The annual awards season for the entertainment industry has begun and will kick into high gear over the next two months. It has not been without some controversy already, as the acting and directing nominee lists for the 87th Academy Awards (to be presented on February 22nd) were criticized for a lack of diversity. While this has certainly happened on occasion before, it has become especially visible with the prominence of the film “Selma” this year, which recounts the story of Dr. Martin Luther King, Jr. “Selma” did, however, garner a coveted Best Picture nomination and has picked up some steam at the box office amid the awards buzz and positive word of mouth.

The Golden Globe Awards, already held on January 11th, had its own unique storyline, with streaming online services such as Netflix and Amazon Prime capturing several important nominations and awards for shows such as “House of Cards,” “Orange is the New Black,” and “Transparent.” The emergence of award-winning shows emanating from online platforms has continued the trend over the past ten years of high quality television content arriving from a variety of new sources. Where the major networks and HBO were the only real games in town a decade ago, some twenty “networks” are now considered viable and worthy production pipelines. Critics hail this ongoing development, citing the reenergizing of a television industry that was becoming entirely too dependent on imitative reality programming.

Another call for awards’ nominees of an entirely different stripe was also announced recently. The National Association of Active Investment Managers (NAAIM) sponsors the annual Wagner Award, a competition for research papers of academic quality that cover an innovative topic in the area of active investing. The 2015 competition has opened with submissions due March 2, 2015. The award is named for Jerry Wagner, Founder and President of Flexible Plan Investments, Ltd., and one of the original forces behind the creation of NAAIM.

Now in its seventh year, the NAAIM Wagner Award is designed to expand awareness of active investment management techniques and the results of active strategies. A panel of investment professionals selected by the Wagner Award Committee reviews entries and awards prizes, with the author of the first place paper receiving $10,000. The criteria used in judging the papers are: practical significance to practitioners of active investing; quality of exposition; analytical rigor; and innovation in thinking and results presentation. The Wagner Award has become a truly international competition, attracting responses last year from 23 entrants from countries including the United States, Germany, New Zealand, Canada, Malaysia, and the Netherlands.
The 2014 award winner, Dave Walton of StatisTrade, authored the paper, “Know Your System! – Turning Data Mining from Bias to Benefit through System Parameter Permutation.” In his award-winning paper, Walton argued that not only does traditional trading system development lead to positively biased performance estimates, but that much valuable information is lost in the process.

The Wagner Award Committee wrote of this paper, “Dave Walton, first place winner of the NAAIM Wagner Award, has developed a sophisticated system to help investment advisors evaluate and use their trading systems more effectively. The encouragement of this kind of innovative thinking is why NAAIM created the Wagner Award competition – to bring out more original ideas and research in the Active Investment Management field.” NAAIM anticipates another banner year for entries in 2015 and looks forward to the high level of thinking and analysis demonstrated by prior award winners.

The US stock market was at least one entity not giving out any awards last week, especially in the category of clarity of market direction. Bespoke Investment Group noted, “From US and global stocks, to currencies, oil, and Treasuries, financial asset classes have been all over the place this year, moving up and down and all around in ways that we hardly saw at all in 2014.”

Several big news items—ranging from the bombshell announcement regarding the Swiss franc, to oil’s continued volatility, to the start of a quite mixed earnings season, to speculation on the ECB’s future actions—created a market environment last week characterized by multiple triple-digit swings in the DJIA. When all was said and done, the major US indexes were well off the lows of the week but still notched losses just above 1% and the CBOE Volatility Index (VIX) posted its highest weekly close since mid-December (20.9).

There were some bright spots last week, despite overall lackluster reporting results in terms of economic data points (of 22 economic indicators released last week, 8 came in stronger than expected, 10 weaker, and 4 about on target). Although retail sales disappointed mightily, that is a somewhat lagging indicator and the University of Michigan’s January Consumer Confidence measure continued its impressive run. How much of that is attributable to oil’s decline and lower gasoline and home heating costs for consumers remains up for debate.
And for the first time since October 2006, the NFIB Index of Small Business Optimism rose above 100 and posted its largest two-month increase in over a year. While economists were forecasting the index to come in at a level of 98.5, the actual reading came in at 100.4.
Bespoke notes that these two measures and others show how sentiment towards both the economy and the stock market is hitting new bull market highs, even as actual economic data points over the past few weeks have been “mediocre at best.” But with markets continuing to show impressive resiliency and sharp upturns from each and every downturn, Bespoke advises a cautiously optimistic equity outlook amid expectations for continued volatility—at least until the bullish uptrend channel is broken by a violation of October’s market lows. While that is hardly an Oscar-worthy ringing endorsement of market prospects, it is as good as it gets for now.

All the best…

Jerry

P.S.—Any awards discussion would be incomplete without at least a mention of the recognition accorded Flexible Plan Investments, Ltd. last year. The company was named on the 2014 Inc. 500|5000 List for the second consecutive year. The Inc. 500|5000 is an exclusive list of the nation’s fastest growing private companies ranked according to revenue growth percentage. And FPI was named to the inaugural 2014 Financial Times Top 300 RIAs list. Jerry Wagner said, “We couldn’t be prouder of this honor of being named to this elite group. Of course, thanks must go out to our valued clients and advisors, for making it possible for Flexible Plan to be so recognized.”

Disclosures

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