out of 10 visitors in 2019. In addition, almost one-fifth of visitors came via Hong Kong—an hour's ferry ride away.

The following year, Beijing's Covid-19 travel restrictions turned the world's most profitable casino hub into a ghost town.

Visitor numbers plunged 99.5% in the second quarter of 2020 from a year earlier, official data show. Beijing's stringent zero-Covid policy, which

guided the formulation of Hong Kong's and Macau's strict rules—largely sealed off the mainland and its two semiautonomous regions from each other for much of the past three years.

The ensuing collapse in Macau's gross domestic product brought into sharp relief its overreliance on gambling, the International Monetary Fund said in April. The sector accounted for around half of economic output in 2019 and more than one-fifth of all jobs, a figure that didn't include associated businesses such as hotels, IMF data show.

Gross gambling revenue in 2022 slumped by more than half from the previous year, and was lower than in 2005, the year after Sands China Ltd. opened the first of Macau's integrated resorts.

Liquor Firms Bet Drinkers Will Keep Making Cocktails at Home

By JOSHUA KIRBY

Many Americans took to mixing cocktails at home during the pandemic, boosting liquor sales. Now, with inflation squeezing disposable incomes, big distillers are betting on another round of home drinking as consumers economize.

Historically, around 80% of all U.S. alcoholic drinks sales were for home drinking, according to IWSR, a drinks market-research firm. That level rose to 90% during the pandemic, and sales at bars aren't likely to return to pre-pandemic levels for another four to five years, IWSR says.

To capitalize, spirits brands are doubling down on efforts they started during the pandemic to meet drinkers where they are, launching new products and marketing campaigns catering to at-home drinking and putting greater emphasis on their e-commerce channels.

"People are really buying into this whole cocktail trend, and trying to do it themselves," said Pernod Ricard SA Chief Executive Alexandre Ricard. As household budgets tighten, drinkers "might dial up a little bit their home consumption versus on trade," he added.

Pernod, the owner of Malibu rum and Jameson Irish whiskey, in November launched a new business unit to focus on digital sales direct to consumers.

The company also has expanded its range of ready-to-



The home-drinking trend helped push up Campari's global sales.

drink canned cocktails, such as espresso martinis made with Absolut vodka and Kahlua, as a way to engage new customers away from bars. In November, it said it would spend \$22 million on a new canning line at a plant in Arkansas.

"After a period, consumers will upgrade to the brand itself," Mr. Ricard said. The pandemic helped spirits penetrate deeper into households, he added.

Davide Campari-Milano NV, known for its Aperol and Campari aperitifs, also is working to better position itself for home drinking.

Since the pandemic, the company's sales teams have been redirected to focus on channels other than bars and restaurants, and marketing aimed at making at-home

drinking look as appetizing as being in a bar, said CEO Bob Kunze-Concewitz. "We globally shifted our whole business model, which was very skewed toward on-premise," such as bars and restaurants, Mr. Kunze-Concewitz said.

To teach consumers how to make cocktails, Campari has put recipes on its websites, and the company has started selling complete cocktail packs—such as a Negroni kit with Campari, vermouth and gin—to make it easier to mix drinks at home.

"It was really all about, on the one hand, educating consumers about how to make our cocktails, because there were a lot of hangups there. And then via e-commerce, making it easier for them to get all the ingredients they need for the key cocktails," Mr. Kunze-Concewitz said.

The home-drinking trend in the U.S. helped drive a 47% rise in Campari's global sales for the first nine months of 2022, compared with prepandemic 2019, he said.

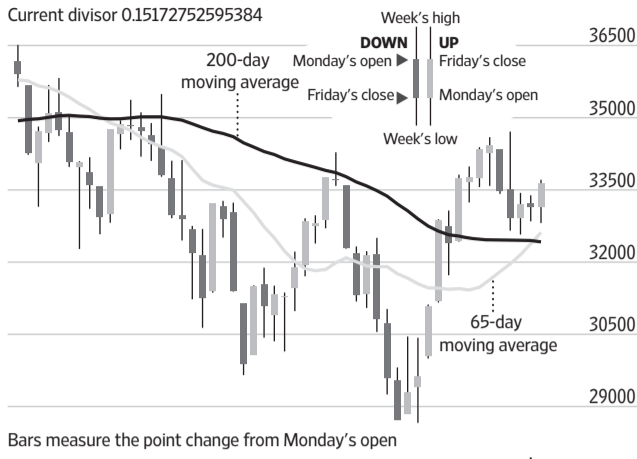
Elsewhere, Smirnoff vodka owner Diageo PLC last year opened a canning site in Illinois to boost its ready-to-drink lines, citing consumer interest in enjoying cocktails at home.

And Rémy Cointreau SA, owner of the namesake orange liqueur, also has refocused its marketing toward home drinking, stressing its brands as staples of the home bar cart and central to many famous cocktails.

MARKETS DIGEST

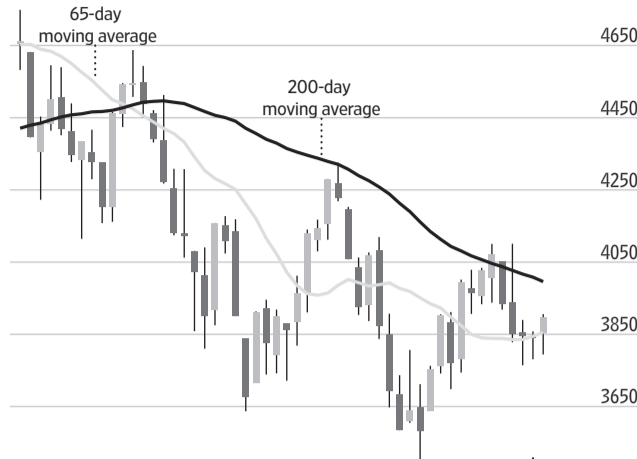
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33630.61 ▲483.36, or 1.46% last week
 Trailing P/E ratio 21.68 22.54
 P/E estimate * 18.13 18.71
 Dividend yield 2.05 1.92
 All-time high 36799.65, 01/04/22



S&P 500 Index

3895.08 ▲55.58, or 1.45% last week
 Trailing P/E ratio * 18.42 28.76
 P/E estimate * 16.92 21.25
 Dividend yield * 1.79 1.29
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Jan. 8	July 12, '22	Intelligent Living Application	ILAG	4.00	25.3	-61.3	180 days
Jan. 11	July 15, '22	AMTD Digital	HKD	7.80	120.0	194.1	180 days
Jan. 11, '22	Hillstream BioPharma	HILS	4.00	16.5	-90.2	365 days	
Jan. 13	Oct. 20, '21	Runway Growth Finance	RWAY	14.60	103.4	-17.9	450 days
	July 12, '22	Nano Labs	NA	11.50	20.2	-90.5	180 days

Sources: Dealogic; Dow Jones Market Data

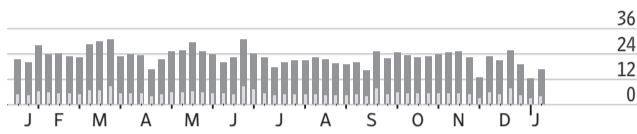
IPO Scorecard

Performance of IPOs, most-recent listed first

Company	SYMBOL	Friday's close (\$)	Offer price	1st-day close	% Chg From	Company	SYMBOL	Friday's close (\$)	Offer price	1st-day close	% Chg From	
AlphaTime Acquisition	ATMCU	10.12	1.2	0.1	1.51	Snail	SNAL	Nov. 10/\$5.00				
Coya Thera	COYA	4.67	-6.6	2.2		Mobileye Global	MBLY	Oct. 26/\$21.00		31.62	50.6	9.1
Horizon Space Acquisition I	HSPDU	10.08	0.8	0.1		Prime Medicine	PRME	Oct. 20/\$17.00		16.77	-1.4	9.1
Alphavest Acquisition	ATMVU	10.12	1.2	0.8		Hudson Acquisition I	HUDAU	Oct. 14/\$10.00		10.40	4.0	3.9
Lipella Pharmaceuticals	LIPO	3.09	-46.3	-34.4		TenX Keance Acquisition	TENKU	Oct. 14/\$10.00		11.48	14.8	14.5
Erayak Power Solution Grp	RAYA	2.07	-48.3	-38.6		Spring Valley Acquisition II	SVIUI	Oct. 13/\$10.00		10.38	3.8	2.8
Adamas One	JEVL	2.48	-44.9	-44.9		Aquaron Acquisition	AQUUN	Oct. 4/\$10.00		10.33	3.2	3.0
Acron Thera	ACRV	11.60	-7.2	-30.3		dMY Squared Technology	DMYU	Sept. 30/\$10.00		10.45	4.5	4.5
ASP Isotopes	ASPI	1.80	-55.0	-32.6		Laser Photonics	LASE	Sept. 30/\$5.00		2.27	-54.6	-12.0
Plutonian Acquisition	PLTNU	10.11	1.1	0.8		Qomolangma Acquisition	QOMOU	Sept. 30/\$10.00		10.27	2.7	2.8

Sources: Dow Jones Market Data; FactSet

NYSE weekly volume, in billions of shares



*Weekly P/E data based on as-reported earnings from Birinyi Associates Inc.; †Based on Nasdaq-100 Index

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Major U.S. Stock-Market Indexes

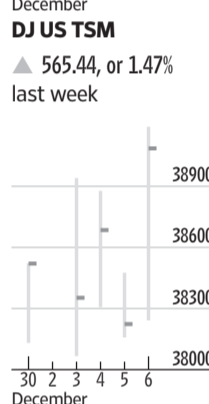
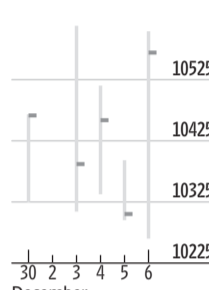
	High	Low	Latest Week Close	Net chg	% chg	52-Week Low	52-Week Close (●)	High	% chg	YTD	3-yr. ann.
Dow Jones											
Industrial Average	33710.66	32812.33	33630.61	483.36	1.46	28725.51	●	36290.32	-7.2	1.5	5.4
Transportation Avg	13915.23	13256.05	13876.19	484.28	3.62	11999.40	●	16718.54	-14.7	3.6	8.6
Utility Average	988.34	956.69	981.27	13.87	1.43	838.99	●	1071.75	1.4	1.4	4.1
Total Stock Market	39191.76	38066.84	39086.04	565.44	1.47	36056.21	●	48002.87	-17.8	1.5	5.6
Barron's 400	941.91	903.86	940.04	19.65	2.13	825.73	●	1085.48	-13.0	2.1	8.7
Nasdaq Stock Market											
Nasdaq Composite	10613.06	10265.04	10569.29	102.81	0.98	10213.29	●	15188.39	-29.2	1.0	5.2
Nasdaq-100	11093.10	10696.42	11040.35	100.59	0.92	10679.34	●	15905.1	-29.2	0.9	7.7
S&P											
500 Index	3906.19	3794.33	3895.08	55.58	1.45	3577.03	●	4726.35	-16.7	1.4	6.3
MidCap 400	2494.15	2401.40	2489.95	59.57	2.45	2200.75	●	2807.04	-10.9	2.5	6.6
SmallCap 600	1188.12	1146.92	1185.83	28.30	2.44	1064.45	●	1388.27	-14.3	2.4	5.2
Other Indexes											
Russell 2000	1795.56	1737.26	1792.80	31.55	1.79	1649.84	●	2194	-17.8	1.8	2.5
NYSE Composite	15568.90	15053.17	15539.74	355.43	2.34	13472.18	●	17353.76	-9.5	2.3	3.7
Value Line	553.44	532.07	552.53	16.18	3.02	491.56	●	669.31	-16.9	3.0	0.0
NYSE Arca Biotech	5413.58	5228.71	5394.03	112.93	2.14	4208.43	●	5434.06	3.7	2.1	2.3
NYSE Arca Pharma	884.73	865.26	882.27	14.40	1.66	737.84	●	887.27	8.9	1.7	10.6
KBW Bank	105.56	100.73	105.27	4.41	4.38	94.66	●	147.56	-27.7	4.4	-2.0
PHLX [®] Gold/Silver	132.98	122.49	132.04	11.18	9.25	91.40	●	167.76	6.1	9.3	7.9
PHLX [®] Oil Service	85.93	78.62	85.14	1.290	1.54	56.08	●	88.37	41.2	1.5	1.7
PHLX [®] Semiconductor	2649.38	2489.28	2636.10	103.99	4.11	2162.32	●	3901.21	-30.6	4.1	12.8
Cboe Volatility	23.76	21.00	21.13	-0.54	-2.49	17.62	●	36.45	12.6	-2.5	15.1

[§]Nasdaq PHLX

Sources: FactSet; Dow Jones Market Data

Nasdaq Composite

▲ 102.81, or 0.98% last week



International Stock Indexes

Region/Country	Index	Close	Latest Week % chg	Low	52-Week Range Close	High	YTD % chg
World	MSCI ACWI	617.40	1.99	550.37	●	753.61	2.0
	MSCI ACWI ex-USA	289.39	2.87	244.35	●	349.52	2.9
	MSCI World	2649.76	1.81	2367.69	●	3214.19	1.8
	MSCI Emerging Markets	988.68	3.38	842.76	●	1267.34	3.4
Americas	MSCI AC Americas	1478.83	1.48	1363.36	●	1809.45	1.5
Canada	S&P/TSX Comp	19814.51	2.22	18206.28	●	22087.22	2.2
Latin Amer.	MSCIEM Latin America	2181.73	2.51	1912.59	●	2761.97	2.5
Brazil	BOVESPA	108963.70	-0.70	96120.85	●	121570.15	-0.7
Chile	S&P IPSA	3097.07	-2.38	2798.33	●	3546.47	-2.4
Mexico	S&P/BMV IPC	51730.50	6.74	44626.80	●	56609.54	6.7
EMEA	STOXX Europe 600	444.42	4.60	382.89	●	486.25	4.6
	STOXX Europe 50	3817.19	4.53	3310.09	●	3836.01	4.5
Eurozone	Euro STOXX	432.50	5.50	359.45	●	479.07	5.5
	Euro STOXX 50	4017.83	5.91	3279.04	●	4316.39	5.9
Austria	ATX	3272.44	4.67	2647.43	●	4057.59	4.7
Belgium	Bel-20	3846.55	3.93	3313.82	●	4306.37	3.9
France	CAC 40	6860.95	5.98	5676.87	●	7237.19	6.0
Germany	DAX	14610.02	4.93	11975.55	●	16031.59	4.9
Greece	Athex Composite	951.45	2.33	779.20	●	971.09	2.3
Israel	Tel Aviv	1790.04	-0.38	1759.22	●	2071.10	-0.4
Italy	FTSE MIB	25180.35	6.22	20353	●	27844	6.2
Netherlands	AEX	724.26	5.12	630.58	●	791.33	5.1
Norway	Oslo Bors All-Share	1348.41	-1.05	1238.75	●	1476.42	-1.0
Portugal	PSI 20	5909.35	3.20	5190.28	●	6349.21	3.2
South Africa	FTSE/JSE All-Share	76858.94	5.22	63263.94	●	77536.12	5.2
Spain	IBEX 35	8701.10	5.74	7261.1	●	8933.6	5.7
Sweden	OMX Stockholm	813.99	4.11	690.07	●	1040.08	4.1
Switzerland	Swiss Market	11144.54	3.87	10072.62	●	12797.94	3.9
U.K.	FTSE 100	7699.49	3.32	6826.15	●	7699.49	3.3
Asia-Pacific	MSCI AC Asia Pacific	158.80	1.97	134.3	●	196.9	2.0
Australia	S&P/ASX 200	7109.60	1.01	6433.4	●	7592.8	1.0
China	Shanghai Composite	3157.64	2.21	2886.43	●	3597.43	2.2
Hong Kong	Hang Seng	20991.64	6.12	14687.02	●	24965.55	6.1
India	S&P BSE Sensex	59900.37	-1.55	51360.42	●	63284.19	-1.5
Japan	NIKKEI 225	25973.85	-0.46	24717.53	●	29222.77	-0.5
Malaysia	FTSE Bursa Malaysia KLCI	1480.55	-1.00	1373.36	●	1618.54	-1.0
Singapore	Straits Times	3276.72	0.78	2969.95	●	3445.01	0.8
South Korea	KOSPI	2289.97	2.40	2155.49	●	2972.48	2.4
Taiwan	TAIEX	14373.34	1.67	12666.12	●	18525.44	1.7

Source: FactSet; Dow Jones Market Data

Commodities and Currencies

	Last Week Close	Net chg	% Chg	YTD % chg
DJ Commodity	1009.42	-39.27	-3.74	-3.74
Refinitiv/CC CRB Index	264.82	-12.92	-4.65	-4.65
Crude oil, \$ per barrel	73.77	-6.49	-8.09	-8.09
Natural gas, \$/MMBtu	3.710	-0.765	-17.09	-17.09
Gold, \$ per troy oz.	1864.20	44.50	2.45	2.45
U.S. Dollar Index	103.92	0.40	0.39	0.39
WSJ Dollar Index	96.64	0.08	0.08	0.08
Euro, per dollar	0.9395	0.005	0.55	0.55
Yen, per dollar	132.11	0.99	0.76	0.76
U.K. pound, in dollars	1.21	-0.0004	-0.04	-0.04
DJ Commodity	961.29	●	1264.48	4.39
Refinitiv/CC CRB Index	236.64	●	329.59	11.32
Crude oil, \$ per barrel	71.02	●	123.70	-6.50
Natural gas, \$/MMBtu	3.710	●	9.680	-5.26
Gold, \$ per troy oz.	1623.30	●	2040.10	3.74
U.S. Dollar Index	94.79	●	114.10	8.57
WSJ Dollar Index	88.95	●	105.14	

BUSINESS & FINANCE

Rail Delays Threaten Millions of Chickens

Union Pacific, Foster Farms in dispute over service disruptions that hit corn deliveries

By ESTHER FUNG

Service problems at Union Pacific Corp. have sparked a dispute between the railroad and one of the country's biggest chicken processors, which says the lives of millions of birds are endangered by repeated delays in the delivery of corn.

California-based Foster Farms has asked for regulatory intervention for the second time in six months, saying delayed shipments from Union Pacific have dwindled its corn inventory. The company said it has diverted feed from dairy cattle to the chickens, which are susceptible to quicker death.

"The point has again been reached where hundreds of thousands of dairy cattle are not being fed, and when millions of chickens will starve to death because of UP's service failures," Foster Farms said in a Dec. 29 filing with the Surface Transportation Board, the economic regulator overseeing the country's freight railroads.

The STB on Dec. 30 directed Union Pacific to deliver five trains between Dec. 31 and Jan. 3 on a schedule set by the railroad, to avert significant loss of livestock in California.

Union Pacific said weather problems across the country

have affected its service but that it was able to deliver the five trains to Foster Farms in the past week. Foster Farms said only one of the five trains arrived as scheduled, and it could face corn shortages again as soon as next week.

"Union Pacific continues to work closely with Foster Farms, providing daily updates and delivering the trains addressed in the order," said a Union Pacific spokeswoman.

"We continue to experience significant weather delays, including washouts in California, blizzards in the Midwest and rockslides in Nevada, and again, those are communicated directly to Foster Farms," she said.

Freight rail service has largely improved over the past year, after pandemic disruptions to supply chains, staffing shortages and increases in demand caused bottlenecks and widespread disruptions to the flow of goods across the country. The total volume of goods transported in 2022 via freight railroads fell 2.8% to 25.4 million carloads, according to the Association of American Railroads.

Foster Farms said its facilities in the California cities of Traver, Turlock and Delhi have been affected by Union Pacific delays since October. While the privately held company has sought alternative sources of corn as well as trucks to alleviate the shortage, it says these are insufficient because about 400 trucks are needed to transport the volume of corn that one train would carry.



Union Pacific said weather problems affected its service but it was able to deliver the five trains to Foster Farms in the past week.

GEORGE FREY/LOOMBERG NEWS

"While Foster Farms concedes that weather played a part, it also believes this failure is indicative of systemic problems within UP that will persist," Foster Farms said in a filing with the STB published Thursday, after four of the five requested trains arrived by Jan. 4.

The rail customer previously said Union Pacific could do more to improve its allocation of crews and locomotives. Foster Farms said Union Pacific could use alternate routes, especially when it has advance notice of severe

weather and that it should grant access to its tracks to its competitor, BNSF Railway, in emergency situations. Union Pacific declined to comment on Foster Farms' suggestions. However, in a filing to the STB, Union Pacific said it would voluntarily submit daily reports of its rail service for Foster Farms to the regulator until Jan. 17.

In June, Foster Farms said it was on the verge of euthanizing millions of birds because of delays in feed shipments, and it received a rare emergency service order from

the STB to alleviate the crisis. This type of order was the first in more than a decade, resulting in Union Pacific giving priority to more trains and crew for Foster Farms, replenishing the processor's stocks within several weeks. Last week, Foster Farms asked the STB to issue a second emergency order.

The STB said Dec. 30 it would consider a second emergency service order depending on daily updates from Union Pacific.

"We appreciate the consideration of the STB and will

continue to work with Union Pacific to ensure the timely delivery of grain," Foster Farms said in a statement.

In December, Union Pacific executives were called to an STB hearing about its frequent use of embargoes to ease bottlenecks in its network. Rail customers such as Cargill Inc. and other agricultural companies testified that the Union Pacific's restrictions on shipments resulted in them making frantic changes to their operations, including curtailing production and engaging costlier shipping alternatives.

FTX Seeks To Recoup Donations

Continued from page B1
"a number of recipients of contributions or other payments" from FTX that want to return the money. The company has urged others to do the same. For those that don't, FTX said, it will "commence actions before the bankruptcy court" to require that the money be returned, with interest.

Future Fund, FTX's primary charitable arm, pledged more than \$160 million to more than 110 nonprofits as of September, according to its now-defunct website.

Grantees included biotech startups and university researchers working on Covid-19 vaccines and pandemic preparedness studies; programs that provide online resources and mentoring to STEM students in underdeveloped parts of India and China; and a nonprofit building renewable solar panels in communities ranging from Appalachia to the Brazilian Amazon.

Millions of dollars were doled out just in 2022, per Future Fund's former site, even as crypto prices were crashing.

According to the old website: Future Fund pledged \$3.6 million to AVECRIS to build the "next generation genetic vaccine platform," and \$5 million to the Atlas Fellowship to support scholarships and a San Francisco-based summer program for high-school students.

One of the largest pledges, according to the old website, was \$10 million to biotech startup HelixNano to run "preclinical and Phase 1 trials of a pan-variant Covid-19 vaccine."



New FTX CEO John J. Ray says it has been a challenge to determine its assets and liabilities.

None of the organizations returned requests for comment.

Mr. Bankman-Fried often said philanthropy was his primary motivation for amassing a fortune.

In a recent interview with The Wall Street Journal, Mr. Bankman-Fried said the majority of his charitable giving was sincere. But he also said that some was to curry favor with the public.

"When I pledged to give away \$2,000 to some brand name charity as part of some promotion related to FTX's business, that was as much PR as anything else," Mr. Bankman-Fried told the Journal.

FTX company Blockfolio agreed to make "annual contributions to charities designated by" supermodel Gisele Bündchen, who filmed a commercial with then-husband Tom Brady for FTX.

The lawyers working through FTX's bankruptcy have asked to end the partnership along with a number of other sponsorships. A representative for Ms. Bündchen didn't comment.

The Alignment Research Center, a nonprofit focused on

machine learning, said it will return its \$1.25 million grant from the FTX Foundation, saying the money "morally (if not legally) belongs to FTX customers or creditors."

ProPublica, a nonprofit investigative media outlet, said it would return the \$1.6 million it received from Building A Stronger Future, Mr. Bankman-Fried's family foundation.

Many charities spent at least a portion of the money received from FTX. A spokeswoman for the Good Food Institute, a nonprofit think tank supporting plant- and cell-based meat alternatives, said it spent all the funds it received from two FTX grants. The spokeswoman said GFI's legal counsel advised that the odds of having to return grant funds were low, based on their grant agreement.

Stanford Medicine received approximately \$4.5 million and was promised another \$1 million, a spokeswoman said. She said she couldn't disclose the amount already spent, but said that the school is holding any remaining funds while it waits for legal clarity.

A major challenge is figur-

ing out when FTX became insolvent—or whether it was ever solvent in the first place. If a donation was made while FTX was technically unable to pay its creditors, those funds may need to be returned due to bankruptcy laws.

"This case is all about solvency," said Dov Kleiner, bankruptcy partner at Kleinberg, Kaplan, Wolff & Cohen PC.

Further complicating the clawback process: FTX Foundation may not be considered the same thing as FTX. Recipients who received funds from FTX Foundation rather than FTX itself may have additional protections, Mr. Kleiner added.

If the court determines FTX was a Ponzi scheme however, the FTX managers could argue that the donations will have to be returned because they were themselves intended to defraud customers and investors.

Mr. Kleiner said he thinks the most likely case is that management tries to settle with nonprofits that received funding.

"People lost money in FTX," he said. "If you're a creditor, it's unfair that they took your deposits and gave it to someone else, even if it's a charity."

Bonds Start Year With Rally

Continued from page B1

Treasury yields also serve as a benchmark for interest rates across the economy, making them the critical factor in determining the cost of a mortgage.

Last year, the average 30-year fixed mortgage rate more than doubled, resulting in a sharp decline in homebuying activity.

The Fed has been trying to slow the pace of economic growth as a way to bring down inflation. But there remains considerable debate about how high it needs to raise rates to achieve its goals and then, once it stops lifting rates, how long it will wait before it starts cutting them.

The Fed's benchmark federal-funds rate is currently set between 4.25% and 4.5%. In December, the Fed's median forecast pointed to a 5.1% rate at the end of this year and a 4.1% rate at the end of 2024—both comfortably above what markets suggest that investors think is likely.

Minutes of the Fed's December meeting showed that officials worried that investors might underestimate their resolve to hold interest rates at higher levels, leading to "an unwarranted easing in financial conditions" that could make their job harder.

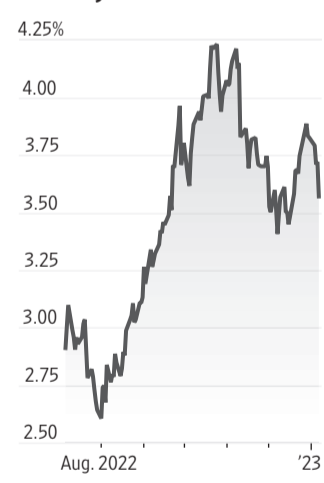
Investors have grown increasingly confident in recent months that the year-over-year inflation rate will fall sharply in 2023, even when excluding volatile food and energy categories. That is due in large part to a recent outright decline in the prices of

so-called core goods, such as furniture and video equipment, which has resulted from shifting consumer-spending patterns and improved supply chains.

Unlike most Fed officials, many investors believe the economy will slip into a recession over the next 12 months, putting pressure on the central bank to start cutting rates. That is notwithstanding repeated statements from officials suggesting that they don't envision any rate cuts this year.

Investors, and Fed officials, who are more worried about inflation persistence in 2023, generally accept the premise that goods inflation is likely to moderate this year. Their concern is that the prices of services will

Yield on 10-year U.S. Treasury note



Source: Tradeweb ICE

keep rising rapidly as demand for workers remains high and businesses pass on their labor costs.

To that end, Friday's wage data was encouraging. Still, other data—including a report on job openings that was released on Wednesday—suggested the labor market remains tight, with demand for workers far exceeding the number of people looking for jobs.

THE TICKER MARKET EVENTS COMING THIS WEEK

Monday		Nov., expected up 1.0%		Mort. bankers indexes		Expected 210,000	
Consumer Credit		Earnings expected		Purch., previous		Treasury budget	
Oct., prev. up \$27.0 bil.		Estimate/Year Ago		down 12.2%		Dec., '22 \$21.0 bil. deficit	
Nov., exp. up \$25.5 bil.		TD Synnex 2.93/2.86		Refinan., previous		Dec., '23, expected	
Earnings expected		Wednesday		down 16.3%		\$69.0 bil. deficit	
Estimate/Year Ago		Short-selling reports		Thursday		Friday	
Acuity Brands 3.02/2.85		Ratio, days of trading volume of current position, at Dec. 15		Consumer price index		Import price index	
Commercial Metals 1.90/1.62		NYSE 3.6		All items, Nov. up 7.1%		Nov., prev. down 0.6%	
Concentrix 3.33/2.99		Nasdaq 2.5		Dec., expected up 6.6%		Dec., exp. down 0.9%	
Jefferies Financial Group 0.57/1.20		EIA status report		Core, Nov. up 6.0%		Earnings expected	
Tuesday		Previous change in stocks in millions of barrels		Dec., expected up 5.7%		Estimate/Year Ago	
Wholesale inventories		Crude oil up 1.7		EIA report: natural gas		Bank of America 0.78/0.82	
Oct., previous up 0.5%		Gasoline down 0.3		Previous change in stocks in billions of cubic feet		BlackRock 7.87/10.42	
		Distillates down 1.4		down 221		Citigroup 1.19/1.46	
				Initial jobless claims		JPMorgan Chase 3.11/3.33	
				Previous 204,000		UnitedHealth 5.17/4.48	
						Wells Fargo 0.60/1.38	

* FactSet Estimates earnings-per-share estimates don't include extraordinary items (Losses in parentheses) ♦ Adjusted for stock split
Note: Forecasts are from Dow Jones weekly survey of economists



JPMorgan Chase is expected to report per-share earnings of \$3.11 on Friday.

GABBY JONES FOR THE WALL STREET JOURNAL

HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

Samsung Could Climb Out of Chip Price Pit

The company is suffering from the semiconductor price downturn but could help the market bottom out quicker—if it chooses to

South Korea's **Samsung Electronics** has recorded an unexpectedly steep profit plunge as the memory-chip market wilts. How long the market slump lasts also depends on how quickly—or whether—the South Korean electronics giant changes its tune on its ambitious output growth plans.

Samsung's operating profit for the quarter ended in December dropped 69% from a year earlier to its lowest level since 2014, according to the company's preliminary results released Friday. That was much lower than analysts' estimates on S&P Global Market Intelligence. The company will report full earnings later this month.

It isn't a surprise that Samsung's profits are sliding, but the downturn is still deeper than expected. The pullback in demand for consumer electronics has led to buildup in inventories and crushed memory-chip prices—a major profit driver for Samsung. Morgan Stanley estimates that Samsung's selling price for both DRAM, used as working memory,



Shipments of smartphones are projected to grow by only 2% in 2023.

and NAND, used for storage, dropped more than 20% last quarter. Production delays in China for **Apple**, a major customer for Samsung's memory chips and displays,

probably contributed to the worse-than-expected profit shortfall. Consumer demand doesn't seem likely to pick up anytime soon as a recession is looming in the U.S.

and Europe. Counterpoint Research expects smartphone shipments to grow only 2% year over year in 2023. Sales of personal computers, which got an unusual boost during the pandemic from stay-at-home workers, will likely continue to be sluggish, too.

The real hope for a near-term bottom for memory-chip prices comes from the supply side. Most large chip makers in the sector are cutting back production and investment plans. Memory-chip heavyweight **Micron** said in November that it has scaled back production. Its DRAM output will decline and its supply of NAND to the market will grow only at single digits in 2023. The U.S. chip maker has already cut capital expenditures and expects to more than halve its spending on chip-making equipment in this fiscal year ending in September compared with the previous one. South Korea's **SK Hynix** said in October that it will slash its capital spending in 2023 by more than 50%. But Samsung, the market leader

in both DRAM and NAND, has been an outlier: It has so far stood firm in its production and investment plans. The company has historically invested through market troughs to win market share from its rivals—something that is easier to do as an enormous, well-diversified company. But an increasingly difficult memory market may eventually force Samsung to cut back production, too. Samsung's shares gained slightly Friday despite the dismal results, probably in part because the market hopes looming production cuts will bring demand and supply back into balance quicker. SK Hynix's shares also rose Friday. The DRAM market is essentially an oligopoly dominated by Samsung, Micron and SK Hynix.

Samsung is suffering from the deep decline in the memory market but it could also help lift it back up. Only, however, if it stops playing chicken with its rivals and starts scaling back its expansion plans—still an uncertain prospect. —Jacky Wong

GE's Spinoff Merits Healthy Skepticism

Healthcare spinoffs are everywhere you look these days.

Just in the first week of January, **Johnson & Johnson's** consumer unit Kenvue officially filed for an initial public offering, **GE's** newly spun-off healthcare unit started trading and **Baxter** announced plans to spin off its kidney care unit. Swiss giant **Novartis**, meanwhile, is working on spinning off its generic Sandoz business.

Even in a world where spinoffs are all the rage, healthcare stands out. An analysis of recent breakups by Houlihan Lokey found that from 2019 to 2022, the sector tied for first place with information technology.

Generally speaking, spinoffs are usually an attractive way to drive shareholder return. First of all, they are tax efficient. But more important, they allow the parent company to reduce complexity where size in and of itself confers no strategic advantage. Meanwhile, the newly established company gains autonomy to make better de-

isions. That is the idea with newly listed **GE HealthCare Technologies**, whose management is arguing that a more nimble company will make faster and better decisions.

On its face, that makes sense. Unencumbered by the parent company's focus on a higher-growth division, the slower-growing spin-off company focuses on what it does best, allowing it to boost top-and bottom-line growth. An analysis by Morgan Stanley (which acted as a lead adviser in the GE spinoff) of medical technology spinoffs since 2000 showed they outperformed the S&P 500 by about 20% in their first year as independent listed companies.

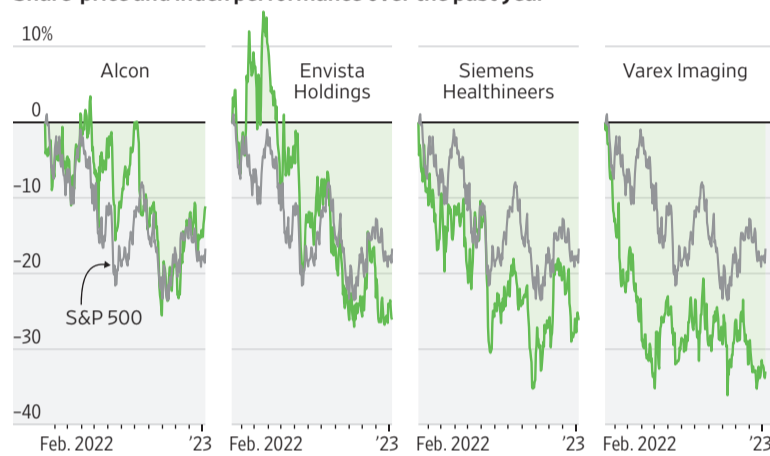
But newly spun-off companies often come with some baggage and need to be examined closely. In recent years, they have often become a way for large companies to bid goodbye to underperforming units while slapping some unwanted debt on the new company. A closer look at Morgan Stanley's list reveals that the most recent spinoffs

have underperformed the S&P 500, with older, more successful ones like **AbbVie** (spun off from **Abbott**) and **Covidien** (spun off from **Tyco** and later acquired by **Medtronic**) skewing the numbers. Of the five most recent spinoffs in Morgan Stanley's list—**SeaSpine Holdings**, **Varex Imaging**, **Alcon**, **Siemens Healthineers** and **Envista Holdings**—only Siemens Healthineers outperformed the S&P 500 two years on from the transaction.

Looking at GE HealthCare, the case for growth as a stand-alone is a good one. Rising healthcare demand should allow the company to expand its ultrasound business, while its imaging and patient-care solutions divisions have relatively low margins that could be expanded by focused management.

But it is hard to get excited about the company's valuation. The newly listed shares closed at \$58.95 on Friday, at the higher end of Morgan Stanley analysts' valuation range of \$52 to \$59. The Edge Group, a research firm focused on special situations, has a target of

Share-price and index performance over the past year



Source: FactSet

\$54.52 for the stock, reflecting an enterprise value of 12.7 times forecast 2024 earnings before interest and taxes—a discount to peer Siemens Healthineers.

GE HealthCare is highly leveraged with about \$15 billion in debt and pension liabilities, a big number for a company with a market capitalization of \$27 billion. With such a high debt load, it may opt not to pay dividends for now, according to Jim Osman, the Edge Group's chief executive.

In the Edge Group's 20-year study of large-cap spinoffs, stocks dropped on average 7% in their first 30 days of trading but returned 22% two years post-spinoff. For investors with patience, investing now could pay off in a few years because GE HealthCare's seasoned management team should drive revenue and margin growth. For those looking for outperformance in the near term, it probably is worth waiting for a better entry point. —David Wainer

MARKETS

STREETWISE | By James Mackintosh

Investors Had It Easy Last Year, but Not Anymore



Sometimes investing seems easy. Not the business of actually making money—that is always hard. But there are times when the market makes it easy to have a strong view and decide where to put money.

Last year was one of those times but, for both bulls and bears, the certainties are gone. Stocks started 2022 overvalued thanks to the overconfidence of the bulls, providing the simplest of signals to the bears.

Bonds started last year having willfully ignored runaway inflation and the necessity of the Federal Reserve's belated reaction.

When both bonds and stocks went into a strong downward trend, it was easy for traders, too, as markets switched from paying no attention to inflation to focusing on it to the exclusion of all else. Good news on the economy was bad news for stocks and bonds, because it meant more inflation and higher interest rates.

Investing is hard again, because the simple signals are gone. Stock valuations as measured by price to 12-month forward earnings are back down close to their long-run average.

Bond yields are up from stupidly low levels, but the 10-year yield remains well below the 4% reached in au-

turn. The moves in both have been big, but neither one is cheap by historical standards. Bubbles in speculative technology, clean energy and cannabis stocks as well as cryptocurrencies have deflated.

The market doesn't trade exclusively on the outlook for inflation anymore, either. The Fed's rate increases still matter, as they always do, but after a year when the policy direction was obvious, there is now plenty of room for disagreement about what the Fed should do, what it will do, and when.

Recession is a widely discussed threat to earnings again, but how big a threat remains unclear. Good news on the economy can still be bad news for investors, because it means higher interest rates. But now good news on the economy can also be good news for investors, because it means a recession is less likely.

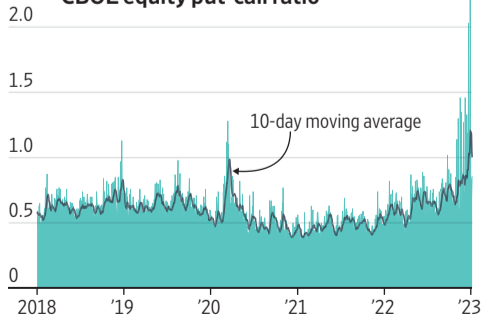
Last week brought further evidence of the confusion being sown by economic data: The jobs market is still incredibly strong, while industry is struggling.

On Wednesday, the Institute for Supply Management's monthly report showed manufacturing weakened again in December and was the weakest since May 2020, with new orders falling fast. Meanwhile, ISM's employment in-

S&P 500 forward price/earnings ratio

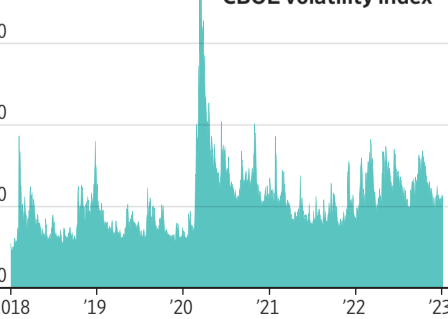


CBOE equity put-call ratio



Sources: Refinitiv (p/e ratio, put-call); FactSet (volatility index)

CBOE volatility index



dex actually rose, backed up by Friday's better-than-expected payroll figures, and the unemployment rate is now equal to the lowest since 1969. Adding to the puzzle, wage growth was unexpectedly weak—while a separate ISM report on services showed contraction for December, below the

worst forecast of economists polled by Reuters.

This is compatible with a recession later this year, as unemployment typically rises a lot only after a recession starts. But it also could be that the economy will be fine as labor-hoarding supports the hot

jobs market at the expense of profit margins, leading to weaker growth but no recession. Which outcome materializes matters a lot—but it is hard to have confidence in predicting either one.

Even investor sentiment is puzzling. There was much buying of put options to protect against falling stock

prices over the holidays, pushing the ratio of puts to bullish calls to a record, and suggesting a lot of fear, usually a good time to buy. But surveys of investors find them cautious rather than panicky, and sentiment gauges—such as Citigroup's Levkovich index—that combine multiple measures are neutral as is the VIX, a measure of implied stock volatility.

It might be time for investors to return to the old thinking. After three years of everything being extreme, things are finally returning to normal. We have been conditioned by recent events to expect gigantic swings in government policy, demand, supply, inflation and interest rates, bringing clear indicators for the direction of asset prices. Now we have to get used to moderation again and the continual uncertainty it brings to investing.

Sure, it matters—especially to this year's earnings—whether there is a recession. Sure, whether the Fed starts cutting rates in late summer or waits until next year matters. And sure, whether inflation turns out to be sticky or not matters. But we don't have to worry about missing out on a bubble or about a bubble bursting, a pandemic or the danger of a depression. Things are getting back to normal, and that is good.



WINNERS' CIRCLE

THE BEST STOCK-FUND MANAGERS OF 2022

In a brutal year for investing, a handful of stock pickers managed to post positive returns. The winner was up nearly 32%.

BY SUZANNE MCGEE

W

ELL, at least it wasn't as dreadful as the Great Depression. Or even the financial crisis of 2008. But for any mutual-fund manager trying to cope with the sea of red ink that flooded financial markets in 2022, that's meager consolation. In a year when soaring interest rates and sky-high inflation left the S&P 500 index with a 19% loss and triggered an even worse year for

the bond market, an estimated \$8.2 trillion of stock-market wealth in the U.S. simply evaporated.

Even most of those value- and income-focused mutual-fund managers who "outperformed" the broad index did so by confining their losses to the single digits—little comfort for investors.

Indeed, of the 1,410 actively managed mutual funds that met the criteria for inclusion in the Winners' Circle, The Wall Street Journal's

Please turn to page R3

How to Evaluate Your Financial Adviser

These five questions will help determine whether you are getting what you pay for

BY CHERYL WINOKUR MUNK

IT'S the difficult question that anybody who uses a financial adviser wants to know: Is my adviser measuring up? Or more bluntly: Am I getting my money's worth?

The answer is tricky, entail- ing both objective and subjec-

tive evaluations. But it's also worth addressing, rather than simply letting the status quo continue out of inertia.

"It's important to make sure that you're really comfortable with the person you are working with—their communication style as well as the overall results that you're getting," says Amy Arnott, a portfolio strategist at Morn-

ingstar Research Services, a unit of Morningstar Inc.

Here are five questions consumers can use to evaluate their financial adviser's performance.

1. What am I paying?

One objective assessment is to see how an adviser's fees stack up against industry averages. If an adviser's fees are widely out of range, it is worth digging deeper, especially if the higher fees don't seem in line with the services
Please turn to page R4

◆ CFP? CSLP? The alphabet soup of financial advisers... R4

Inside

EXCHANGE-TRADED FUNDS

As the U.S. gets older, ETFs bet on 'aging in place.' (But stock in World Wrestling Entertainment?) R5



Scan this code to learn why the \$290 trillion global debt splurge is becoming unsustainable, especially for the world's poorest countries.

'Balance It!'

Many investors are concerned about rebalancing their portfolios regularly. But Mark Hulbert argues that frequent rebalancing is a largely pointless exercise. R6

SCOREBOARD

Full-year 2022 fund performance, total return by fund type. More on R2.

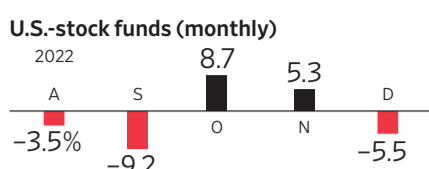
U.S. stocks*	Intl. stocks*	Bonds (intmd.)
-18.4%	-17.1%	-13.5%

*Diversified funds only, excluding sector and regional/country funds Source: Refinitiv Lipper

JOURNAL REPORT | INVESTING MONTHLY

A Journal Report special look at the numbers and news about this month's investing

JR



1/1/23 Times Square, including the Nasdaq MarketSite in the background at middle-left, as the year began.

-33% The Nasdaq Composite Index's slide in 2022, hammered by the drop in tech stocks. In 2021, in contrast, Nasdaq had rallied 21%.

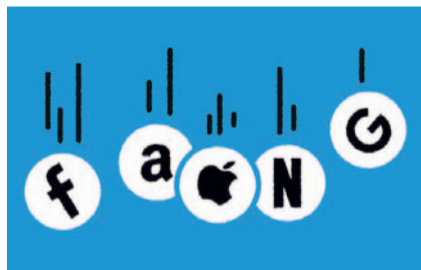
-64% The drop in shares of Meta Platforms, the parent of Facebook—part of the worst year for the stock market's performance since 2008.

Drown Your Sorrows

Stocks slumped in 2022, particularly Nasdaq tech stocks. But at least for one night, there were cheers surrounding the Nasdaq MarketSite, which is in Times Square (it was the first full-scale New Year's event since the Covid lockdowns). Whether the party means that 2023 will be better for investors is largely in the hands of the Federal Reserve.

Quarterly Monitor • William Power

Stock Funds Fell 18.4% in 2022



Tech stocks were slammed down like wrestlers in 2022, and many fund investors were caught under the pile.

The impact on stock funds wasn't pretty—and investors can only hope that 2023 is the start of better times. The average U.S.-stock fund fell 18.4% for 2022, according to Refinitiv Lipper data, after having rallied for three years before that.

For years, surging stocks of tech companies had helped to power stock indexes to records. It was the FAANG bet: Facebook parent Meta Platforms Inc., Amazon.com Inc., Apple Inc., Netflix Inc. and Google owner Alphabet Inc.

As inflation surged last year, however, the Federal Reserve started ratcheting up interest rates, and earnings expectations soured. The FAANG stocks and many others were defanged. The tech-led Nasdaq Composite Index slid 33.1%.

The kick in the gut for investors was that normally reliable bond funds were

no safe harbor, either. Pressured by the rate increases, bonds delivered startling losses. Funds focused on investment-grade debt (the most common type of fixed-income fund) fell an average of 13.5%. In 2021, bond funds declined 1.3%.

Investors withdrew a net \$336.2 billion from bond-focused mutual funds and exchange-traded funds during 2022, based on Investment Company Institute estimates. Investors invested a net \$11.7 billion in U.S.-stock funds—mostly because of a surge of investment early in the year—and withdrew \$51.1 billion from international-stock funds.

A rare bright spot for investors: natural gas and other energy. Lipper's natural-resources fund category rose 46%.

Mr. Power is a Wall Street Journal features editor in South Brunswick, N.J. Email him at william.power@wsj.com.

FOLLOW THE MONEY

Full-year 2022 flow of investor cash by fund type, in billions*



*Estimated mutual-fund/ETF flows through 12/22. Source: Investment Company Institute

'Whereas 2021 was the year of reopening, 2022 was the year of inflation and interest rates. Ultimately, the specter of high inflation forced the Fed's hand. The brutal declines in equity and bond markets reflect a first repricing.'

Lisa Erickson
Co-head, public markets, U.S. Bank Wealth Management



Which Mutual Funds Are Most Tax-Efficient?

Many investors assume, incorrectly, that it's the funds with the least trading

BY DEREK HORSTMEYER

HOW tax-efficient is your mutual fund? That's a question many investors wonder about, and they often assume that the easiest way to answer it is to look at the fund's turnover. Investors often figure that high turnover means less tax efficiency, because more trading means more taxable capital gains.

But it isn't that simple. A study of returns for dollar-denominated funds that I conducted with my research assistants found that turnover isn't a reliable predictor of tax inefficiency for all funds. Indeed, we found that in the fixed-income sector, high-turnover funds are the most tax-efficient.

To examine this issue, my assistants Ricky Singh and Albert Valencia and I examined returns before and after taxes for all dollar-denominated mutual funds over the past 10 years. We divided that pool into index funds and actively managed funds in seven asset classes: U.S. large-cap equity, U.S. small-cap equity, international equity, U.S. value stocks, U.S. growth stocks, emerging-markets equity, and fixed income.

Next, we focused on the funds with the highest and lowest turnover in each group—those with turnover ratios at or above the 75th percentile and at or below the 25th percentile over the past 10 years. We calculated the tax inefficiency of each fund as the annualized pre-tax return of the fund minus its annualized posttax return. The larger the number, the less efficient the fund.

Active funds

For actively managed funds, the turnover ratio does a pretty good job of identifying tax inefficiency.

For instance, the average high-turnover U.S. large-cap fund had an annualized pre-

tax return of 12.20% and a posttax return of 9.73%—a difference of 2.47 percentage points. Low-turnover funds had a pretax return of 12.18% and a posttax return of 9.97%—a difference of 2.21 points. The high-turnover funds were less efficient than the low-turnover funds.

That was true for five of the seven asset classes among actively managed funds. The only significant exception: fixed-income funds. The average high-turnover fixed-income fund had a tax inefficiency of 0.67 percentage point; the low-turnover counterparts were 0.94 point. The low-turnover funds were less efficient.

Index funds

Among index funds, turnover was a less reliable indicator. In five of the seven asset classes among index funds, the low-turnover funds were less efficient than the high-turnover ones. The biggest gap in favor of high-turnover funds was in fixed-income funds, where high-turnover funds had an inefficiency of 0.43 percentage point and low-turnover funds were 0.80.

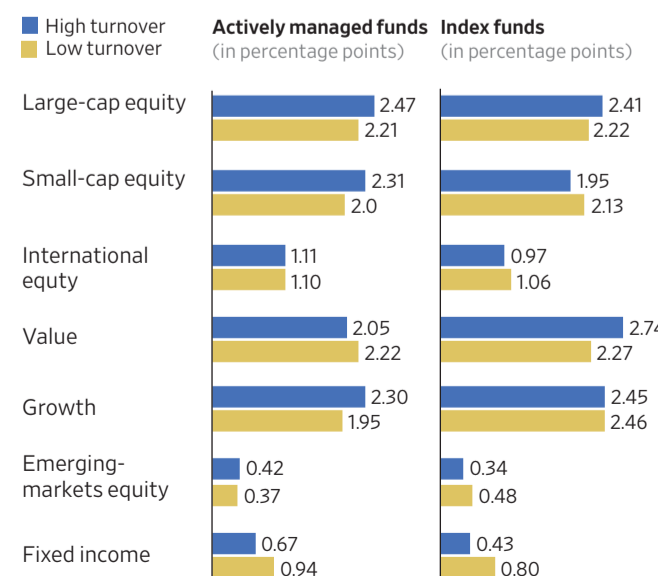
All in all, our study shows that investors can't simply rely on turnover ratios to determine the tax efficiency of mutual funds. For one thing, turnover figures don't capture whether fund managers are selling short-term holdings or long-term holdings; long-term capital-gains tax rates are lower than short-term tax rates. Also, fund managers all have their own methods to reduce tax bills.

Investors can read about a fund's tax-management strategies in its annual report. But the simplest way to determine the tax efficiency of a fund is to compare its pretax and posttax returns as we did in our study.

Dr. Horstmeier is a professor of finance at George Mason University's Business School in Fairfax, Va. He can be reached at reports@wsj.com.

Inefficiency Meter

Tax inefficiency* of each type of fund, based on pretax return minus posttax, in percentage points. The larger the number, the less efficient the fund.



*The sample is separated by high-turnover and low-turnover funds in each category (asset turnover in the fund), measured by annualized 10-year returns. Source: Derek Horstmeier, George Mason University

Financial Flashback

A look back at Wall Street Journal headlines from this month

20 YEARS AGO

For investors, 2003 began cloaked in gloom. It seemed as if scoundrels were roaming everywhere.

The CEO of bankrupt energy firm Enron, Kenneth Lay, took the Fifth Amendment before Congress. Enron's accounting firm Arthur Andersen disappeared after many partners fled to other firms following revelations that its employees shredded Enron audit-related documents.

Questionable accounting was highlighted at many other companies, including WorldCom, Xerox, Adelphia and Tyco International.

Lifestyle celebrity Martha Stewart was questioned over her superb timing in selling ImClone shares; she served time for obstruction of justice.



The Wall Street Journal, Jan. 2, 2003

New York Attorney General Eliot Spitzer cracked down on the close relationship between research analysts and investment-banking deals,

considered a conflict of interest. (Mr. Spitzer himself would later be brought down in a sex scandal.)

"The sum of all those revelations undermined investor confidence," says Jack Ablin, founding partner of Cresset Capital. "In many respects, investors were right. The market wasn't as fair as perceived."

Going into 2003, investors were depressed, Mr. Ablin says. Nevertheless, total returns for the S&P 500 hit 28%, following losses of 22% and 12% in 2002 and 2001, respectively.

—Simon Constable

35 YEARS AGO

Many Small Investors, Frightened by Crash, Stay on the Sidelines

50 YEARS AGO

Better Safe Than...: Mutual Funds Dealing Exclusively in Bonds Catch Investors' Eye

JOURNAL REPORT | INVESTING MONTHLY

Top Fund Advanced Nearly 32%

Continued from page R1

quarterly survey of top-performing stock managers on a 12-month basis, a mere 40 wrapped up 2022 in positive territory. The average loss for the whole group, according to data provided by Morningstar Direct, was 18.2%.

To outperform in 2022 required a fund's manager to have taken outside positions in the energy sector—the only one of the 10 industries that make up the S&P 500 to record a gain in 2022. In fact, the magnitude of the rally in energy resulted in the sector coming within a whisker of doubling in its weight within that large-cap market index, hitting 5.23%.

And energy bets were what powered three Kinetics funds to top positions in the Winners' Circle—not only the winning fund, but the runner-up and the No. 4 finisher.

"It seems as if we're always a contrarian, but recently that has been working for us," says James Davolos, a portfolio manager at Horizon Kinetics LLC, who serves on the investment committee for the three Kinetics funds. Between 30% and 60% of the assets of No. 1 fund **Kinetics Small Cap Opportunities Fund** (KSCOX), runner-up **Kinetics Paradigm Fund** (WWNPX) and No. 4 finisher **Kinetics Market Opportunities Fund** (KMKNX) were invested in energy-related holdings over the course of 2022, he says.

Kinetics Small Cap took home the crown with its 31.9% gain. The Paradigm fund gained 29.2%, and Market Opportunities gained nearly 15%.

Contest requirements

To qualify for inclusion in this Winners' Circle survey, funds must be actively managed U.S.-stock funds with more than \$50 million in assets and a record of three years or more, as well as meet a handful of other criteria. The survey excludes index and sector funds, funds that employ leverage strategies and most quantitative funds. The results are calculated by Morningstar Direct.

Important to note: These are stock funds that outperformed in specific market environments, and may have elements that make them unsuitable for some investors, ranging from their fee structure to their longer-term



No. 1 manager James Davolos, top, with Kinetics Small Cap Opportunities Fund and other Kinetics funds. Bottom left, George Schwartz of No. 3 fund Schwartz Value. Bottom right, Scott Barbee of No. 5 fund Aegis Value.

Pacific is one of the biggest landowners in Texas and funnels oil-and-gas royalties that it earns from those drilling on its land directly to investors.

But Mr. Davolos is also looking for opportunities to invest in other areas he believes will be equally robust in face of economic headwinds, whose stocks don't reflect that potential.

One sector that he finds of

opportunities to add other inflation-resistant, value-priced securities to these portfolios. For instance, noting that "government contracts are likely to be immune to inflation," he has established and built on positions in **CACI International Inc.**, a defense contractor that emphasizes communications, cybersecurity and other technology services. He also likes **Brookfield Asset Management** as a way to indirectly profit from government spending on infrastructure, and has hung on to holdings in financial exchanges like **CME Group Inc.** and **Intercontinental Exchange Inc.** "Any company that provides an intermediary service—connecting two counterparties that are trying to manage their own risks—will remain critical" to the economy, he argues.

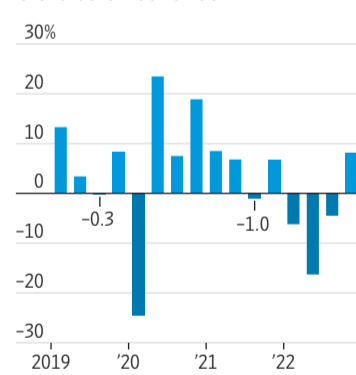
A faithful finish

Unsurprisingly, other top-performing managers in the 2022 year-end Winners' Circle also beat the odds and triumphed by bucking conventional wisdom.

The year's third-place finisher is one of the smallest funds in the survey. **Schwartz Value Fo-**

Score at the Quarter

Stock funds posted a positive fourth quarter, but it wasn't nearly enough to pull the full year out of the red. Average total return for U.S. diversified funds.



cused Fund (RCMFX) may have only \$51.7 million in assets, but it turned in an impressive return for its investors, wrapping up the year with a 21.2% gain. And the fund is managed by Schwartz Investment Counsel in Plymouth, Mich., which oversees a universe of other portfolios, including **Ave Maria Value Fund** (AVEMX), the Catholic-values fund that ended the year with a 4.2% advance, putting it in 11th place in our survey.

Both funds are overseen by a team headed by George Schwartz, the founder, chairman and CEO of Schwartz Investment Counsel. He and son Tim, the firm's chief investment officer, began adding energy stocks to Schwartz Value a few years ago, just as the pressure on pension funds and other mutual funds to divest their fossil-fuel holdings began to take effect.

"Our focus is on buying out-of-favor stocks when they are cheap, and when we

believe they have a great recovery potential," the elder Mr. Schwartz says. "When the energy sector had gotten so depressed it was ridiculous, we bought those stocks aggressively." By the end of 2022, 41% of Schwartz Value's assets were invested in an array of energy companies. "That decision has been a big boon for us," he says.

Like Mr. Davolos, Mr. Schwartz is a fan of Texas Pacific Land, by far the fund's single largest holding at 27.6% of fund assets. But he adopts a more, ahem, *catholic* (as in "all encompassing") approach to energy investing, allocating capital to major global integrated producers and refiners like **Chevron Corp.**, exploration-and-production companies such as **Devon Energy Corp.** and service companies like **Schlumberger NV**.

A Yeti fan

And he, too, is casting a (slightly) wider net. While hanging on to precious metals investments (Franco-Nevada and producer **Barrick Gold**) and what he sees as core value holdings in **Berkshire Hathaway**, last year Mr. Schwartz added new positions in an array of specialty manufacturing companies like **A.O. Smith Corp.** (water treatment and heating) and **Yeti Holdings Inc.** (drink coolers, drinkware and related gear). One of his largest new holdings is in **RH**, formerly known as Restoration Hardware, the specialty retailer of luxury furniture. "We like companies that are out of the mainstream," he says, adding that RH shares now change hands for 15% more than the average price Schwartz Counsel paid to establish its position starting in September 2022.

Scott Barbee, manager of the No. 5 fund in the Winners' Circle, **Aegis Value Fund** (AVALX), echoes his fellow outperformers in crediting the energy sector with his portfolio's 2022 return of 10.5%.

"Back in the early stages of the pandemic, when investors were flocking to the big-name technology stocks, energy stood out like a sore thumb," he says. Selling pressure from sustainable-investing funds and others trying to avoid fossil fuels "frightened everyone away from the sector." But Mr. Barbee, who seeks out cyclically depressed businesses that he believes are poised for a rebound, opted to invest in the sector beginning in early 2021. "They were trading cheaply, they had long-lived asset bases, and their balance sheets are in amazing condition," he says. The latter consideration became particularly important as interest rates began to soar last year; companies with lower debt levels remain insulated from this source of pressure.

By the end of 2022, Aegis Value had 37% of its assets invested in the fossil-fuels area, in holdings ranging from coal producer **Hallador Energy Co.**, to **International Petroleum Corp.** and **Akita Drilling Ltd.**

"The tailwinds for this sector are likely to be with us for some time," Mr. Barbee says. But he's taking some of his energy holdings off the table, and redeploying that capital into other sectors. He added to the fund's exposure to the metals mining industry (its largest position has been copper giant **Amerigo Resources Ltd.**) and boosted its stake in precious metals by investing in **Centerra Gold Inc.**—adding to a list of gold producers that already included **Orezone Gold Corp.** and **Equinox Gold Corp.** "This is another neglected corner of the market, and we believe our holdings will do well at current gold prices and phenomenally if gold goes higher" in response to inflation and interest-rate trends, he says.

None of the top-performing managers of 2022 voiced much optimism about the likelihood of seeing a broad market recovery in 2023.

"How much will be needed to bring inflation under control?" says Mr. Barbee, referring to the prospect of further interest-rate increases. "That's why we emphasize companies with strong balance sheets, since they're more likely to get through whatever we've got coming."

Ms. McGee is a writer in New England. She can be reached at reports@wsj.com.

Only 40 of the 1,410 U.S.-stock funds tracked were able to a post a positive return in 2022.

performance or volatility.

Mr. Davolos says he has no plans to abandon his highly concentrated and contrarian investment approach with the dawn of a new calendar year.

"The world isn't going to quickly revert back to the way it was in 2018 or 2019," he says. "We think we're in the early stages of a transition to a five- or seven-year transition period. We were positioned for that in areas like energy and other hard assets that we thought would be more resilient. And we believe that most businesses will continue to face a difficult operating environment and a compression in their profit margins."

That's why Mr. Davolos and his team have designed the Kinetics portfolios to have hefty overweight positions in companies and industries that he believes will be able to demonstrate more-resilient profit margins.

Energy royalty companies—and especially **Texas Pacific Land Corp.**, which represented anywhere from 50.9% of assets in the Market Opportunities Fund to as much as 64.8% of the Paradigm fund's holdings—will remain a focus, he says. Texas

particular interest is precious metals, and once again, he's emphasizing royalty income as a way to profit from what he sees as strong fundamentals for the sector with lower risk.

"Gold, in particular, is likely to do well in a period of draconian risk aversion and higher or rising interest rates, as people look for a store of value," says Mr. Davolos. He also expects precious metals to respond positively to any geopolitical shocks or uncertainty, just as energy did in 2022. But he prefers to avoid exploration and production companies and the cyclical and risk inherent in the profit cycle of these businesses, and instead looks to companies like **Franco-Nevada Corp.**, another royalty play. "Streams of royalty income are more predictable and rewarding," he insists.

While none of the top-performing Kinetics funds could be described as being diversified, Mr. Davolos also is keeping an eye open for

Winners' Circle

Best 12-month total return, actively managed U.S.-stock funds

1. **Kinetics Small Cap Opportunities (KSCOX)** 31.9%
2. **Kinetics Paradigm (WWNPX)** 29.2%
3. **Schwartz Value Focused Fund (RCMFX)** 21.2%
4. **Kinetics Market Opportunities (KMKNX)** 14.9%
5. **Aegis Value (AVALX)** 10.5%
6. **Federated Hermes Strategic Value Dividend (SVAIX)** 8.5%
7. **Hennessy Cornerstone Value (HFCVX)** 6.1%
8. **Marshfield Concentrated Opportunity (MRFOX)** 5.1%
9. **BNY Mellon Income Stock (MPISX)** 4.4%
10. **Invesco Small Cap Value (VSCAX)** 4.3%

The Wall Street Journal, from Morningstar Direct data

JOURNAL REPORT | FINANCIAL ADVISERS



The Alphabet Soup for Financial Advisers

The explosion of credentials makes it hard for investors to make sense of what of them actually mean

BY SUZANNE MCGEE

YOU'RE looking for somebody to help you get your money matters in order. You could turn to a certified financial behavior specialist. Or maybe a certified divorce adviser. Or maybe a student loan repayment adviser. Or maybe...?

The list goes on and on. Today, the Financial Industry Regulatory Authority's website lists a total of 235 credentials that you may find decorating the business card of a financial adviser. (Finra doesn't endorse any of them.) A total of 25 new designations were added last year alone, according to advisers who have tracked these listings.

"The number of professional credentials that financial advisers can add to their business cards has just exploded in recent years," says Patrick Lach, an assistant professor of finance at Indiana University Southeast. Most of these new specialties

are designed to provide professionals training in specific niches of financial planning, and give them a way to advertise that specialty to clients. But it can be tough for investors to know if those titles hold much value. There are no industrywide standards for certifications, and the requirements for getting them vary widely. So, investors need to do legwork to figure out what their adviser's title really represents.

"I suspect that a significant majority of them are just designed to enhance someone's résumé," says Harold Evensky, a veteran financial adviser and founder of Evensky & Katz/Foldes Wealth Management. "Certainly, no governing agency exists to warn people what's useful and what is more of a marketing gimmick."

Many needs

This proliferation of credentials mirrors the growth and diversifi-

cation of the financial-planning business itself. As traditional pension plans gave way to defined-contribution plans like the 401(k), individual investors had to shoulder the burden of managing their own money, each with unique situations and questions. It is logical that each will seek the kind of adviser best suited to help them address their unique challenges.

That's why many advisers are adding more credentials to their list and more letters after their name. Cecil Pope Staton, a financial adviser in Athens, Ga., works primarily with millennials who acquired hefty student-debt loads along with their medical educa-

tion. Young doctors or dentists who don't plan student-loan repayment properly can jeopardize their other financial objectives, Mr. Staton says, so "I felt compelled to earn the CSLP [certified student loan professional] to serve my clients better."

Earning the designation required him to take the equivalent

of four postgraduate courses and pass a comprehensive exam on the nuances of analyzing student loans.

Like many of his peers, Mr. Staton also is a CFP—certified financial planner—a credential that investors often view as the gold standard. To add CFP to their name, advisers must complete two years of part-time study, pass a 10-hour exam and have a few years of real-world experience working with clients. Maintaining that CFP requires continuing education and compliance with ethical standards.

But Mr. Staton says the CFP curriculum didn't cover the growing planning challenges surrounding student loans and student debt in enough depth. Other advisers agree, pointing out that each credential signals either additional expertise or commitment to a distinct area of planning. Just as someone with a heart condition needs a doctor—but more specifically a cardiologist rather than a dermatologist—many advisers note that there is a growing degree of specialization in financial planning.

But drawing an analogy between specialization among phy-

sicians and financial advisers is problematic. To become a doctor—and then a cardiologist—requires a college degree and years of additional education and training, and maintaining licenses. Hospitals and regulators all monitor compliance. The financial-advisory world offers nothing comparable.

Just who should be responsible for overseeing claims of expertise and verifying that credentials reflect skills is a matter for debate. State regulators oversee many aspects of financial planning and advice but largely concern themselves with policing complaints and bad behavior; industry bodies try to set and maintain standards. Still, fewer than a dozen of the 235 or so credentials listed in Finra's website are assessed and approved by either of the two relevant independent accreditation authorities, the American National Standards Institute or the National Commission for Certifying Agencies, Mr. Evensky notes.

Having a new, quirky or unusual credential isn't automatically a warning sign, veteran advisers agree. If someone has a CFP, or other core credential, a smaller certification can be a useful signal about their specialty. Conversely, having a long list of credentials—none of which are in core, tougher-to-obtain programs—might serve as a signal to ask hard questions about an individual adviser's experience and expertise, and seek out more references from other clients than you usually would.

"The flood of additional designations with lower standards has watered down the benefits of having some of the really good ones," says Matt Chancey, an adviser in Tampa, Fla. "Most clients don't know what any of these letters represent."

Mr. Chancey himself at various points in his career has earned 17 individual credentials, each representing some area of expertise, such as planning for long-term care.

"But the only one I've maintained over all that time is the CFP," he notes. "The others helped make me a smarter and more useful adviser when working with clients, but that's no reason to keep paying hundreds or thousands of dollars in fees to maintain it each year when clients struggle to understand what the credential means."

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Five Ways to Measure Your Financial Adviser

Continued from page R1

he or she is providing.

As a rule of thumb, investors who pay fees based on assets under management might expect to pay 0.59% to 1.18% a year in fees, according to a 2021 analysis by AdvisoryHQ, a global news media and publishing company.

Some advisers may charge fixed fees for financial planning, which can range from \$7,500 to \$55,000, depending on assets. Others charge hourly fees, typically between \$120 and \$300 an hour, according to AdvisoryHQ.

While investors might be able to figure out what they are paying in fees by looking at their monthly or quarterly statements, or by logging in to their account online, it can be confusing. There could be multiple types of fees and fee structures, and these can vary from one firm to another. The investor should feel comfortable asking an adviser to help flesh this out, and advisers should be willing to share fee information candidly.

2. How does my investment performance stack up?

Compare your portfolio performance with appropriate market benchmarks, Ms. Arnott says. While investments don't always line up perfectly with the S&P 500 or the Russell 2000 small-stock index, for example, it is worth raising the question if your returns are significantly lower than an applicable benchmark. It

is also a red flag if the adviser is not willing to provide comparative performance information, Ms. Arnott says.

Remember, too, that performance will fluctuate, especially in a volatile year like 2022. Regardless, the adviser should be communicating with clients to let them know whether they remain on track to meet their goals, she says.

Another concern would be if the adviser is making dramatic changes to the portfolio's asset mix amid a market downturn. Asset allocations that are appropriate for a client's time horizon and risk tolerance should not change because the market is down, Ms. Arnott says.

3. Does my adviser communicate to my liking?

Everyone's expectations are different, but an ideal advisory relationship is collaborative, says Pam Krueger, founder of Wealthramp.com, a free referral service for vetted fiduciary advisers. Investors should ask themselves whether they are getting information on a regular enough basis to give them comfort and confidence in their plan, she says.

Roughly 42% of advisers said they connect with clients quarterly, according to an April survey by SmartAsset, a provider of consumer-focused financial information and advice. About 32% of advisers cited monthly check-ins, and 11% said they communicate weekly.

Clients should hold advisers accountable for communication preferences established early in the relationship. Likewise, advisers should respond promptly to queries—ideally within a day or two—and communicate in the way cli-

ents prefer, whether that's email, phone or another way, says Susanah Snider, managing editor of financial education at SmartAsset.

Advisers should use plain English, so hard concepts can be more easily understood. And if working with a couple, does the adviser address both partners equally? "Both members of the couple should be comfortable with the adviser and up-to-speed on their

finances since eventually one of them will pass away and the other person will be left to handle things," Ms. Arnott says.

4. Does my adviser keep up-to-date on industry trends?

It's a bad sign if your adviser is not familiar with the latest industry trends, including income strat-

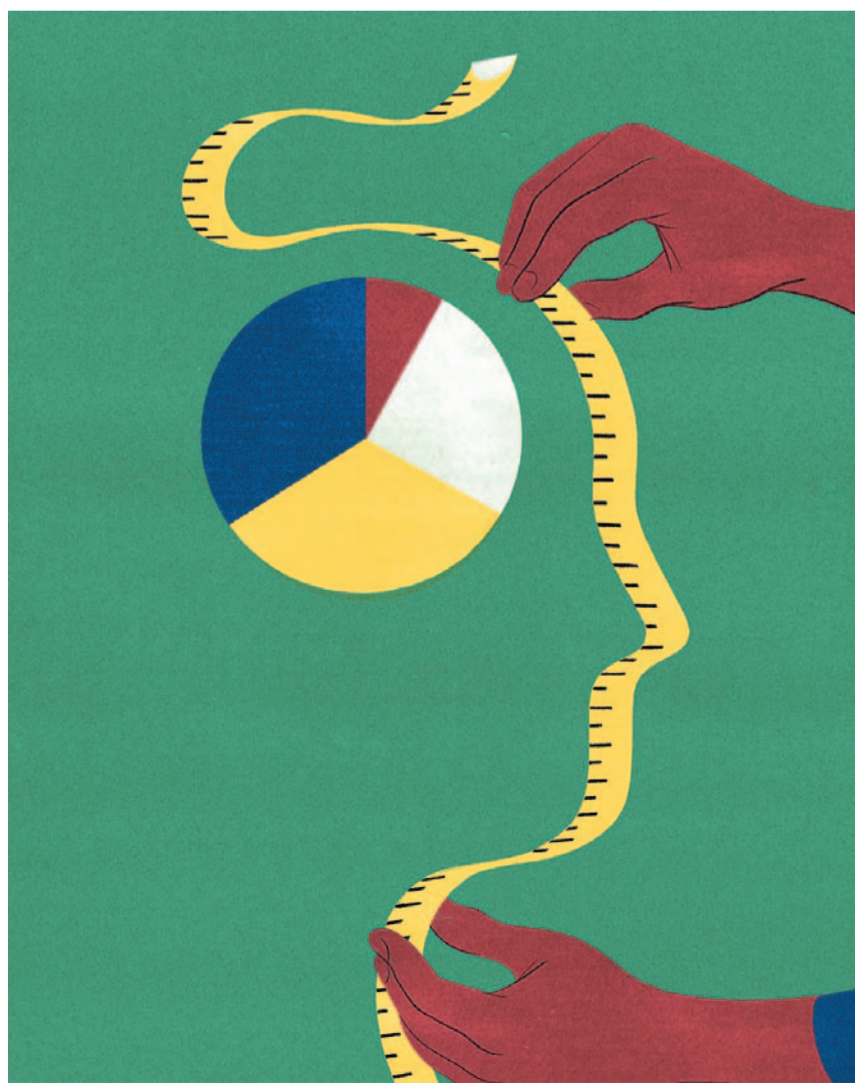
egies, tax-law changes and new investment types, or isn't willing to do more research on your behalf. "Whatever it is that you care about, you want to know that your adviser knows more about it than you do," Ms. Krueger says.

She offers the example of a woman who wanted to learn about cryptocurrency, not necessarily to invest, but to understand it better. Instead of using the opportunity as a teachable moment, her adviser of five years brushed her off, telling her he didn't do that type of investing. She decided to switch advisers because hers came across as being "asleep at the switch," Ms. Krueger says.

5. Does my adviser tell it to me straight?

A good adviser won't just tell you what you want to hear. For instance, an adviser needs to be able to tell clients candidly to postpone retirement if there is a strong likelihood they will run out of money in their lifetimes, Ms. Krueger says. The adviser should also walk clients through the math and assumptions used to reach these conclusions. "It's not fun to share negative news with a client, but the stakes are too high, especially at retirement. An adviser needs to be able to tell you that you need to postpone retirement in order not to run out of money in your lifetime," she says.

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ETFs Bet on Aging in Place

A number of thematic funds are focused on companies that help seniors who want to stay in their homes as long as possible

BY BAILEY MCCANN

ALL them exchange-traded funds for the graying of America. The pandemic, new technologies and changing life expectancy in the U.S. are having an impact on how older Americans view aging. Over-50 adults want to age in their homes for as long as they can, and there are new technologies and services emerging—known as “age tech”—that are designed to help them do so.

It should come as no surprise, then, that there is a group of ETFs focused on the aging theme.

Hartford Funds recently launched **Hartford Longevity Economy** ETF (HLGE). The ETF tracks the Hartford Longevity Economy Index, an index of companies that support aging in place, home modification, working longer, performance health, social connections, financial freedom, mobility, human enhancement and entertainment. The fund has an expense ratio of 0.44%.

Given the various themes included in the index, the holdings are a bit of a combo platter. They include pharmaceutical companies such as **Merck & Co.** and **Pfizer Inc.** but also technology companies like **Hewlett Packard Enterprise Co.** and entertainment companies like **World Wrestling Entertainment Inc.**

Thematic issuer Global X also has a fund focused on longevity.

Global X Aging Population ETF (AGNG) invests in the services side of aging with positions in healthcare companies, pharmaceuticals, senior-living facilities and age-tech companies. The fund has an expense ratio of 0.50%.

The top holdings for AGNG are more strictly health-focused than

HLGE. They include companies such as biotech firm **Amgen Inc.**, plus pharmaceutical companies such as **Regeneron Pharmaceuticals Inc.** and **AstraZeneca PLC.** It also offers exposure to health-tech companies such as **Boston Scientific Corp.** and **Medtronic PLC.**

BlackRock's **iShares Ageing**

Population Ucits ETF (AGED) offers a global play on the longevity theme. The fund invests in developed and emerging-markets companies focused on aging. The fund's expense ratio is 0.40%.

This fund includes exposure to healthcare, financials, consumer discretionary, consumer staples, real estate and industrials, with the biggest weighting going to healthcare and financials. Its healthcare investments tend to be more futuristic, with positions in companies like biotech company **Sarepta Therapeutics Inc.**, which is working on genetic medicine. The financials investments tend toward firms with big wealth-management arms like **Charles Schwab Corp.**

Investors seeking a lower-cost ETF might look at **Vanguard Health Care** (VHT). VHT is thematic in the sense that it is focused on healthcare, but the index it tracks—the MSCI US IMI Health Care 25/50 index—is a much larger all-cap index of all kinds of healthcare companies. VHT will give investors exposure to all the healthcare companies in the thematic funds, but in a less concentrated way and without exposure to other sectors like technology or entertainment. The expense ratio for VHT is much lower at 0.10%.

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Category Kings in 9 Realms

Top-performing funds in each category, ranked by one-year total returns (changes in net asset values with reinvested distributions) of Dec. 30; assets are as of Nov. 30. All data are final.

Small-Cap Core

	Symbol	Assets (\$ millions)	4th-qr (%)	1-yr*	3-yr*	5-yr*	10-yr*
Auer Growth	AUERX	36.9	10.9	10.0	16.1	8.3	8.7
Cambria Val and Momentum	VAMO	141.2	5.4	8.5	10.7	2.6	N.A.
Hotchkis:Sm Cap Val	HWSIX	659.0	13.6	3.0	11.7	7.4	10.6
Hennessy:Crnst MdCp	HFMIX	373.5	10.9	2.8	17.3	7.6	10.8
Clarkston Partners	CISMX	1,403.8	9.6	-0.1	8.2	7.8	N.A.
Category Average:		501.2	9.9	-14.4	5.3	4.7	8.9
Number of Funds:		915	909	865	804	557	

Midcap Core

	Symbol	Assets (\$ millions)	4th-qr (%)	1-yr*	3-yr*	5-yr*	10-yr*
Victory:RS Investors	RSIYX	45.0	11.1	-1.7	6.9	7.4	10.5
Victory:RS Value	RSVAX	294.8	14.0	-3.0	6.4	7.1	10.2
Clarkston Founders	CFMDX	595.6	8.5	-3.6	N.A.	N.A.	N.A.
Allspring:Spec MCV	WFMIX	11,414.6	14.0	-4.6	8.2	8.3	11.8
Dean Mid Cap Value	DALCX	74.2	10.5	-4.7	6.2	6.2	10.2
Category Average:		594.5	10.1	-12.6	5.9	6.0	9.7
Number of Funds:		368	355	341	325	213	

Large-Cap Core

	Symbol	Assets (\$ millions)	4th-qr (%)	1-yr*	3-yr*	5-yr*	10-yr*
American Tr Allegiance	ATAFX	25.0	9.2	-4.4	6.1	5.9	8.1
Hartfd:Stock HLS	IA	N.A.	13.1	-5.1	9.9	11.7	13.0
BlackRock:Exchange	BR	197.5	14.2	-5.5	10.6	11.1	11.8
CornerCap Fundamtrcs	LC	142.5	13.4	-5.7	N.A.	N.A.	N.A.
KraneShs:KFA VL Dyn	CEI	31.1	12.9	-5.9	N.A.	N.A.	N.A.
Category Average:		1,146.4	8.1	-18.2	7.0	8.7	11.5
Number of Funds:		654	628	563	510	408	

Small-Cap Growth

	Symbol	Assets (\$ millions)	4th-qr (%)	1-yr*	3-yr*	5-yr*	10-yr*
Kinetics:Paradigm	NL	1077.6	21.5	29.2	22.6	17.8	16.5
Palm Valley Capital	Inv	185.9	3.9	3.2	8.4	N.A.	N.A.
Virtus:KAR Sm Cp Cr	l	1,560.1	8.3	-10.9	8.8	12.1	14.4
Oberweis:Sm-Cap Opp	Inv	154.9	10.0	-11.2	19.1	14.4	14.6
Invesco S&P MidCap Qlty	XMHQ	356.7	11.3	-12.4	10.3	9.1	11.4
Category Average:		377.4	5.0	-26.7	3.6	6.1	10.0
Number of Funds:		729	717	686	637	466	

Midcap Growth

	Symbol	Assets (\$ millions)	4th-qr (%)	1-yr*	3-yr*	5-yr*	10-yr*
Ave Maria Value	AVEMX	370.6	17.0	4.2	11.4	8.8	8.4
Alp Arc US Quant Moment	QMOM	133.1	5.7	-7.0	13.1	10.5	N.A.
Value Line MdCp Foc	Inv	527.1	11.7	-9.3	9.3	13.1	13.6
Franklin ETF:US MC Mltfc	FLQM	126.6	11.5	-12.8	9.0	9.9	N.A.
Govt Street Opps	GVMCX	58.8	7.9	-14.2	9.7	9.8	12.1
Category Average:		777.0	5.0	-29.5	3.3	6.9	10.5
Number of Funds:		392	390	348	325	260	

Large-Cap Growth

	Symbol	Assets (\$ millions)	4th-qr (%)	1-yr*	3-yr*	5-yr*	10-yr*		
GQG Partners US SQE	Inst	GQEIX	1405.9	11.4	-2.7	13.1	N.A.	N.A.	
Fiera Cp US E LT Q	Inst	FCUIX	86.3	12.2	-15.5	11.6	N.A.	N.A.	
DFA US Lg Cp Gr	Inst	DUSLX	2,332.2	11.8	-15.6	9.3	11.1	13.5	
NS Multi Strategy	A	ORILX	41.8	7.6	-16.2	5.9	6.4	10.1	
AMG Renaissance	LC	N	MRLTX	103.3	10.4	-17.0	10.0	10.8	13.4
Category Average:		1,924.3	2.8	-31.5	4.5	8.5	12.0		
Number of Funds:		680	666	624	597	457			

Small-Cap Value

	Symbol	Assets (\$ millions)	4th-qr (%)	1-yr*	3-yr*	5-yr*	10-yr*		
Aegis Value	l	AVALX	274.0	20.1	10.5	21.8	13.5	11.1	
Invesco SC Value	Y	VSMIX	2,597.7	20.0	4.6	16.7	9.5	12.1	
RBB:WPG Sel Sm Cp	V	Inst	WPGSX	77.8	18.3	3.5	N.A.	N.A.	
RBB:WPG Sm/Micro	Val	l	WPGTX	30.1	14.5	2.0	12.2	6.4	7.4
Dean Small Cap Value	DASCX	200.3	12.3	1.8	9.6	6.7	9.8		
Category Average:		374.0	12.0	-8.5	7.7	4.8	8.6		
Number of Funds:		183	169	155	145	114			

Midcap Value

	Symbol	Assets (\$ millions)	4th-qr (%)	1-yr*	3-yr*	5-yr*	10-yr*	
Frank Value	Inst	FNKIX	19.1	13.6	4.4	8.0	5.2	6.1
Hotchkis:Mid Cap Val	l	HWMIX	490.9	17.3	1.6	12.4	5.3	9.0
Invesco Val Opps	A	VVOAX	1,209.1	13.0	1.4	13.2	8.6	10.2
Morg Stan Ildyn Value	R6	MAADX	117.3	15.3	0.7	N.A.	N.A.	N.A.
Amer Cent:MC Val	R6	AMDVX	9,224.4	13.7	-1.1	7.6	7.1	N.A.
Category Average:		735.8	12.3	-6.6	6.9	5.7	9.1	
Number of Funds:		165	160	150	143	105		

Large-Cap Value

	Symbol	Assets (\$ millions)	4th-qr (%)	1-yr*	3-yr*	5-yr*	10-yr*		
Hennessy:Crnst Val	Inv	HFCVX	298.0	16.3	6.1	8.9	7.2	9.8	
Voya Corp Leaders	LEXCX	\$804.6	15.0	4.0	11.2	9.6	10.8		
Invesco Comstock Slt	A	CGRWX	673.6	16.9	3.3	10.3	8.7	10.6	
Hennessy:Total Rtn	Inv	HDOGX	55.4	12.7	1.4	2.6	4.0	6.8	
Amer Cent:Focused	LC	Val	FLV	221.4	15.0	1.2	N.A.	N.A.	N.A.
Category Average:		1,701.1	12.8	-6.9	6.9	7.3	10.4		
Number of Funds:		372	360	334	312	265			

N.A.: Not applicable; fund is too new

* Annualized Note: For funds with multiple share classes, only the largest is shown.

Source: Refinitiv Lipper

Winners and Losers

Best- and worst-performing stock funds for the periods ended Dec. 30; assets as of Nov. 30 and include all share classes. Performance data are final and include share prices and reinvested dividends.

Fourth-Quarter Best Performers

Fund Name	Assets (\$ millions)	Dec.	4th-qr	1-year	Performance (%)
Direxion:Oil Svcs	BI2X	11.2	-0.6	99.3	N.A.
Direxion:TLA Bear	1X	38.1	51.0	92.3	N.A.
GrnShs:1x Short	TLA Dly	3.7	50.8	91.5	N.A.
AXS TSLA Bear	3X	87.4	50.3	91.4	N.A.
AXS 2X NKE Bull	Daily	1.1	11.2	84.8	N.A.
VelShs 3x Long	Silver	55.9	30.5	79.1	-24.1
Direxion:Aero & Def	BI3X	197.4	-0.8	74.8	7.3
ProFunds:OE & S	US	29.1	1.0	73.8	88.5
iShares:MSCI	Turkey	417.6	10.3	68.4	106.4
Direxion:UIT Oil & Gas	3X	22.0	-6.5	64.3	-54.3
Direxion:MSCI SKor	BI3X	23.7	-18.5	60.8	-70.3
Direxion:Industrls	BI 3X	22.4	-10.2	59.2	-31.0
ProShs II:UIS Blm	Nat Gs	134.1	90.5	55.5	-89.1

Fourth-Quarter Worst Performers

Fund Name	Assets (\$ millions)	Dec.	4th-qr	1-year	Performance (%)
VelShs 3x Long	Nat Gas	2.7	-77.4	-87.6	-81.06
Direxion:TLA Bull	1.5X	168.3	-51.1	-70.5	N.A.
ProShs II:Ult Blm	Nat Gs	586.1	-58.5	-65.9	-29.0
GrnShs:1.5x Lg	COIN Dly	0.9	-33.7	-63.6	N.A.
GrnShs:1.25x Lg	TSLA Dly	0.7	-44.5	-63.2	N.A.
MS Gold Minrs	-3X Inv Lv	21.2	-6.5	-60.1	-52.7
VelShs 3x Invr	Silver	1.3	-30.3	-59.2	-46.6
VS:2x Long	VIX Futures	123.6	-12.0	-57.8	N.A.
VelShs Dly 2x	VIX ST ETN	1.8	-12.1	-57.5	-63.7
AXS 2X NKE Bear	Daily	1.0	-18.0	-56.8	N.A.
AdvsrShs	MSOS 2x Daily	4.4	-71.7	-56.7	N.A.
Direxion:Elctr & AV	BI2X	2.1	-35.8	-52.4	N.A.
VanEck:Gld & Dig	Asst Mn	0.6	-24.9	-52.1	N.A.

Five-Year Best Performers

Fund Name	Assets (\$ millions)	4th-qr	1-year	5-year	Performance (%)
iPath ETN Gbl Carbon	A	7.5	22.8	2.3	61.7
Invenomic	Inst	1,129.0	15.3	49.9	25.5
Invesco Solar		2,388.2	-0.7	-5.2	24.2
Baron Partners Fund	Inst	4,827.6	-19.9	-42.4	22.0
Baron Focused Gro	Inst	727.5	-4.5	-28.1	20.9
Kinetics:SO & CR	Inst	458.5	20.4	32.0	20.9
Direxion:HLthcre	Bull 3X	212.4	36.7	-20.4	20.3
iPath Bloomberg	Nickel A	5.3	46.7	50.1	19.9
SPDR S&P Semiconductor		1,041.7	10.2	-30.8	19.7
FT:NASDAQ Cln	Edge Grn En	1,573.5	-16.9	-30.4	19.1
iShares:GCI	Energy	5,124.5	4.3	-5.3	18.0
Kinetics:Paradigm	NL	1,077.6	21.5	29.2	17.8

Five-Year Worst Performers

Fund Name	Assets (\$ millions)	4th-qr	1-year	5-year	Performance (%)
VelShs Dly 2x	VIX ST ETN	1.8	-57.5	-63.7	-76.5
VelShs 3x Long	Nat Gas	2.7	-87.6	-81.1	-74.3
Direxion:Semicnd	Bear 3X	1,145.0	-44.0	15.47	-71.0
Direxion:Jr Mnr	Bear 2X	96.5	-43.9	-26.2	-63.5
Direxion:Tech	Bear 3X	176.8	-27.0	44.9	-58.7
Direxion:S&P OG	EP BI 2X	673.9	13.8	66.7	-58.6
ProShs II:UITVIX	STF ETF	639.3	-46.7	44.6	-57.9
Direxion:S&P Btech	Br 3X	134.6	-27.9	-32.9	-54.7
Direxion:Gold M Id	Br 2X	92.5	-40.6	-22.6	-52.0
ProShares:UltP	Sht QQQ	4,304.2	-11.6	82.4	-51.8
Direxion:S&P OG	EP Br 2X	91.9	-25.3	-73.6	-50.7
VelShs 3x Invr	Silver	1.3	-59.2	-46.6	-50.5
ProShs II:UIS Blm	Nat Gs	134.1	55.5	-89.1	-49.1

One-Year Best Performers

Fund Name	Assets (\$ millions)	Dec.	4th-qr	1-year	Performance (%)
MS US BO Idx 3X	Lvrgd	1,836.5	-16.5	42.5	202.0
MS O&G Expl & Pr	3XL	52.2	-16.5	43.8	154.8
Direxion:Energy	Bull 2X	497.0	-7.1	45.2	131.1
ProShares:Ult Oil & Gas		148.8	-8.7	39.9	125.2
Direxion:DJ Int	Bear 3X	43.2	20.2	-14.8	117.2
iShares:MSCI	Turkey	417.6	10.3	68.4	106.4
MS Sol FANG & Innov	-3X	18.0	38.4	-18.5	102.4
ProFunds:Oil & Gas	Inv	51.9	-6.3	29.8	88.5
ProFunds:OE & S	US	29.1	1.0	73.8	82.1
AXS Short De-SPAC	Daily	12.7	13.0	9.7	85.6
ProShares:UITP	Sht QQQ	4,304.2	31.0	-11.6	82.4
AXS Short Innovation	Qlty	257.8	17.6	9.4	82.2
Direxion:Real Est	Br 3X	202.0	15.3	-19.5	68.7

One-Year Worst Performers

Fund Name	Assets (\$ millions)	Dec.	4th-qr	1-year	Performance (%)
MS Sol FANG & Innov	3X	180.7	-32.9	-18.2	-92.3

JOURNAL REPORT | INVESTING MONTHLY

BY MARK HULBERT

THE conventional wisdom on portfolio rebalancing is clear: Do it on a regular schedule so your balance of asset classes doesn't get out of whack.

But the statistical evidence is equally clear: Frequent portfolio rebalancing is a largely pointless exercise. The benefits of rebalancing are often exaggerated, and those that are realistic can be achieved at significantly less frequent intervals.

Rebalancing refers to the set of transactions required to restore each of your portfolio's asset classes to its target weight. This involves selling a portion of those assets that have performed better than your portfolio's overall average and purchasing additional shares of those that have been below-average performers. Though some investors rebalance their portfolios every quarter or half year, perhaps the most common frequency is annually—usually at the beginning of January.

Consider a 60% stock/40% bond portfolio created at the beginning of last year. Assuming it was invested in **Vanguard Total Stock Market ETF (VTI)** and **Vanguard Long-Term Treasury ETF (VGLT)**, this portfolio at the end of 2022 would have been approximately 63% invested in stocks and 37% in bonds. Rebalancing would have involved selling a portion of the stock ETF and investing the proceeds in the bond ETF.

Many investors believe that rebalancing is the source of a free lunch. Without any need to successfully forecast the asset classes' directions, rebalancing automatically improves returns by repeatedly selling high and buying low. The more frequent the rebalancing the better—or so the thinking goes.

Three-part bet

In fact, however, rebalancing's success is anything but automatic. Instead, it hinges on a three-part bet on how various asset classes will behave.

- First, after performing poorly, each of your asset classes needs to have an above-average chance of performing well.
- Second, this reversal tendency must consistently repeat at the same interval as your rebalancing frequency.
- Finally, your portfolio's assets need to be at least somewhat uncorrelated with each



The Case Against Frequent Rebalancing of Portfolios

The numbers suggest that the benefits of rebalancing are often exaggerated

other, with some performing below average when others are above average, and vice versa.

These three preconditions aren't always, or even often, the case, according to a database maintained by Edward McQuarrie, an emeritus professor at Santa Clara University, that looks at stocks and bonds dating back to 1793. There were 128 calendar years since then in which—as was the case in 2022—bonds lagged behind stocks. In 67 of the immediately subsequent calendar years, bonds continued to lag stocks—or roughly half the time. In those years, rebalancing would have reduced portfolio return by increasing the amount invested in bonds just as they were poised to continue underperforming.

It's hardly a surprise that a strategy that works only half the time doesn't beat the market by significant amounts. Though different studies, covering different time periods and using different

stock and bond benchmarks, have sometimes found that annual rebalancing slightly increases portfolio return, the late John Bogle, the legendary founder of **Vanguard Group**, classified the magnitude of these increases as “noise.”

Frequent rebalancing “is a personal choice, not a choice that statistics can validate,” Mr. Bogle once wrote in his “Ask Jack” blog. “There's certainly nothing the matter with doing it...but also no reason to slavishly worry about” it, he wrote.

To be sure, rebalancing must be undertaken eventually to maintain your portfolio's risk level. Otherwise, over very long periods, your best-performing asset will come to dominate your holdings and your portfolio will no longer be diversified. As an extreme example, consider the equity allocation of a 60% stock/40% bond portfolio formed in 1793. Today, that would be over 99% equities. Notwithstand-

ing what happened in 2022, when bonds actually did worse than stocks, an all-stock portfolio over time will be much riskier than a 60% stock/40% bond portfolio.

The rebalancing necessary to prevent the best-performing asset from dominating your portfolio doesn't need to occur very often, however. For example, there are several periods in Prof. McQuarrie's database, each of more than 10 years in a row, in which the equity allocation of an unbalanced 60% stock/40% bond portfolio never got higher than 65% or lower than 55%.

A rule of thumb that some financial planners use is to rebalance only when your portfolio's allocations to the various asset classes deviate by at least 10 percentage points from their target weights. But that decision is largely dependent on your personal risk tolerance.

Strategic rebalancing

Another alternative is to rebalance only when your portfolio's losing assets appear poised to reverse themselves and head up. Campbell Harvey, a Duke Uni-

versity finance professor, calls this “strategic rebalancing.” One way to go about this, he says, is to consider rebalancing only when your worst-performing asset's trailing three-month return has turned positive. He adds that focusing on trailing one-month or 12-month returns produces similar results over the long-term. Though this simple trend-following technique is by no means foolproof, he says that he and fellow researchers at London-based Man Group found that you don't have to be 100% accurate to make it worthwhile to try.

To follow this approach with a 60% stocks/40% bond portfolio, you would currently be focusing on long-term Treasuries. Since the VGLT's recent three-month trend remains down, you would want to avoid rebalancing for the moment. You would reach the same conclusion if you focused on trailing one- or 12-month returns.

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Mutual-Fund Yardsticks: How Fund Categories Stack Up

Includes mutual funds and ETFs for periods ended Dec. 30. All data are final.

Investment objective	Performance (%)				Investment objective	Performance (%)			
	December	4th-qr	1-yr	5-yr*		December	4th-qr	1-yr	5-yr*
Diversified stock & stock/bond funds					World stock funds				
Large-Cap Core	-5.3	8.1	-18.2	8.7	Global	-4.2	10.4	-19.6	4.7
Large-Cap Growth	-7.1	2.8	-31.5	8.5	International (ex-U.S.)	-2.1	16.1	-17.1	1.2
Large-Cap Value	-4.1	12.8	-6.9	7.3	European Region	-1.4	19.8	-18.5	1.4
Midcap Core	-4.7	10.1	-12.6	6.0	Emerging Markets	-2.4	9.5	-23.0	-2.0
Midcap Growth	-5.9	5.0	-29.5	6.9	Latin American	-3.6	5.5	3.3	-1.33
Midcap Value	-4.4	12.3	-6.6	5.7	Pacific Region	0.8	11.4	-22.4	-0.4
Small-Cap Core	-5.5	9.9	-14.4	4.7	Gold Oriented	0.6	18.3	-12.8	4.2
Small-Cap Growth	-5.9	5.0	-26.7	6.1	Global Equity Income	-2.5	12.8	-9.4	4.2
Small-Cap Value	-5.5	12.0	-8.5	4.8	International Equity Income	-0.5	15.6	-11.1	1.0
Multicap Core	-5.3	7.9	-18.0	7.2	Taxable-bond funds				
Multicap Growth	-7.1	1.9	-32.9	7.6	Short-Term	0.3	1.3	-3.7	1.0
Multicap Value	-4.2	12.5	-6.8	6.7	Long-Term	-0.6	2.7	-15.8	0.2
Equity Income	-4.0	11.6	-7.4	7.0	Intermediate Bond	-0.4	1.7	-13.5	-0.04
S&P 500 Funds	-5.9	7.4	-18.5	8.9	Intermediate U.S.	-0.7	1.8	-9.9	1.3
Specialty Divers. Equity	-4.7	8.4	-27.8	4.4	Short-Term U.S.	...	0.6	-4.6	0.25
Balanced	-2.7	6.4	-14.2	3.3	Long-Term U.S.	-1.0	0.3	-16.2	-0.9
Stock/Bond Blend	-3.0	6.8	-15.1	3.7	General U.S. Taxable	-0.6	2.0	-12.4	0.1
Avg. U.S. Stock Fund ¹	-5.5	8.1	-18.4	6.6	High-Yield Taxable	-0.7	3.9	-10.7	1.7
Sector stock funds					Mortgage	-0.5	1.2	-11.0	-0.6
Science & Technology	-7.8	1.5	-37.0	8.8	World Bond	0.5	5.4	-12.8	-0.9
Telecommunication	-5.6	5.3	-30.0	1.0	Avg. Taxable-Bond Fund**	-0.3	2.2	-9.5	0.6
Health/Biotechnology	-2.2	8.8	-13.3	7.5	Municipal-bond funds				
Utility	-1.6	8.7	-0.4	8.0	Short-Term Muni	0.03	0.7	-4.5	0.3
Natural Resources	-5.2	19.3	46.1	2.9	Intermediate Muni	0.2	3.3	-7.3	0.8
Sector	-5.9	4.0	-23.0	3.2	General & Insured Muni	-0.1	3.6	-10.8	0.7
Real Estate	-4.9	3.5	-25.8	3.2	High-Yield Muni	-0.4	3.0	-13.4	0.9

Stock & Bond Benchmark Indexes All total return unless noted

Investment objective	Performance (%)				Investment objective	Performance (%)			
	December	4th-qr	1-yr	5-yr*		December	4th-qr	1-yr	5-yr*
Large-cap stocks					Stock indexes				
DJIA	-4.1	16.0	-6.9	8.4	DJ U.S. TSM Growth	-8.0	0.2	-31.2	9.5
S&P 500	-5.8	7.6	-18.1	9.4	DJ U.S. TSM Value	-4.1	13.4	-8.0	6.6
Midcap stocks					Taxable bonds				
S&P MidCap 400	-5.5	10.8	-13.1	6.7	Barclays Agg. Bond	-0.5	1.9	-13.0	0.02
Small-cap stocks					Municipal bonds				
Russell 2000	-6.5	6.2	-20.4	4.1	Barclays Muni. Bond	0.3	4.1	-8.5	1.3
Broad stock market					International stocks				
DJ U.S. Total Stock Market	-5.9	7.2	-19.5	8.7	MSCI EAFE ¹ (price return)	-0.005	17.0	-16.8	-1.1
Russell 3000	-5.9	7.2	-19.2	8.8	Dow Jones World (ex. U.S.)	-0.7	13.9	-16.6	0.9

*Annualized ¹Diversified funds only ²Excludes money-market funds ³Europe, Australia, Far East

Source: Refinitiv Lipper

How the Largest Funds Fared

Performance numbers are total returns (changes in net asset values with reinvested distributions) as of Dec. 30; assets are as of Nov. 30. All performance data are final.

Fund	Ticker	Assets (\$ billions)	Total Return (%)				
			4th-qr	1-year	3-year	Annualized 5-year	10-year
Vanguard TSM Idx;Inst+	VSMPX	1216.87	7.2	-19.5	7.0	8.7	N.A.
Vanguard 500 Idx;Adm	VFIAX	789.60	7.6	-18.2	7.6	9.4	12.5
SPDR S&P 500 ETF	SPY	386.07	7.5	-18.1	7.6	9.4	12.5
Fidelity 500 Index Fund	FXAIX	372.75	7.6	-18.1	7.7	9.4	12.6
Vanguard Tot I S;Inv	VGTSX	360.07	14.7	-16.1	0.5	1.0	4.0
iShares:Core S&P 500	IVV	311.97	7.6	-18.1	7.6	9.4	12.5
Vanguard Instl Idx;InstP	VIIIX	243.84	7.6	-18.1	7.7	9.4	12.6
American Funds Gro;A	AGTHX	209.97	2.2	-30.7	4.4	7.2	11.6
American Funds Bal;A	ABALX	198.27	8.0	-12.1	4.1	5.5	8.3
Invesco QQQ Trust 1	QQQ	162.16	-0.1	-32.5	8.5	12.1	16.2
American Funds Wash;A	AWSHX	157.04	12.0	-8.5	8.2	9.1	11.9
Vanguard Dev Mkt;ETF	VEA	152.85	17.1	-15.4	1.4	1.7	4.9
Vanguard Val Idx;ETF	VTV	152.71	14.7	-2.1	8.2	8.6	11.9
Vanguard Mid-Cp I;Adm	VIMAX	144.99	9.0	-18.7	6.2	7.3	11.1
Vanguard Gro Idx;ETF	VUG	144.36	-0.1	-33.1	6.1	9.6	12.8
American Funds EuPc;R6	REGRX	137.91	13.8	-22.7	-0.2	1.5	5.3
American Funds Inc;A	AMECX	121.72	10.3	-6.4	4.9	5.4	7.5
Vanguard S-C I;Adm	VSMAX	120.05	8.0	-17.6	4.9	5.9	10.1
American Funds NPer;A	ANWPX	111.64	8.4	-25.9	5.2	7.4	10.0
American Funds Finv;A	ANCFX	110.91	10.8	-16.7	5.5	6.9	11.1
Bond Mutual Funds and ETFs							
Fund	Ticker	Assets (\$ billions)	4th-qr	1-year	3-year	Annualized 5-year	10-year
Vanguard Tot Bd;Adm	VBTLX	279.28	1.7	-13.2	-2.8	-0.01	1.0
Vanguard Tot Bd II;Inv	VTBIX	230.18	1.7	-13.2	-2.9	-0.1	0.9
PIMCO:Income;Inst	PIMIX	113.74	3.4	-7.8	0.03	1.7	4.0
Vanguard Tot Itl B2;Inst	VTILX	92.46	-0.2	-13.0	N.A.	N.A.	N.A.
Vanguard Int'l B;ETF	BNDX	81.68	-0.03	-12.9	-3.8	-0.2	N.A.
iShares:Core US Agg Bd	AGG	80.54	1.7	-13.1	-2.8	-0.1	1.0
American Funds Bond;A	ABNDX	71.23	2.0	-12.7	-1.4	0.7	1.3
Vanguard Int-Tm Tx;Adm	VWIUX	66.94	3.8	-6.8	-0.3	1.4	2.1
Vanguard Sh-Tm B;ETF	BSV	65.46	1.12	-5.6	-0.7	0.8	0.9
MetWest:Total Rtn;I	MWTIX	64.58	1.7	-14.8	-2.8	0.1	1.3
Vanguard Sh-Tm Inv;Adm	VFSUX	60.93	1.7	-5.8	-0.4	1.1	1.5
Dodge & Cox Income;I	DODIX	58.33	2.8	-10.9	-1.1	1.1	2.1
PIMCO:Tot Rtn;Inst	PTTRX	55.93	1.8	-14.1	-2.5	0.03	1.1
Fidelity SA Core Inc	FIWGX	55.53	1.9	-13.1	-1.5	N.A.	N.A.
Fidelity US Bond Index	FXNAX	55.27	1.7	-13.0	-2.7	-0.02	1.0
Vanguard ST IPS;Adm	VTAPX	54.85	1.2	-2.8	2.4	2.5	1.3
Lord Abbett Sh Dur;I	LLDYX	50.52	1.0	-4.6	-0.2	1.3	1.8

Note: For funds with multiple share classes, only the largest is shown. N.A.: Not applicable; fund is too new or data not available

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