

## ***The Essence of Portfolio Management***

Successful portfolio management is not only knowing what stock to buy, but also knowing when a stock should be sold and when a stock should be held. However, most portfolio managers approach the challenge as a problem that should be solved only by superior stock selection. The image of the successful portfolio manager as a champion stock-picker minimizes the ongoing responsibility of the portfolio manager in upgrading the portfolio. It also overlooks some of the real problems in making predictions in the stock market.

### **Predictions**

Successful stock picking is believed to be a matter of making superior assessments of the future financial performance of a company and this is where the slip-ups start to develop. One of the major dangers of prediction is that the ego gets involved and the analyst finds it difficult to admit he/she is wrong, even in the presence of considerable evidence to the contrary. Being wrong in our predictions is something that few of us can tolerate very well! This is especially true when we have made public forecasts and have used considerable persuasion to get others to believe in our predictions. It is always just a matter of “you wait and see – I’ll be right soon enough”.

Research has shown that many, if not most, erroneous economic and financial market forecasts are wrong not because of what the analyst used in his analysis but because of what he didn’t consider at all. We will always analyze what we know is important to the situation but why should we include anything that, as far as we know, is not important. It would be silly and damaging to the credibility of our predictions to emphasize or even “touch on” things that most observers don’t think matter very much.

### **Enter the UNK-UNK**

An UNK-UNK is an unknown-unknown as opposed to a known-unknown. Most predictions are prepared using an analysis of the known-unknowns in a situation. An UNK-UNK is something that we didn’t know mattered and we don’t often know how to deal with it until we gain some experience with how it matters. The UNK-UNK is the source of major surprises on Wall Street. The UNK-UNK always favors the variables that were not considered in the current appraisal of the situation – thus the endless source of surprise. The surprise almost always catches the consensus opinion totally off guard.

### **Consensus Opinion**

The consensus opinion must, by definition, be a simple phrase or slogan that is capable of being repeated over and over until almost no one doubts its validity. The consensus opinion leaves no room for consideration of an UNK-UNK. An UNK-UNK almost always comes along, sooner or later, that will lie outside the expectations formed by the consensus forecast so that a major surprise is created. Does the surprise result in a major trend change in the markets or was that trend change already

underway beneath the surface and the surprise just confirmed it. Some call these consensus-shattering surprises, shocks.

#### **Surprising Trend Changes**

The case has been built that trend changes are usually the result of an unexpected change in the workings of the market or the economy. Experience shows that in a very high proportion of cases these trend changes in security prices can be judged to have occurred in advance of the shock or surprise that supposedly produced the trend change. Why/ how can this be so? The trend change in advance of the surprise did not fool everyone – it just fooled the majority – it fooled the believers in the consensus. Did a group start to act contrary to the consensus before the trend reversal?

#### **Classical Contrary Opinion**

Yes. It appears that there is a significant minority of market participants that, out of habit and conviction, doubt rather than believe the prevailing consensus opinion regarding the market or individual stocks. Conventional wisdom points to corporate insiders as trendsetters but I believe there are others as well. Knowledgeable long-term investors and, importantly, long-term trend followers seem to recognize these changes in market trends for what they really are. Short-term trend followers do not seem to make that much difference to the long-term trend although they can and do exaggerate the short-term movement and volatility, especially to the downside.

#### **Long-term Trend Reversals**

Without being able to prove it, it seems reasonable to believe that the consensus followers will not believe the trend reversal when it occurs. Maybe they are blind to it rather than unwilling to believe that it is real. The first step in successful portfolio management is to develop an “open mind” to the possibility that a trend reversal might be real, in direct contradiction to the prevailing consensus opinion about that stock.

#### **How to SEE A Trend Reversal**

First of all you have to be alert! If you don't look for it you will never see it. Be sure you are using pictures that emphasize the long-term perspective rather than short-term market noise and unexplained variation. In my opinion it is best to remove the influence of the overall market, which is usually a source of considerable noise. Market Dynamics has been designed with these factors in mind. Do not rely on a system that is complicated or requires highly mathematical rules for its implementation. Simple and objective rules are far more robust in application. Also, simple rules run a lower risk of over-fitting the data in a meaningless way! A system that identifies trend reversals in a highly objective manner is far superior to more subjective methods. In essence we need to know when to go with the consensus and when to “fade” it.

#### **When You See It – Believe It**

It seems remarkable to me that portfolio managers could see a significant trend reversal and not believe it – and yet it happens “all the time”! When you see it – believe it. The rest is mechanics.

#### **Major Winners and Major Losers**

It is an amazing fact that almost every share of stock, in every major stock-market disaster, was held by someone who did not believe the trend was down - all the way down. It is also significant that many of the major market winners were avoided by

a majority of investors who refused to believe that the long-term trend was up. They refused believe what they were seeing!

#### **What Successful Portfolio Managers Should Do**

Successful portfolio managers should identify and hold the stock market winners and move away from the stock market losers. Market Dynamics has evolved to allow portfolio managers to implement this approach.

#### **What Not To Do**

Behavioral finance has identified a tendency for investors to accept profits from their winners quickly but they will gamble with the losses from their losers. This is exactly what a successful portfolio manager should not do. Peter Lynch characterized it as a gardener “who pulled the flowers and watered the weeds”.

#### **The Essence of Portfolio Management**

**Pull the weeds!**

**Water the flowers!**

**Believe what you see!**

**The most important thing is how you SEE!**

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**“I believe that Market Dynamics will be to a portfolio manager what a telescope is to an astronomer.”**

**W Clay Allen CFA**

## Portfolio Objectives

1. Maintain adequate diversification.
2. Choose portfolio investments from appropriate risk categories.
3. Create total returns from the portfolio greater than some specified measure of alternative investment (i.e. usually an inactive or unmanaged portfolio such as the S&P 500)

Market Dynamics evolved as at least a partial answer to objective 3. The system is based on the measurement and comparison of price movement after the effect of the market (i.e. S&P 500) has been removed. The price action that is displayed can be thought of as movement that is specific to that stock. This is very important since the market movement day to day is a significant source of noise and unexplained variation. The format of the chart presentation is known as 3 box- point & figure. This process filters the data and removes minor variations leaving the vastly more important major trend movement. The charts are long-term in perspective and four years of data are used to construct the charts. More volatile stocks will not display four years of history because the volatility creates so much back and fourth movement that it exceeds the capacity of the chart to display only the last 70 columns, so the display will be much less than even two years.

The choice of the 3 box – point and figure technique has another very important aspect that is often overlooked. The X-axis does not measure time on these charts. The X-axis measures the number of alternations of trend back and forth. The fluctuation must be greater than a predetermined minimum amount to result in recording a reversal. These reversals of trend are a function of volatility, which is a proxy for risk.

The movement along the X-axis can be considered to be recorded in units of risk. Therefore these charts record the movements of risk vs the movements of return relative to the market. This allows for the graphic comparison of risk and return.

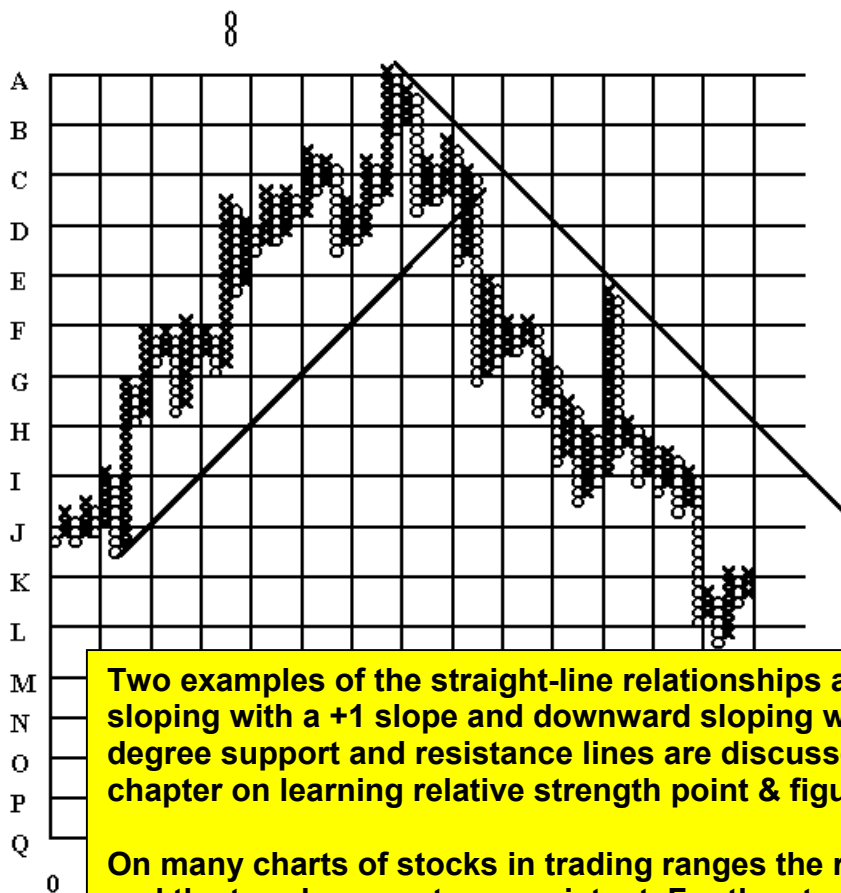
It therefore becomes possible to develop a minimum acceptable relationship between the movement of risk and return. Upward and downward sloping straight lines on the graph often define these functional relationships although higher order curves could also be used. These functional relationships define and differentiate between acceptable price behavior and unacceptable price behavior.

The primary benefit of the use of this technique is to recognize the points when the trends change and when what was previously acceptable price behavior switches to unacceptable price behavior and vice versa. The reversal points are highly visual and do not require complicated rules for analysis and recognition. The charts are fast and easy to use.

This is a tool primarily for use by institutional portfolio managers who are responsible for large portfolios with many stock positions. Speed, ease of use and effectiveness are the main benefits to be derived from this system. Successful adaptation to rapid and dramatic change in the financial markets is a primary goal of this approach.

### Example

MARKET DYNAMICS - RELATIVE STRENGTH vs S&P 500  
ADELPHIA BUSINESS SLTNS 09/01/2000 16 ABIZ



Two examples of the straight-line relationships are displayed- upward sloping with a +1 slope and downward sloping with a slope of -1. These 45-degree support and resistance lines are discussed in more depth in the chapter on learning relative strength point & figure.

On many charts of stocks in trading ranges the reversals are not this clear and the trends are not as persistent. For the stocks that exhibit major long-term trend movement the reversals of trend stand out and the trends often persist for months.

# Portfolio Upgrading

The objective of portfolio upgrading is to ensure that the portfolio successfully adapts to changes in the economy and the financial markets. This adaptation must take place before the implications of these changes are fully understood by other market participants. Constant change is taken as a given by this system.

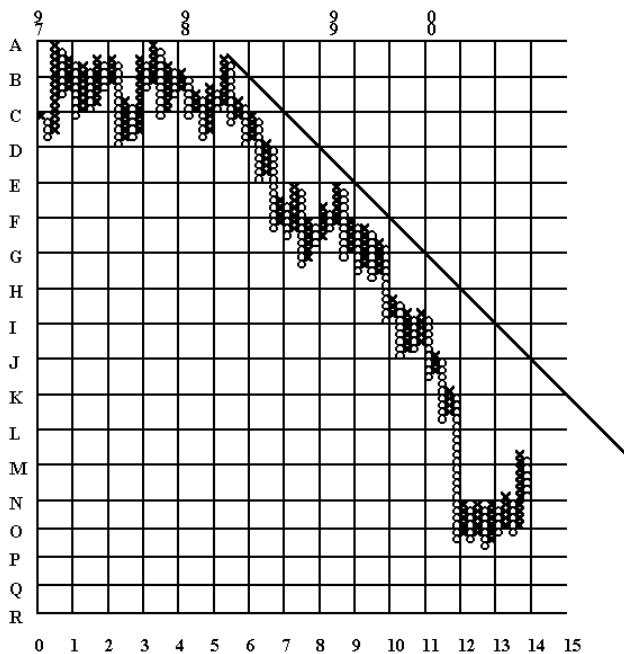
Portfolio upgrading is a process of continuously enhancing the appreciation potential of the portfolio. This is accomplished by monitoring the performance of each of the stocks in the portfolio and swapping out of the stocks with unacceptable performance into stocks that are generating a pattern of acceptable performance.

The age-old tenant of “sell your losers and let your winners run” is very much at the heart of portfolio upgrading. Market Dynamics provides an objective set of rules to identify losers. The 45-degree bullish support lines and the 45-degree bearish resistance lines are instrumental in this “rule-based” system.

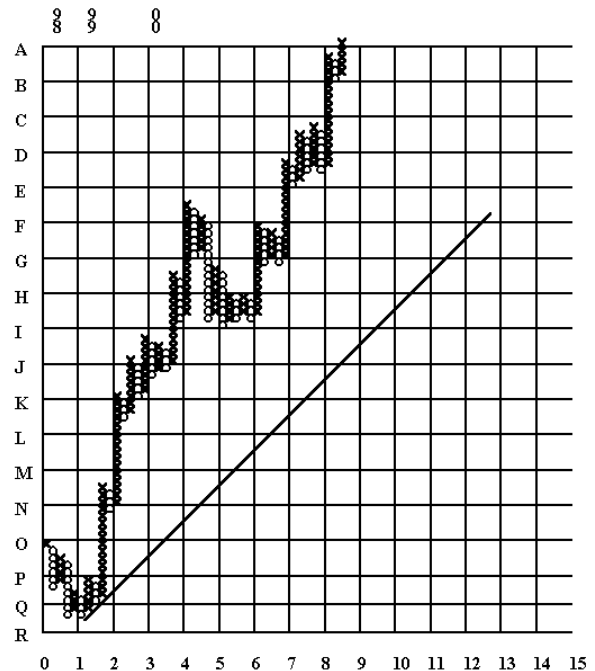
Since there are no “magical” formulas for success in the stock market – each user is free to adopt any rule or set of rules that he/she believes will improve the results of the portfolio.

The two charts below represent an extreme example of the potential of portfolio upgrading. A swap from CNC into CPN would have produced fantastic results relative to holding CNC during the decline.

MARKET DYNAMICS - RELATIVE STRENGTH vs S&P 500  
CONSECO INC 09/01/2000 9 CNC



MARKET DYNAMICS - RELATIVE STRENGTH vs S&P 500  
CALPINE CORP 09/01/2000 95.88 CPN



## Upgrading potential example 2

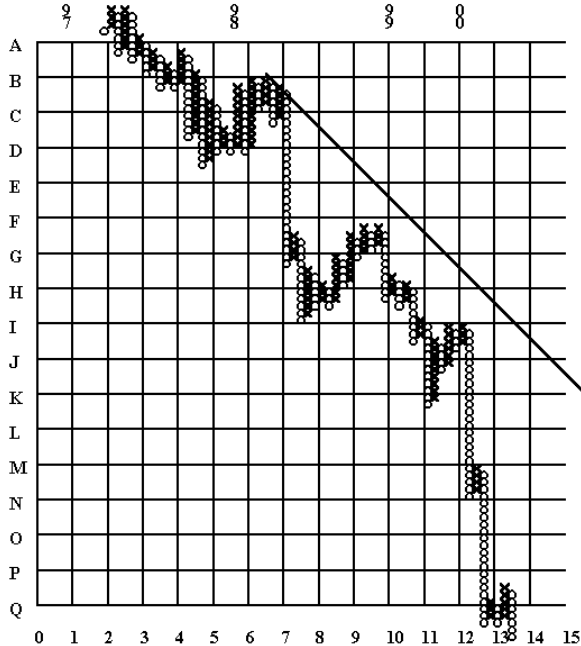
The examples that follow are extreme examples of the potential rewards to portfolio upgrading - “pulling the weeds and watering the flowers”.

It must be remembered that the future is almost totally unknown at the time the swap takes place and it is easy in hindsight to say “oh yeah, I would have made that swap”. It is not so easy in real time.

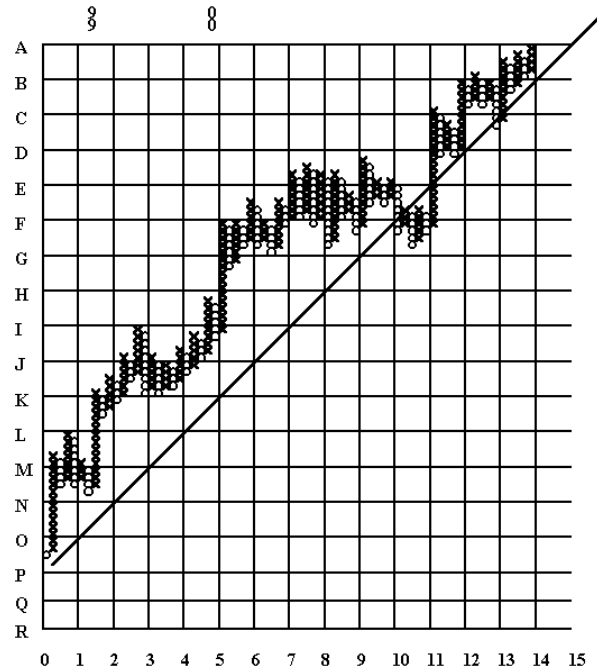
But experience shows that very seldom do major losers suddenly turn into major winners. Also, experience shows that stocks that fall into a major downtrend can continue to underperform for extended periods and it is usually unsafe to bet against the market.

There is an old saying “The race is not always to the swift,  
Nor the battle to the strong.  
But that’s the way to bet!”

MARKET DYNAMICS - RELATIVE STRENGTH vs S&P 500  
ARMSTRONG HOLDINGS INC 09/01/2000 15.81 ACK

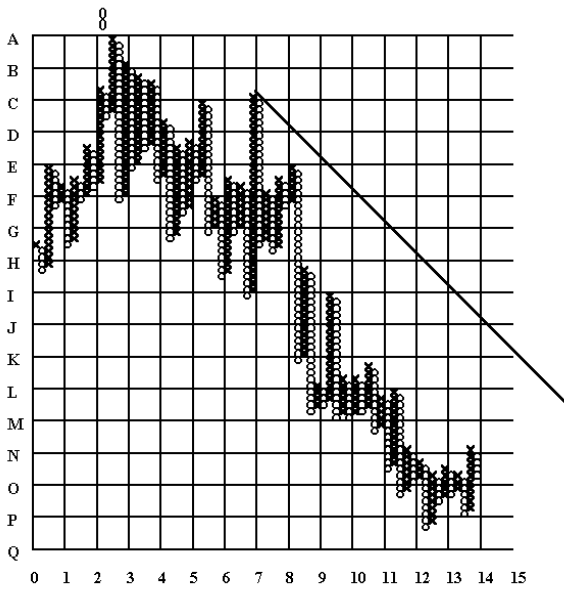


MARKET DYNAMICS - RELATIVE STRENGTH vs S&P 500  
EMC CORP 09/01/2000 97.38 EMC

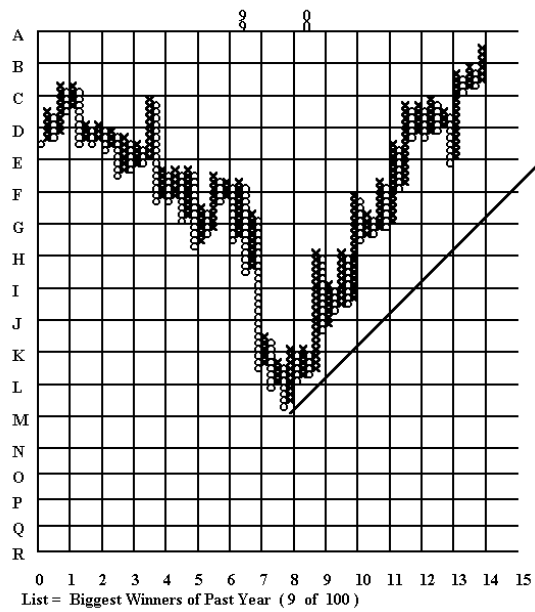


### Upgrading potential example 3

MARKET DYNAMICS - RELATIVE STRENGTH vs S&P 500  
 DOUBLECLICK INC 09/01/2000 39.56 DCLK

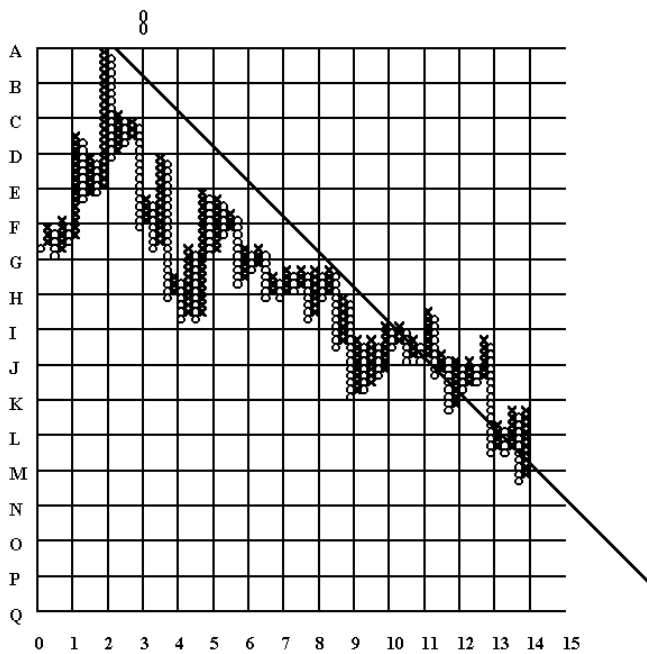


MARKET DYNAMICS - RELATIVE STRENGTH vs S&P 500  
 ADMINISTAFF INC 09/01/2000 80.94 ASF

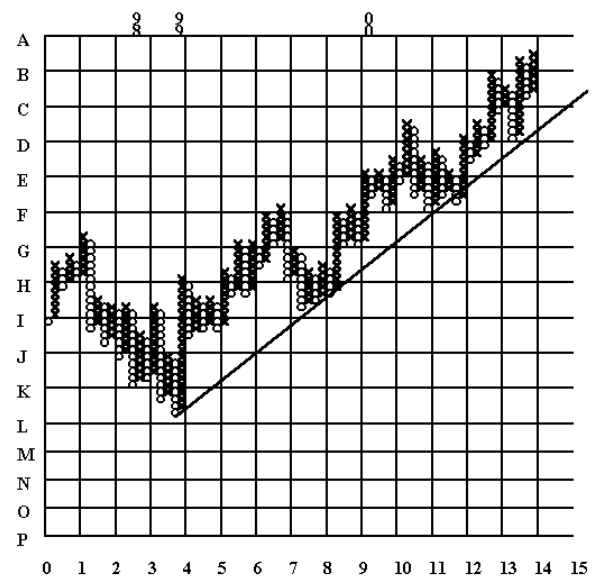


### Upgrading potential example 4

MARKET DYNAMICS - RELATIVE STRENGTH vs S&P 500  
 AMAZON.COM INC 09/01/2000 41.5 AMZN

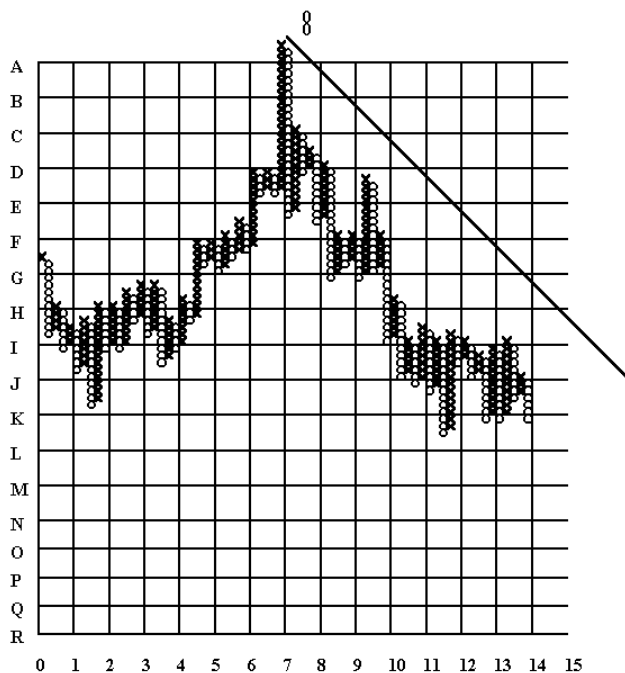


MARKET DYNAMICS - RELATIVE STRENGTH vs S&P 500  
 JABIL CIRCUIT INC 09/01/2000 65.63 JBL

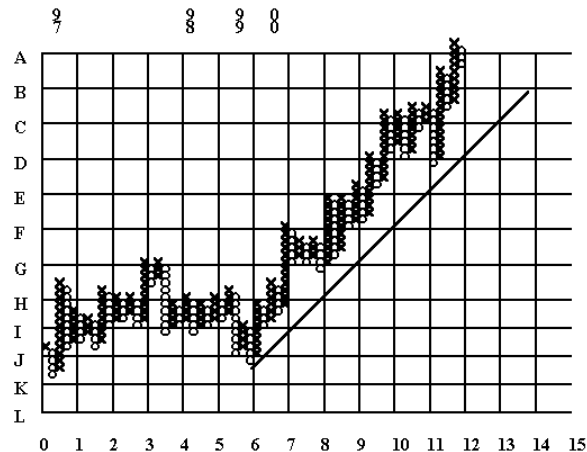


## Upgrading potential example 5

MARKET DYNAMICS - RELATIVE STRENGTH vs S&P 500  
MARCHFIRST INC. 09/01/2000 18.06 MRCH



MARKET DYNAMICS - RELATIVE STRENGTH vs S&P 500  
CHRISTOPHER & BANKS CORP 09/01/2000 36.88 CHBS



The previous examples represent extremes of relative price behavior. The extreme price movements of these stocks almost certainly surprised investors. But in a marketplace that is characterized by a distribution of returns with fat-tails these kinds of extremes occur much more frequently than they would in a mathematically perfect, normal distribution. Stocks going down turn into disaster more frequently than they should and stocks going up turnout to be major winners more often than they should.

A major difference in portfolio performance can be the result of just a few disasters that were avoided and a few gainers that turned out to be major winners. This is just another version of the 80/20 rule at work.

**Value managers must be particularly sensitive to stocks in downtrends since they seem to continue to underperform for extended periods, usually longer than we expect. It can be assumed that every x and o on the way down in a major market disaster represents trades by investors who thought the issue was too cheap!**

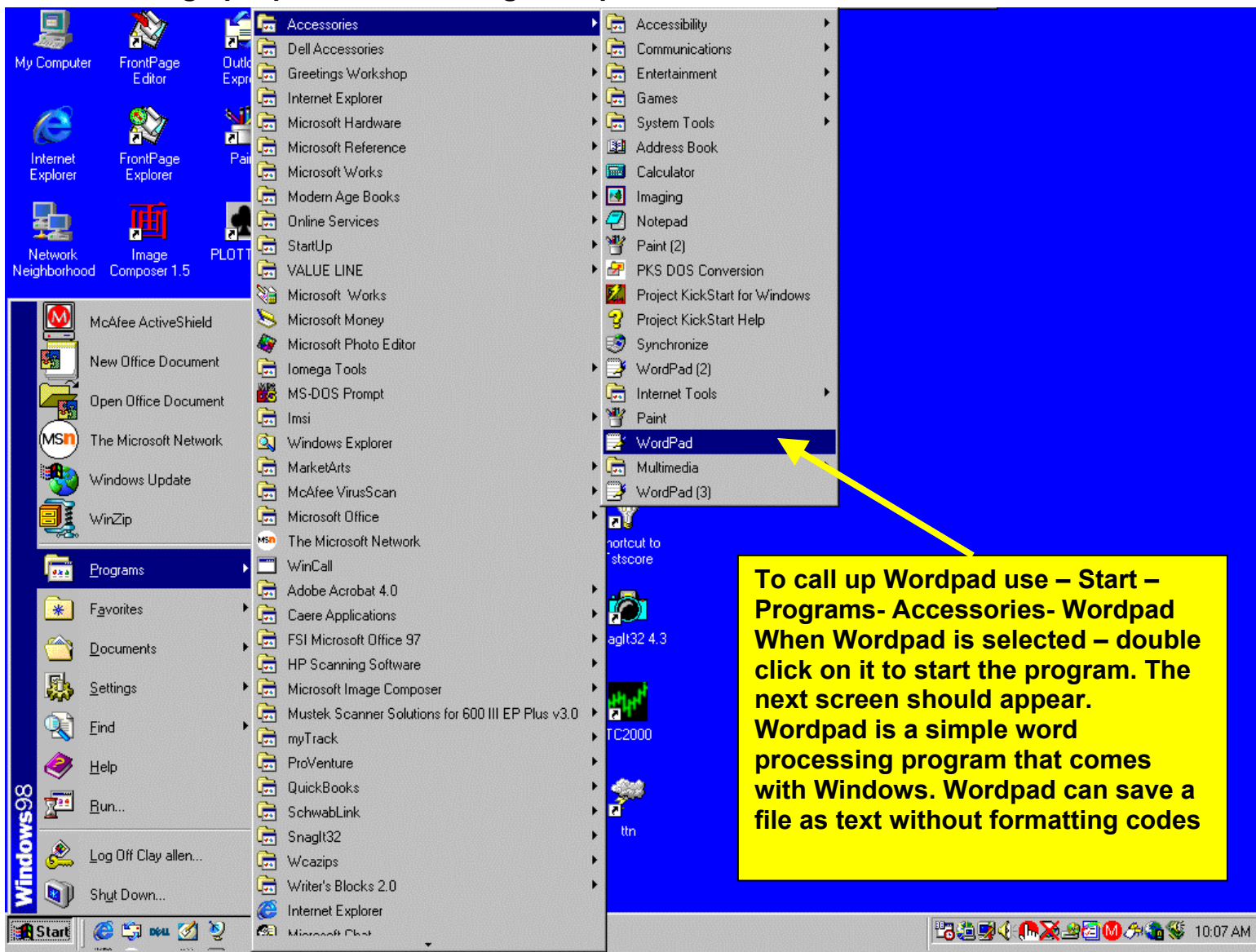
Portfolio upgrading can also be enhanced by the effective recognition of the extremes of trading ranges.

## Setting Up a List to Monitor the Portfolio

The portfolio manager needs to set up his/her portfolio in a list that can be referenced by the Market Dynamics system. This is a list of ticker symbols that are entered into a file using the Wordpad word processing program. This file will be stored in the \MDRS folder.

The screen below shows how to start Wordpad.

### Setting up a portfolio list using Wordpad

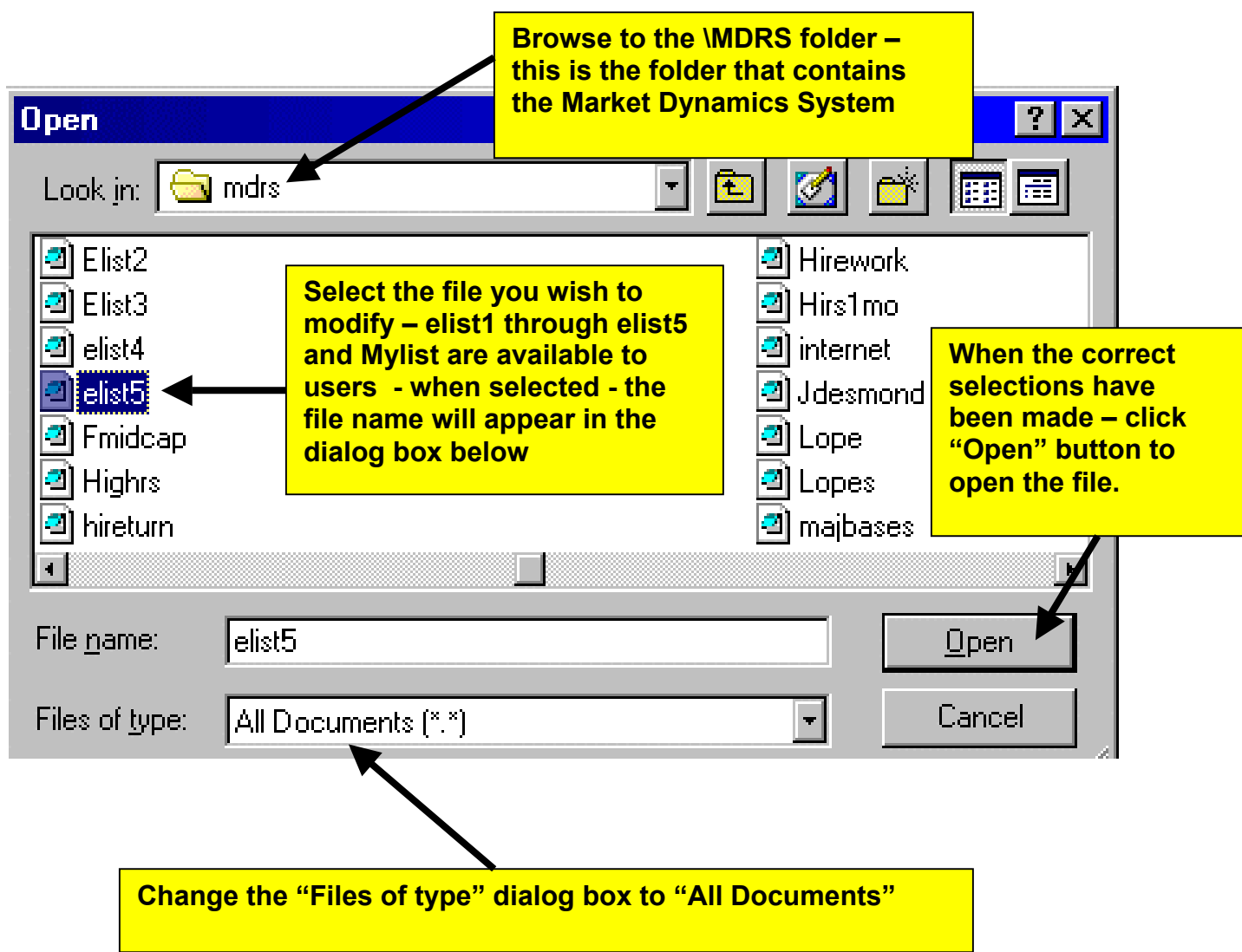


The screenshot shows the Windows 98 Start menu with the following path highlighted: Start -> Programs -> Accessories -> Wordpad. A yellow arrow points to the Wordpad icon in the Accessories folder. A yellow text box on the right side of the screen contains the following instructions:

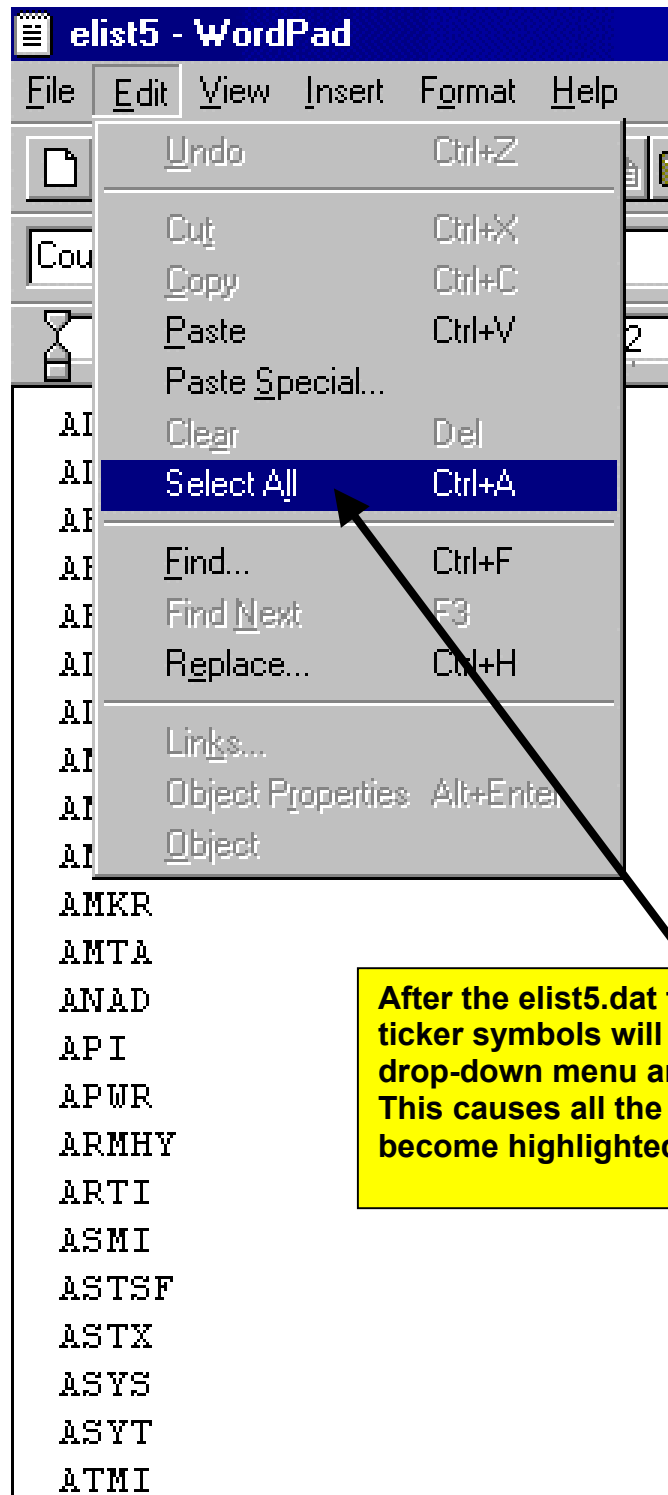
**To call up Wordpad use – Start – Programs- Accessories- Wordpad  
When Wordpad is selected – double click on it to start the program. The next screen should appear.  
Wordpad is a simple word processing program that comes with Windows. Wordpad can save a file as text without formatting codes**

**Select a list – i.e. Elist5.dat**

When Wordpad is started – click File – click Open – and the dialog box shown below will appear to facilitate opening a user file in the \MDRS folder. This file will be used to hold a list of ticker symbols representing the user’s portfolio. The files that can be used are, elist1.dat to elist5.dat, and mylist.dat

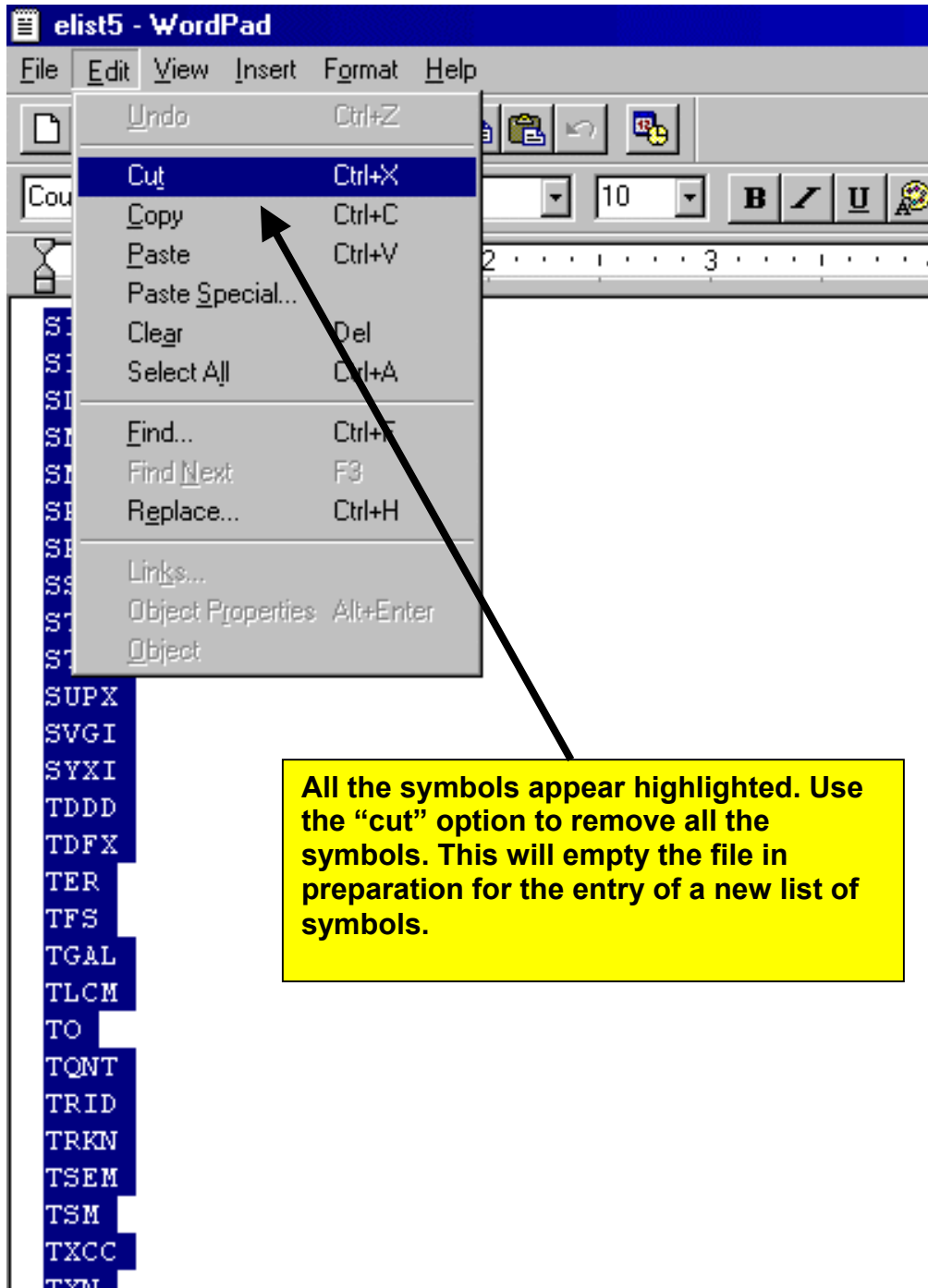


## Deleting the contents of the file

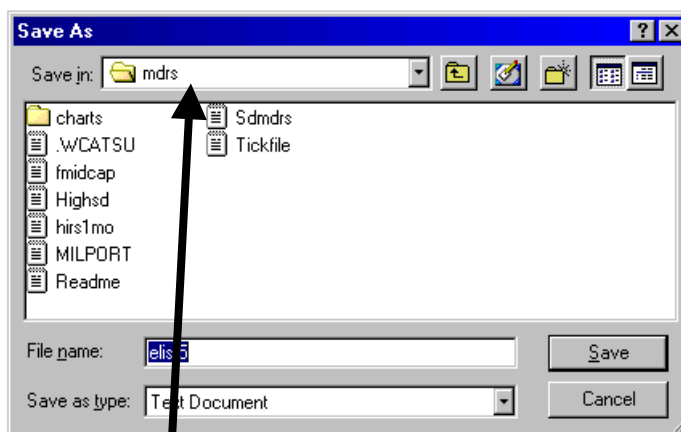
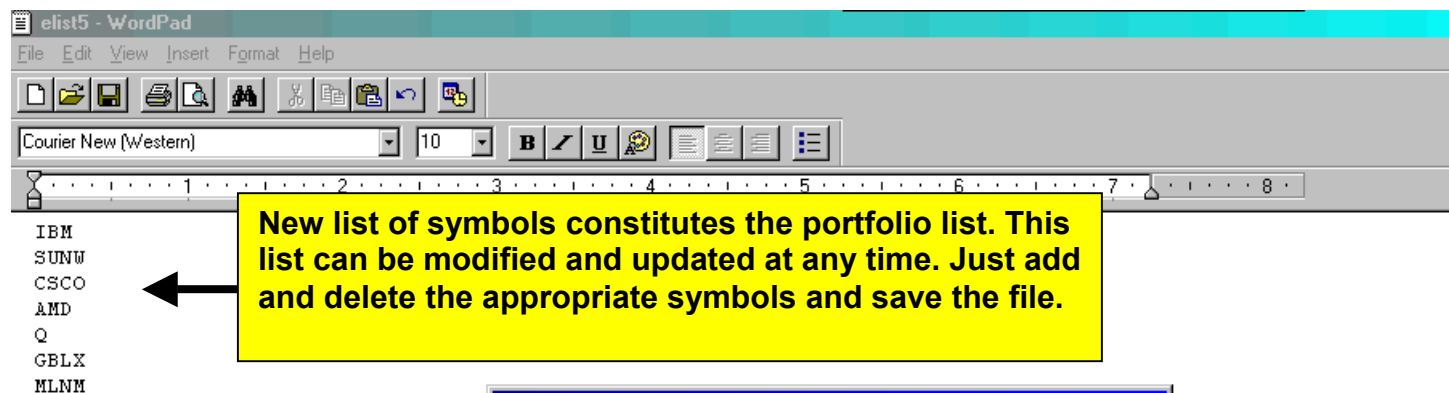


**After the elist5.dat file is opened –a list of ticker symbols will appear. Use the Edit drop-down menu and then click “select all”. This causes all the symbols in the list to become highlighted**

## Deleting the existing symbols



## Entering new symbols and saving the file



When – File – Save As – sequence is entered this dialog box appears. Make sure the MDRS folder name appears in the “Save in” dialog box at the top. This assures that the file will be saved to the MDRS folder where it can be accessed by the Market Dynamics charting system. Click on the “Save” button to save the file with the new list of tickers. A user can use the 5 files, elist1 to elist5, and the mylist.dat file to contain portfolios. The user using the steps just displayed can update these files at any time. These files should never be updated by file downloads from Market Dynamics.

Remember – the format for these files is one ticker per line – in any order – with no formatting codes. Wordpad is the easiest way to setup and maintain the portfolio ticker symbol files.

## Reviewing a portfolio list

Activate the “lists” drop-down menu by clicking on the “lists” button on the top line.

High Performance Relative Strength Charting in Point & Figure Format

File Tutorial Lists

Return to Main List

Part 1 - Relative Strength Screens

- AA Biggest Winners of Past Year
- AAACE Highest relative strength over past 3 months
- AAAM Highest relative strength over past one month
- AAAPL
- AAAS

Part 2 - Component Stocks of Various Market Groups

- ABCW Dow Jones Industrial Average
- ABF Stocks with high rates of return on total capital
- ABFS Internet Stocks
- ABGX Stocks in the NASDAQ 100
- ABIZ Stocks in the DEX
- S and P 500 component stocks
- S and P mid cap 400 component stocks
- S and P small cap 600 component stocks

Part 3 - Screens To Identify Potential Buy Candidates

- Largest jump in ST relative strength rank (alpha sequence )
- Recommended Stocks - Buy Lists
- Stocks with a column of ten Xs up
- Triple Top Buy Signals
- Triple Top Buy Signal with Retracement

Part 4 - Screens To Identify Potential Sell Candidates

- Triple Bottom Sell Signals
- Triple Bottom Sell Signal with Retracement

Part 5 - Lists of Stocks Reserved For Use By The user

- Expansion List One elist1.dat
- Expansion List Two elist2.dat
- Expansion List Three elist3.dat
- Expansion List Four elist4.dat
- Expansion List Five elist5.dat
- My list of stocks mylist.dat

draw bearish resistance lines

quit

RIGHT CLICK ON BLUE FOR TUTORIAL

MARKET DYNAMICS - RELATIVE STRENGTH vs S&P 500

AGILENT TECHNOLOGIES INC 09/01/2000 61.69 A

0

A

B

C

D

E

F

G

H

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N

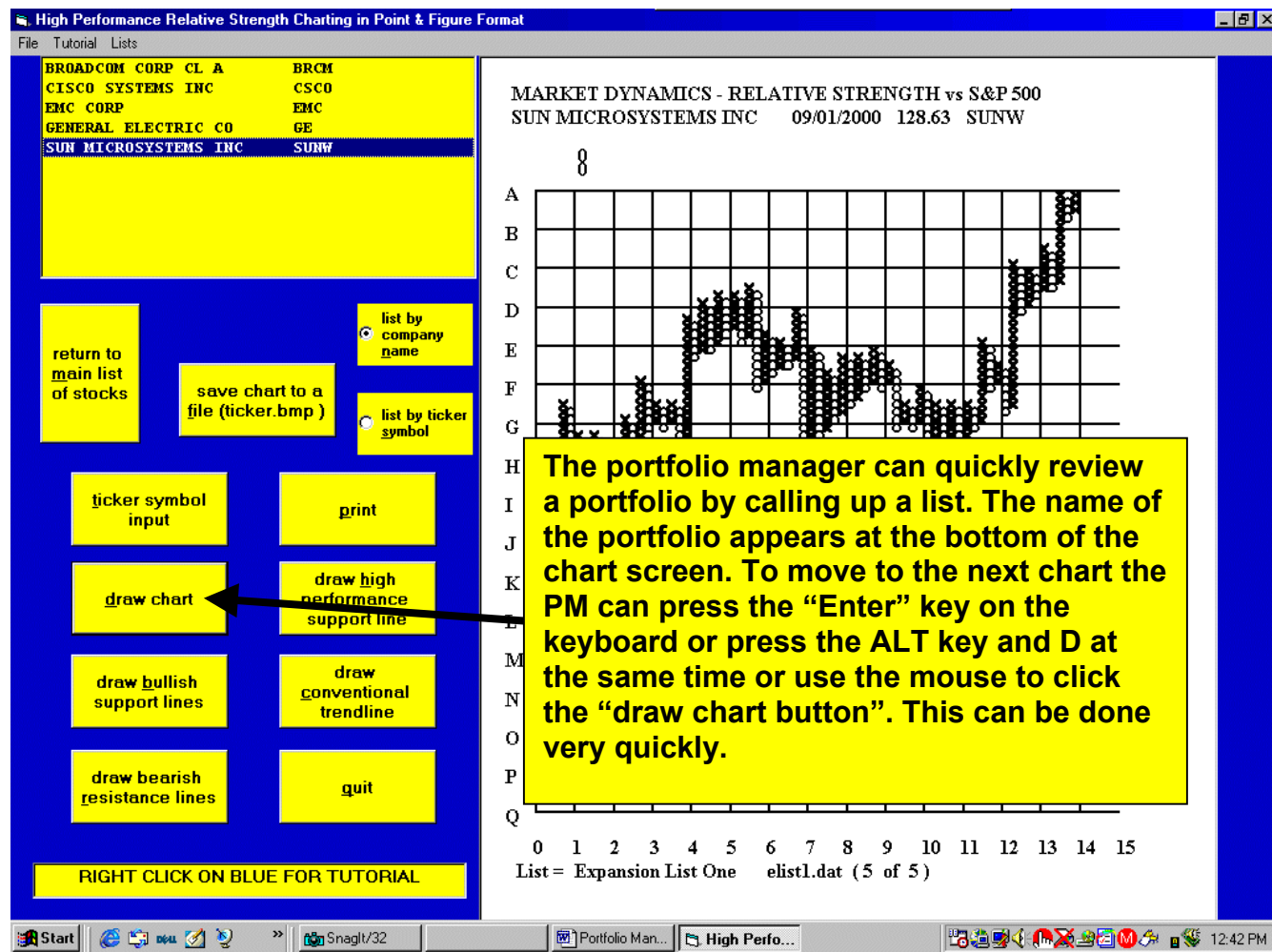
O

P

A list is selected by clicking the “lists” drop-down menu and then selecting a list. The user lists are shown in part 5 at the bottom of the drop-down menu

Start SnagIt/32 Portfolio Man... High Perfo... 12:35 PM

## Toggling through the list



The portfolio manager can click the "print" button to print a chart for further reference later on or he could save the chart to a file, perhaps to send to a client or an associate. Printing a hardcopy of the chart is a good way to produce a reminder for later action.

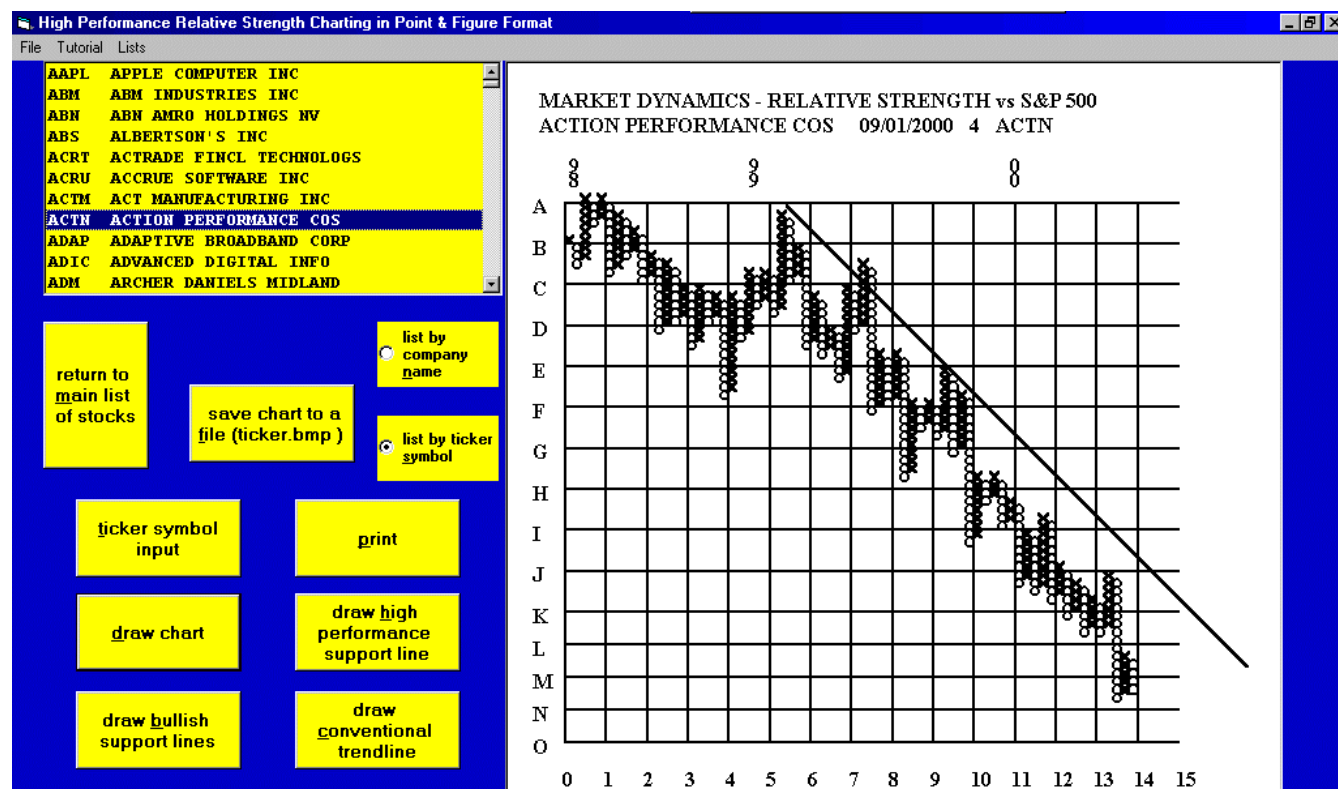
The PM can also move around in the stocks list box by using the arrow keys on the keyboard or with the slider in the stocks list box.

To return to the main list the PM should click on the button labeled "return to main list of stocks".

To review a chart for a stock that is not in the portfolio list the PM should use the button marked "ticker symbol input". The chart for the desired ticker symbol will be drawn but the order of selection in the portfolio list will be retained.

All of the trendline option buttons are fully functional while reviewing a portfolio list.

## Frequency of portfolio review



In my opinion the more frequently the portfolio list is reviewed the better. The PM will begin to learn and appreciate the quirks and patterns of individual stocks. Support and resistance levels will also become more apparent. After looking at a stock that is underperforming, day after day, the probabilities of making a sale seem to go up which is good for the portfolio's future performance.

We all learn by repetition so the more frequently we look at the portfolio the better we learn to recognize the significance of patterns and movement. The visual aspects of the system cannot be overstated. It seems to encourage intuitive judgments and creates a "feel" for the behavior of stocks that cannot be achieved otherwise. In my experience, many of my best calls were based on a "feel" or intuitive judgment that I couldn't fully explain at the time and yet I was confident of the direction of movement.

The best long-term investment ideas seem to be very fragile and will not stand up to rigorous factual analysis since the complete facts of the situation cannot be known with certainty at the time. If the facts were known with certainty – there would be no investment opportunity.

To paraphrase the old saying about artists " we don't teach a portfolio manager how to draw, we teach him how to SEE." Maybe successful portfolio management is a more "right-brained" activity.

## ***Positive turnover vs negative turnover***

### **Negative Turnover**

Increased turnover in a portfolio is often considered to be a negative influence on the portfolio's performance. Increased commissions and trading costs are cited as costs that reduce performance. However I believe that the negative aspects of increased turnover are more in line with Peter Lynch's comments about "pulling the flowers and watering the weeds".

Behavioral finance has already been cited as pointing to the human tendency for gambling with investment losses and quickly accepting investment profits. This seems to be a "built-in" behavior pattern for many portfolio managers especially in volatile and erratic markets. Therefore, "negative turnover" is defined as the activity of selling the winners too soon and holding the losers too long. This is especially true when there seems to be increased use of short-term technical trading systems of all types. A discipline is needed to guard against the tendency for the portfolio manager to engage in "negative turnover".

### **Positive Turnover**

The long-term relative strength in point & figure format and the application of the 45-degree support and resistance lines seems to provide just such a discipline to avoid "negative turnover". As long as the relative strength remains above the 45-degree bullish support line the stock's behavior should be considered acceptable and it would be eliminated as a sale candidate unless special conditions developed. Stocks that are unable to hold above the 45-degree bullish support line are therefore unacceptable and become candidates for sale.

Assuming the portfolio manager is following a policy of "full investment at all times" the upgrading process begins with the appearance of a sale candidate and the search for a replacement starts. Positive turnover is driven by the developing negative behavior of a stock in the portfolio – not because a portfolio manager wants to take a profit. The portfolio review process therefore needs to be continuous and focused on a search for stocks that are starting to fall below the minimum acceptable long-term performance guidelines.

This is not to say that profits can only be realized when a stock turns down relative to the market! Stocks that have outperformed for long periods of time may become extended to the upside and the position may need to be trimmed back to an average position size or valuations become so excessive that the position should be eliminated.

The Market Dynamics system when applied in the spirit of "letting profits run and cutting losses short" will facilitate "positive turnover". The system is designed to allow

frequent portfolio reviews in a quick and effective manner. The portfolio upgrading process is therefore continuous and changing conditions in the financial markets and the economy are reflected in the portfolio.

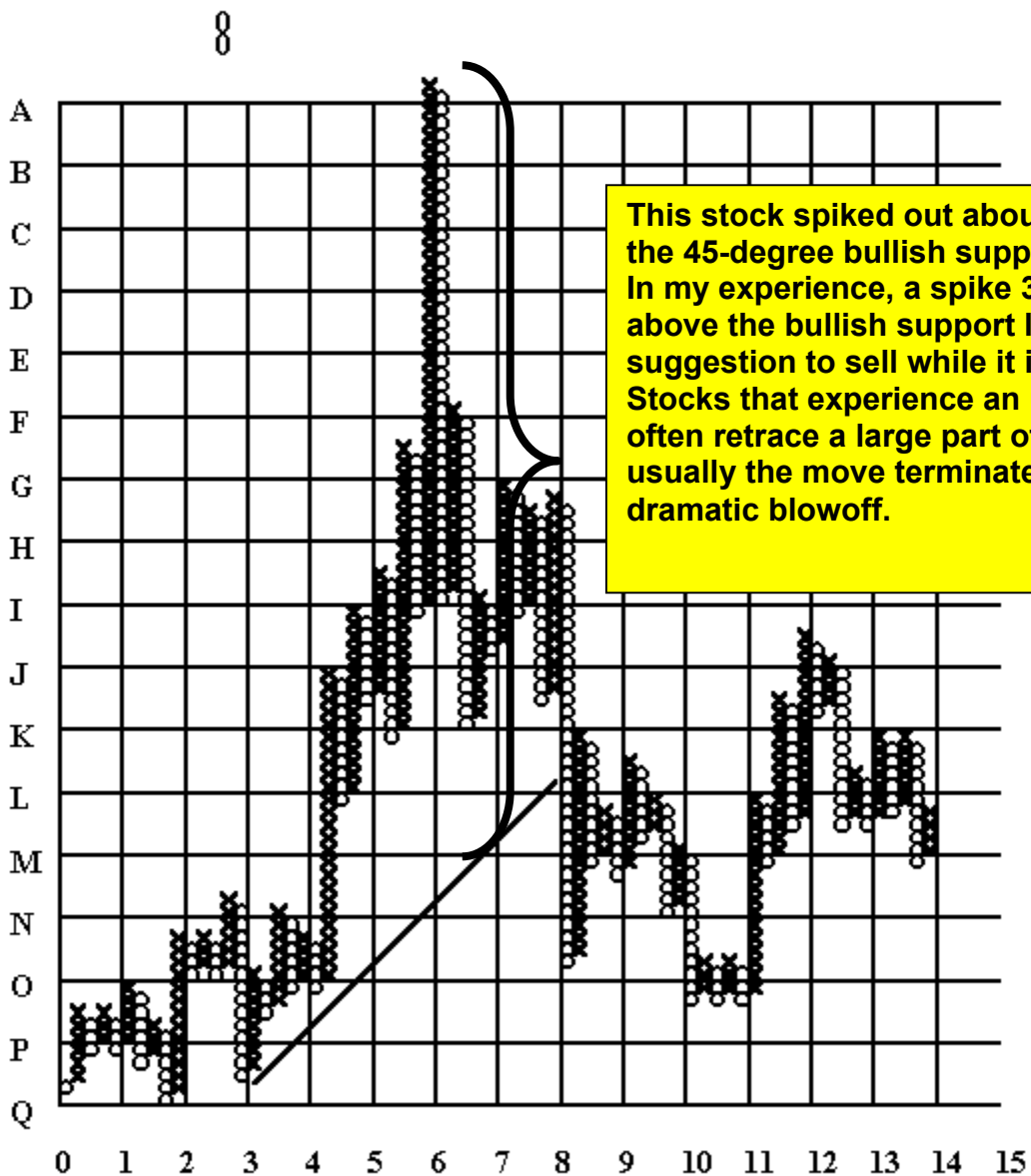
**Examples of selling into strength follow:**

MARKET DYNAMICS - RELATIVE STRENGTH vs S&P 500  
WIND RIVER SYSTEMS INC 09/01/2000 48.25 WIND



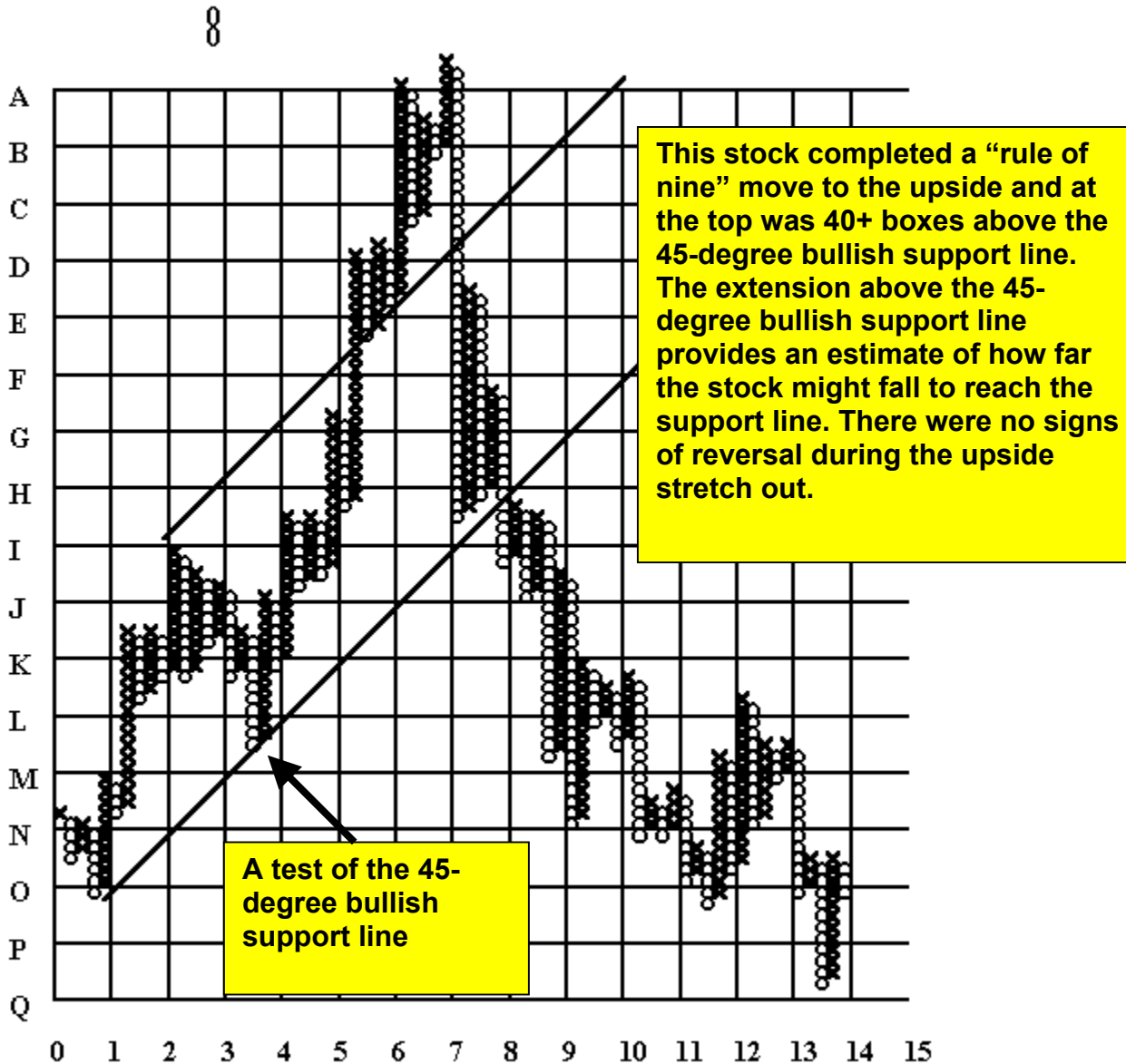
## Spike above the bullish support line

MARKET DYNAMICS - RELATIVE STRENGTH vs S&P 500  
WATCHGUARD TECHNOLOGIES 09/01/2000 49.75 WGRD



## Selling into upside extension

MARKET DYNAMICS - RELATIVE STRENGTH vs S&P 500  
CONEXANT SYSTEMS INC 09/01/2000 38.19 CNXT



## Successful portfolio management – don't buy/ don't hold problem stocks

A large number of stocks can be eliminated from consideration as a purchase by a quick inspection of the long-term relative strength point & figure chart. No need to do further fundamental research or examination on a stock that remains below the 45-degree bearish resistance line. It usually will turn up someday and you can do your research on the stock at that time. You only need to spend time on stocks that are turning up convincingly and you will find that many times they have the fundamental backup to justify the investment.

MARKET DYNAMICS - RELATIVE STRENGTH vs S&P 500  
LEXMARK INTERNATIONAL 09/01/2000 70.06 L XK



## ***The Importance of Sector Analysis in Portfolio management***

Sector analysis and the review of industry groups is one of the most important methods of making sure the portfolio is properly positioned. There are about 85 industry groups in the Market Dynamics System. All of the ticker symbols for industry groups start with WG and are followed by a number (i.e. wg100). When the stocks list box is sorted by ticker symbol all the industry groups will appear together making a review of the industry charts very easy.

In addition to the industry groups, there are charts for SPYDERS and WEBS and other sectors with special symbols.

At any time, there are only about eight to ten out of the 85 industry groups that will be showing the highest relative strength. The portfolio should be exposed to these industry groups and sectors. Care must be exercised to make sure the portfolio retains an adequate degree of diversification.

### **Example of industry chart**

MARKET DYNAMICS - RELATIVE STRENGTH vs S&P 500  
OIL-SERVICES 09/01/2000 1815.94 WG610

8



For an indication of the importance of sector analysis, see a speech by Robert J. Farrell that was reprinted in the MTA Newsletter, July/August, 1994, p4.

## ***Portfolio Management – Fundamental vs Technical Analysis***

**“If you only have a hammer – you will treat everything like a nail”**

**There seems to be an ongoing debate as to whether fundamental analysis is better than technical analysis. In my opinion these two methods of analysis have their strong and weak points. I think that most portfolio managers should use both tools. It seems to me that the relative weighting in a decision should vary depending on the decision at hand (i.e. buy or sell).**

**In my experience it seems better to weight the buy decision about 80% fundamental and only 20% technical. On the other hand, the sell decision should be weighted about 80% technical and only 20% fundamental.**

### **Buy Decisions**

**Potential buy candidates should be identified and qualified by an estimation of the future potential of the stock based purely on a fundamental appraisal of the expected financial performance and other factors such as quality of management, competitive conditions, and stock sponsorship. The portfolio manager may inspect the charts of buy candidates to confirm the positive trends in the fundamentals. Fundamental analysis should clearly dominate the buy decision.**

### **Sell Decisions**

**The sell decision however is primarily a function of technical analysis. Changing fundamentals cause subtle changes in the supply/demand relationships in the stock market. Negative fundamental developments may be minimized and downplayed by management or in some cases management may deliberately misrepresent the deterioration in these factors of the business. Insiders may have started to sell large positions in the stock. The stock may be losing its sponsorship for a wide variety of reasons (analysts usually don't publish sell reports). Consumer tastes may be changing or competitive conditions may be worsening. Regulatory conditions may be changing. These developments may be subtle but show a gathering trend. These changes will result, more often than not, in a change in the price trend of the stock, especially in the relative price trend.**

**The deterioration in fundamentals casts an observable shadow over the relative strength chart that often gives a warning that the portfolio manager can act upon. Not all reversals are slow and subtle. Some are extremely fast and dramatic and can result in a catastrophic drop in the stock price without warning, but these events seem to be rare. The more likely case is when the stock turns down relative to the market and fails to maintain its relative performance for some considerable period of time - - - and then the bad news breaks. The portfolio manager who waits for the fundamental bad news to become public is often faced with a serious loss by the time the news comes out.**

**Portfolio managers should use both fundamental and technical analysis but the relative importance of the tools should reflect the decision being made: buy decisions should be 80% fundamental/ 20% technical; sell decisions should be 80% technical/ 20% fundamental.**

**Always remember to pull the weeds & water the flowers.**

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