AIS INVESTMENT GUIDE

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See box, page 38, for representative indexes.

Rates of Interest

As of May 23, 2019

Government Obligations[1]	
Fed Funds Rate	2.39%
3-Month Treas. Bill	2.34%
10-Yr. Treas. Note	2.43%
30-Yr. Treas. Bond	2.84%
10-Yr. TIPS	0.60%
Muni Bonds - Nat'l 10-Yr.	1.70%
Mortgage Rates[2]	
15-Yr Fixed	3.51%
30-Yr Fixed	4.06%
Banking[3]	
Savings	0.09%
Money Market	0.18%
12-month CD	0.65%

[1] Federal Reserve, fmsbonds.com. Annualized Rates. Notes, bonds, TIPS reflect yield to maturity.
[2] Freddie Mac. Average (National average mortgages with 0.5 points).
[3] FDIC. Average national rates, non-jumbo deposits (<$100k).

Trade Wars[1] and Your Portfolio

The stock market has tumbled in response to ongoing tension over U.S.-China trade relations. The market is forward-looking and has reacted quickly to the impact of recently imposed tariffs and news of possible trade developments.

In March AIER's staff economist examined the trade war's first year. They estimated that new tariffs by the U.S. government from U.S. businesses would carry an annual bill of $45 billion. The President has since followed through on his threat to increase tariffs on a long list of Chinese imports from 10 percent to 25 percent, raising the estimated annual tax bill on U.S. businesses to $75 billion. This is approximately the same amount saved by Americans as a result of the 2017 income tax cuts, which contributed significantly to one of the strongest bull markets in recent history.

The incentives for a trade deal that benefits both nations are strong, but that outcome is not certain. So it remains to be seen how the trade war will ultimately impact global capital markets. We simply don't know -- but neither does anyone else. We are confident however that the market itself will quickly reflect new developments, so investors who hope to successfully time the market based on trade-related news (or any other news) are simply rolling the dice.

If no resolution is reached and further trade barriers are erected, investors will likely endure further pain; a lengthy bear market may well ensue. On one hand investors can simply bear this risk by maintaining exposure to global stock markets consistent with their target allocations, rebalancing among asset classes in disciplined fashion as we have described. Those considering the alternative of reducing their equity exposure must also successfully reverse course by resuming their equity allocation before the market rebounds. We are confident the former strategy provides a far superior risk-return trade-off.

1. This article includes a summary of findings described by AIER. See [This is How a Nationalist Raised Your Taxes]

LOCATION, LOCATION, LOCATION[1]

The cornerstone of investment management is asset *allocation* -- determining the right mix of stocks, bonds and cash, how much to tilt stocks toward small cap and value premiums, the right amount of portfolio "insurance" to hold in the form of gold, the right level of foreign exposure, and how much income to generate through high-yield stocks and REITs. But once this overall allocation plan has been decided, investors typically confront a second critical question, that of asset *location*.

Asset location refers to the placement of assets among accounts with varying tax protection. Many investors have both taxable (perhaps a joint brokerage account) and tax deferred accounts (perhaps an IRA or 401(k)).

A clear long-term advantage can be engineered through smart asset location – putting the right kinds of investments in the right kinds of accounts. Each investor has a unique capacity for utilizing taxable versus tax-deferred accounts, so there are no hard and fast rules; this article simply attempts to lay out the most important considerations when forming an optimal location strategy.

Why Asset Location Matters

To demonstrate, we will create a hypothetical situation that requires many simplifying assumptions. This depiction ignores many complicating factors that arise when actually implementing and maintaining a multiple-account portfolio. But these omissions do not invalidate the lessons derived from this exercise.

Consider a portfolio comprised of only two asset classes, stocks and bonds, each representing 50 percent of a $1 million portfolio. We fill further assume that the investor holds two accounts, an IRA and a taxable brokerage account, and that each account holds $250,000 in stocks and $250,000 in bonds. We'll assume that bonds return 4 percent annually generated entirely through interest payments and that stocks return 9 percent per year entirely through capital gains.[2]

Bond interest income is taxable as ordinary income, but realized capital gains are taxed at an advantaged rate. For the sake of the example, we'll assume a 25 percent income tax rate and a 15 percent capital gains tax rate.

We will assume a 20-year investment horizon, and that this is a "buy-and-hold" portfolio, so no rebalancing trades take place.

Option #1 is the arrangement described (maintain a 50 percent stock / 50 percent bond allocation in each account). Option #2 is to rearrange the location to hold 100 percent stocks in the taxable account and 100 percent bonds in the IRA.

Bonds held in the taxable account are assumed to grow at 4 percent per year, less 25 percent in annual income taxes, for an after-tax growth rate of 3 percent. Bonds held in the IRA grow tax-deferred at 4 percent, but the withdrawal is taxed at 25 percent.

Stocks held in the taxable account grow at 9 percent per year. These gains go untaxed until realized and are taxed at 15 percent upon withdrawal in 20 years. Stocks held in the IRA grow at 9 percent per year, but the ending value is subject to a 25 percent income tax rate on withdrawals.

In this contrived example, Option #2, holding 100 percent of bonds in the IRA, is superior (see Table 1). The after-tax advantage after 20 years is almost $137,000. This simply shows that it is often prudent to hold bonds in tax deferred accounts when circumstances allow.

In summary, when it comes to taxable accounts the current tax code provides a "built in" tax advantage for common stocks relative to other assets. Generally, this argues for reserving any tax deferred capacity for less tax-efficient assets. Bond interest in particular is taxable as ordinary income upon receipt so tax-deferral can be quite valuable. This advantage can easily be eliminated under different assumptions, but this example highlights why asset location should not be ignored.

More to Ponder…

There are additional reasons to concentrate common stocks within taxable accounts:

1. Capital losses from stocks can be "harvested" to offset other taxable gains.

2. Shares of stock can be passed as a bequest, which results in a "stepped-up" cost basis and can eliminate capital gains entirely for heirs.

3. Appreciated shares can be donated to qualified charities to avoid taxation.

On the other hand, there are good reasons to hold bonds in taxable accounts:

1. Bonds have lower expected returns than stocks, especially in the current low-yield environment, and therefore the annual tax costs may actually end up being quite low for many investors.

2. Bonds typically generate minimal capital gains, so rebalancing transactions and switching costs are relatively low.

3. Interest income from municipal bonds is generally exempt from federal income taxation. Many states also offer state-specific munis that do not assess state taxes on income. Muni bonds yields are lower than similar quality corporate offerings. For these reasons, municipal bonds should *only* be held in taxable

Table 1	Option 1			Option 2		
	Taxable and IRA accounts each hold 50% Stocks 50% bonds			Taxable account holds 100% Stocks, IRA holds 100% Bonds		
	Stocks	Bonds	Total	Stocks	Bonds	Total
Future value (20 years)	$2,802,205	$999,309	$3,801,514	$2,802,205	$1,095,562	$3,897,767
Less tax due at withdrawal	522,941	136,945	659,886	345,331	273,890	619,221
Future after-tax value	$2,279,264	$862,363	$3,141,628	$2,456,875	$821,671	$3,278,546

Table 2

Least Efficient	Moderately Efficient	Most Efficient
REITs	Aggregate low-yield bond funds	Municipal bond funds
High-yield Dow stocks	International stock funds	Tax-managed stock funds
Gold and physical gold ETFs	Small cap and value index funds	Marketwide stock funds
Higher-yielding corporate bonds	Cash and cash equivalents	
High turnover (active) stock funds		

accounts and should be considered only by investors in higher tax brackets.

At the end of the day, each investor should weigh these considerations in light of his own needs, overall asset allocation, and long term goals. Investors' circumstances vary tremendously, so there is no "one size fits all" solution.

Tax-Efficiency

Asset classes can be loosely categorized on a scale of "efficiency" that can be used to build asset location guidelines. Generally speaking, tax inefficient assets are those that generate returns largely through investment income, or that regularly realize capital gains. Tax-efficient assets are those that generate returns largely through unrealized gains or pay out little in the way of income.

Table 2 categorizes asset categories frequently described in the *Investment Guide* by their general tax efficiency.

Roth Accounts

For most investors, taxable brokerage accounts, IRAs and 401(k)s make up the bulk of retirement savings. However, many investors also hold Roth IRAs.

Contributions to Roth IRAs are made "after-tax." All growth within a Roth IRA is untaxed, as are withdrawals in retirement. Roth IRAs aren't subject to required minimum distributions. As such, the Roth IRA is often the last "bucket" from which to withdraw retirement income.

Because Roth IRAs are not subject to any taxes or required distributions, and therefore explicitly designed for the long term, we prefer to hold high-expected-return asset classes in Roth IRAs.

A typical Roth IRA may in fact be dedicated 100 percent to equity holdings, with significant international and emerging market holdings and include tilts toward small cap and value stocks. This would put the Roth in the best position for long term growth and tax avoidance. Keep in mind that if a Roth is 100 percent allocated to equities, the remainder of accounts for a household may need to be more conservative in order to balance overall risk exposure.

Conclusion

Optimal tax location does not lend itself to general rules, as it depends mostly on individual circumstances. But for any particular investor an optimal plan often emerges upon careful analysis.

For assistance contact us at (413) 528-1216 ext. 3127.

The Special Case of Gold

Gold is a special case when it comes to tax efficiency, and once again there is no general rule for locating it among taxable and tax-deferred accounts. Realized long-term gains on gold are not granted the same tax treatment as gains on stocks and bonds. Gold, including bullion-based ETFs, is taxed as a collectible, so realized long term gains are taxed as ordinary income, with a maximum rate of 28 percent.

We recommend gold as a form of portfolio insurance against financial disruption rather than a source of expected return. Over the long term, barring a financial crisis, realized capital gains may be minimal compared with other asset classes such as equities. This favors holding gold in a taxable account; after all no realized gains means no tax, and when losses are realized they can be used to offset gains taken on other assets. On the other hand the gold price is extremely volatile, so regular portfolio rebalancing in a taxable account can generate gains taxed at 28 percent. This favors holding gold in an IRA or 401(k).

For investors in higher tax brackets, it is often prudent to hold gold in tax-deferred accounts. During the 2008-2010 financial crisis many of our clients benefitted from rebalancing when we sold highly appreciated gold positions and reinvested the tax deferred proceeds in equities at relatively low prices.

1. For further reading on this topic, we recommend Michael Kitces, who blogs at www.kitces.com.
2. These are simplifying assumptions made for expository purposes. In reality, bonds may provide capital gains or losses, and stocks are likely to provide dividend income in addition to capital gains.

PERSISTENT CONFUSION -- BROKER-DEALERS VS. INVESTMENT ADVISERS

*I*n 2006 the SEC commissioned a study[1] to assess how differing regulatory systems affected the business practices of investment advisors (IAs) and broker-dealers (BDs). The analysis also measured investors' understanding of these differences, including the products and services, duties, and obligations that pertain to both.

The study found the industry to be highly diverse, with firms taking many forms and offering a broad range of products and services. It was also apparent that this diversity clouded household investors' understanding of the federal regulations that distinguish IAs from BDs. Many in fact were unaware of any distinction at all.

Over the last ten years little progress has been made toward demystifying or harmonizing these regulations. Between political regime change and uncertain regulatory boundaries, much has been proposed but little has been accomplished. In fact the distinctions between services offered and the regulatory standards imposed on these two industries have become even harder to discern.

The most recent attempt at harmonization came courtesy of the Department of Labor (the DOL), which is responsible for enforcing the provisions of the Employment Income Security Act (ERISA). ERISA directly affects household investors because most retirement plans are subject to its provisions. Its Fiduciary Rule, adopted in 2016, sought to establish uniform standards of conduct when rendering advice to retirement plan participants regardless of whether the services were provided by a broker-dealer representative (a 'broker') or an investment adviser representative (an 'IA rep'). The rule proved highly controversial and was ultimately vacated last June.

This regulatory inertia only serves to bolster our message: when it comes to protecting your wealth governmental oversight is no substitute for self-reliance. Prudent investors will educate themselves regarding financial services.

To that end, this month we bring to light the fundamental regulatory obligations of BDs' and the brokers they employ by contrasting them with the obligations of IAs.

Depression Era Regulations

The Securities Exchange Act of 1934 (the 'Exchange Act') forms the core of regulations governing BDs. The Exchange Act defines a *broker* as a "person engaged in the business of *effecting transactions in securities for the account of others*" while a *dealer* is a "person engaged in the business of *buying and selling securities for his own account*."

The DOL's Fiduciary Rule would have required *all* financial professionals who work with retirement plans or who give retirement plan advice to provide advice that is in the client's *best interest* (the fiduciary standard), as opposed to the lower standard of providing advice *suitable* to the client (the suitability standard).

The differences between those standards are important to investors seeking professional assistance in managing their assets. The suitability standard requires only that BDs must reasonably believe that any recommendations made are suitable for clients in terms of their financial needs, objectives, and unique circumstances. Suitability also requires that transaction costs are not excessive compared to alternatives.

The SEC considers broker-dealers to be financial intermediaries who help connect investors to individual investments. In this regard it is important for investors to realize that brokers' first obligation is to serve the BDs they work for and not necessarily their clients.[2]

Disclosure is another key differentiator. While it is a fundamental obligation for IA's to provide investors with full and fair disclosure of potential conflicts of interest, brokers are not so strictly bound.

A Closer Look

These distinctions go to the heart of the matter. Advisers and their IARs must put the interests of the client ahead of any self-interest of the firm, affiliated entities (if any) or any related persons. In other words the client's best interest comes first. Take for example an IAR who is separately licensed to sell insurance policies (offered by an affiliated insurance agency) for which he will earn separate compensation. This conflict of interest must be clearly disclosed to the client in advance, in order to enable the client to make an informed decision as to whether to proceed with the transaction. This conflict prompts many advisory firms to exclude the value of the security from its calculation of advisory fees.

BDs and their reps on the other hand do not have the same regulatory obligations regarding disclosure, nor are they required to place the client's interests before those of the firm. Therefore transactions like these (the sale of an insurance policy), are far more common. Multiple forms of compensation realized by the firm, the rep and the affiliated insurance company are far more commonplace and may not be readily apparent.

It has been widely reported recently that the SEC will adopt its own 'best interest' regulations in early June. These regulations will impact both BDs and IAs and are intended to establish a more uniform code of conduct between those entities and their representatives. We plan to address those rules next month. Stayed tuned.

1. The Rand Institute for Civil Justice, Investor and Industry Perspectives on Investment Advisers and Broker-Dealers, 2008
2. Following the issuance of the SEC/RAND study, the Coalition on Investor Education published Cutting through the Confusion, a brochure intended to succinctly differentiate the roles of investment advisers, brokers and financial planners. Please contact us for a free copy.

THE UNCOMMON AVERAGE[1]

"I have found that the importance of having an investment philosophy— one that is robust and that you can stick with— cannot be overstated."
—David Booth

The U.S. stock market has delivered an average annual return of around 10 percent since 1926.[2] But short-term results may vary, and in any given period stock returns can be positive, negative, or flat. When setting expectations, it's helpful to see the range of outcomes experienced by investors historically. For example, how often have the stock market's annual returns actually aligned with its long-term average?

Chart 1 shows calendar year returns for the S&P 500 Index since 1926. The shaded band marks the historical average of 10 percent, plus or minus 2 percentage points. The S&P 500 Index had a return within this range in only six of the past 93 calendar years. In most years, the index's return was outside of the range—often above or below by a wide margin—with no obvious pattern. For investors, the data highlight the importance of looking beyond average returns and being aware of the range of potential outcomes.

Tuning in to Different Frequencies

Despite the year-to-year volatility, investors can potentially increase their chances of having a positive outcome by maintaining a long-term focus. Chart 2 documents the historical frequency of positive returns over rolling periods of one, five, and 10 years in the U.S. market. The data show that, while positive performance is never assured, investors' odds improve over longer time horizons.

Chart 2: Overlapping Periods 1926 - 2018

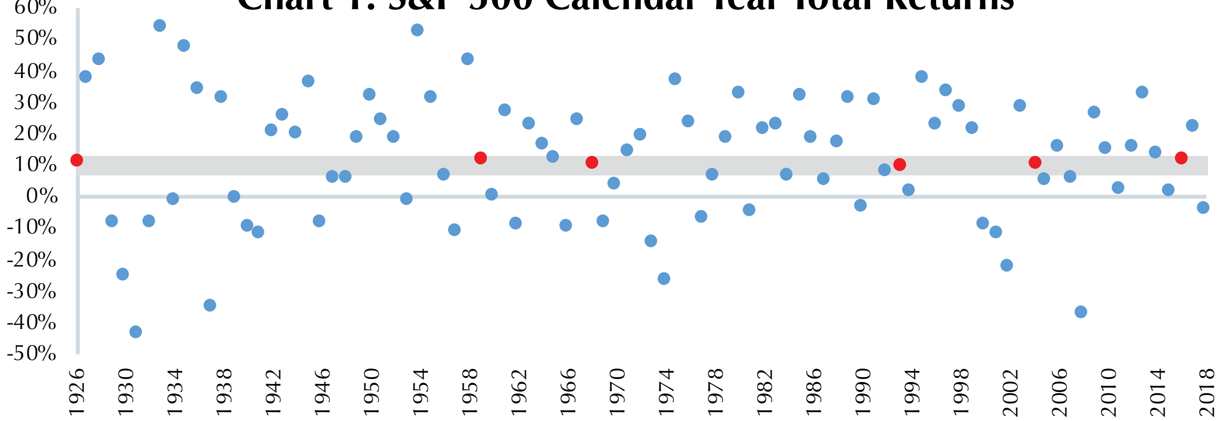
From January 1926–December 2018 there are 997 overlapping 10-year periods, 1,057 overlapping 5-year periods, and 1,105 overlapping 1-year periods. The first period starts in January 1926, the second period starts in February 1926, the third in March 1926, and so on. In US dollars. S&P data © S&P Dow Jones Indices LLC, a division of S&P Global. Indices are not available for direct investment. Index returns are not representative of actual portfolios and do not reflect costs and fees associated with an actual investment. Past performance is no guarantee of future results. Actual returns may be lower.

Conclusion

While some investors might find it easy to stay the course in years with above average returns, periods of disappointing results may test an investor's faith in equity markets. Being aware of the range of potential outcomes can help investors remain disciplined, which in the long term can increase the odds of a successful investment experience. What can help investors endure the ups and downs? While there is no silver bullet, understanding how markets work and trusting market prices are good starting points. An asset allocation that aligns with personal risk tolerances and investment goals is also valuable. By thoughtfully considering these and other issues, investors may be better prepared to stay focused on their long-term goals during different market environments.

As investment advisors we are dedicated to maintaining this focus. We can meet with our clients' families to facilitate discussions regarding the nature of wealth generation and preservation, and planning for succession. Our campus facilities may be available for these Family Financial Wellness Retreats. For more information contact us at (413) 645-3327.

Chart 1: S&P 500 Calendar Year Total Returns



Source: In US dollars. S&P data © S&P Dow Jones Indices LLC, a division of S&P Global. All data from DFA Returns 2.0 program. Indices are not available for direct investment and performance does not reflect the expenses associated with an actual portfolio. Past performance is not a guarantee of future results. Returns include dividends.

1. Source: Dimensional Fund Advisors LP
2. As measured by the S&P 500 Index from 1926–2018.

THE HIGH-YIELD DOW INVESTMENT STRATEGY

Recommended HYD Portfolio

As of May 15, 2019

	Rank	Yield (%)	Price ($)	Status	—Percent of Portfolio— Value (%)	No. Shares (%)[1]
Dow, Inc.	1	5.29	52.95	Buying	2.97	4.31
IBM	2	4.82	134.40	Holding**	23.44	13.48
Exxon Mobil	3	4.56	76.37	Holding**	23.85	24.13
Verizon	4	4.24	56.81	Holding**	26.25	35.70
Chevron	5	3.90	122.14	Selling	15.67	9.91
Pfizer	6	3.50	41.15	Holding	5.90	11.08
Proctor & Gamble	14	2.80	106.70	Holding	1.92	1.39
Cash (6-mo. T-Bill)	N/A	N/A			0.01	N/A
Totals					100.00	100.00

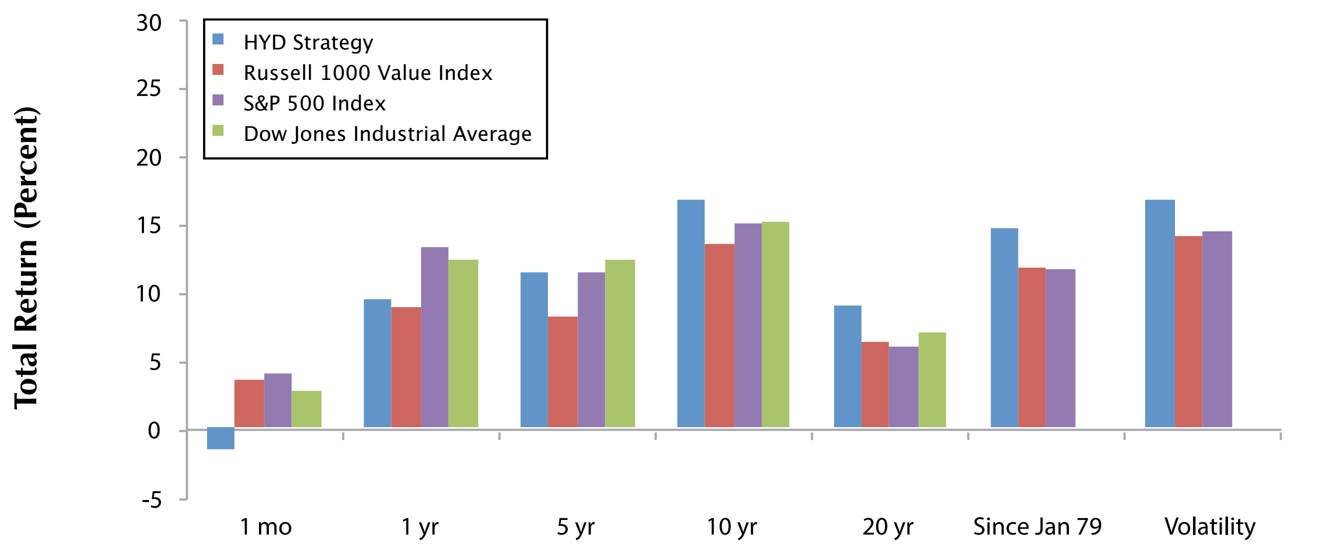
**Currently indicated purchases approximately equal to indicated purchases 18 months ago. [1]Because the percentage of each issue in the portfolio by value reflects the prices shown in the table (closing prices on the date indicated), we are also showing the number of shares of each stock as a percentage of the total number of shares in the entire portfolio.

Subscribers can find a full description of the strategy and methodology in the "Subscribers Only" (Log in required) section of our website: www.americaninvestment.com.

Comparative Hypothetical Total Returns (%) and Volatility

The data presented in the table and chart below represent total returns generated by a hypothetical HYD portfolio and by benchmark indexes for periods ending April 30, 2019*. Returns for the 5-,10- and 20-year periods are annualized, as is the volatility (standard deviation) of returns.

	1 mo.	1 yr.	5 yrs.	10 yrs.	20 yrs.	since Jan 79	Volatility since 1979
HYD Strategy	-1.69	9.63	11.59	17.17	9.15	14.97	17.08
Russell 1000 Value Index	3.55	9.06	8.27	13.76	6.39	11.97	14.39
S&P 500 Index	4.05	13.49	11.63	15.32	6.05	11.88	14.79
Dow Jones Industrial Average	2.66	12.63	12.60	15.43	7.11	N/A	N/A



*Data assume all purchases and sales at mid-month prices (+/–$0.125 per share commissions), reinvestment of all dividends and interest, and no taxes. Model HYD calculations are based on hypothetical trades following a very exacting stock-selection strategy. They do not reflect returns on actual investments or previous recommendations of AIS. Past performance may differ from future results. Historical performance results for the Russell 1000 Value Index, the Dow Jones Industrial Average and the S&P 500 Index do not reflect the deduction of transaction and/or custodial charges, or the deduction of an investment-management fee, the incurrence of which would have the effect of decreasing historical performance results. HYD Strategy results reflect the deduction of 0.725% management fee, the annual rate assessed to a $500,000 account managed through our Professional Asset Management service.

Unless otherwise specified returns and data cited within this publication are derived from the following sources: U.S. stock benchmarks: U.S. Marketwide - Russell 3000 Index; U.S. Large Cap Stocks - Russell 1000 Index; U.S. Large Cap Value - Russell 1000 Value Index; U.S. Large Cap Growth - Russell 1000 Growth Index; U.S. Midcap Stocks - Russell Midcap Index; U.S. Small Cap Stocks - Russell 2000 Index; U.S. Small Cap Value - Russell 2000 Value Index; U.S. Small Cap Growth - Russell 2000 Growth Index; U.S. Micro-caps - Russell Microcap Index. Fixed income benchmarks: Cash & Equivalents - ICE BofAML US 3-Month Treasury Bill Index; U.S. Short-Term Investment Grade - Bloomberg Barclays US Government/Credit Bonds Index 1-5 Years; U.S. Bonds - Bloomberg Barclays US Aggregate Bond Index; U.S. Government Bonds - Bloomberg Barclays US Government Bond Index; TIPS - Bloomberg Barclays US TIPS Index; Municipal Bonds - Bloomberg Barclays Municipal Bond Index 5 Years; Foreign Bonds (hedged) - FTSE Non-USD World Government Bond Index 1-5 Years (hedged to USD). Foreign stock benchmarks: All returns in U.S. dollars. Developed Markets - MSCI World ex USA Index (net div.); Developed Markets Value - MSCI World ex USA Value Index (net div.); Developed Markets Growth - MSCI World ex USA Growth Index (net div.); Developed Markets Small Cap - MSCI World ex USA Small Cap Index (net div.); Developed Markets Small Cap Value - MSCI World ex USA Small Value Index (net div.); Developed Markets Small Cap Growth - MSCI World ex USA Small Growth Index (net div.); Emerging Markets - MSCI Emerging Markets Index (net div.); Emerging Markets Value - MSCI Emerging Markets Value Index (net div.). Real estate benchmarks: Global REITs - S&P Global REIT Index (net div.); U.S. REITs - S&P United States REIT Index (gross div.); International REITs - S&P Global ex US REIT Index (net div.). Gold benchmark: Gold London PM Fix Price. All data from DFA Returns 2.0 program, except Gold data from World Gold Council and Currency data from St. Louis Federal Reserve. Country performance provided by Dimensional Fund Advisors, based on respective indexes in the MSCI All Country World ex USA IMI Index (for developed markets) and MSCI Emerging Markets IMI Index. Sector returns represented by S&P 500 sectors.

RECENT MARKET STATISTICS

Precious Metals & Commodity Prices ($)

	5/15/19	Mo. Earlier	Yr. Earlier	Prem. (%)
Gold, London p.m. fixing	**1,299.10**	1,285.65	1,295.00	
Silver, London Spot Price	**14.81**	14.94	16.41	
Crude Oil, W. Texas Int. Spot	**62.03**	63.43	71.01	
Coin Prices ($)[1]				
American Eagle (1.00)	**1,324.10**	1,310.65	1,320.00	1.92
Austrian 100-Corona (0.98)	**1,267.12**	1,253.94	1,263.10	-0.47
British Sovereign (0.2354)	**305.81**	302.64	304.84	0.00
Canadian Maple Leaf (1.00)	**1,309.10**	1,295.65	1,305.00	0.77
Mexican 50-Peso (1.2056)	**1,558.19**	1,541.98	1,553.25	-0.51
Mexican Ounce (1.00)	**1,317.10**	1,303.65	1,313.00	1.39
S. African Krugerrand (1.00)	**1,306.10**	1,292.65	1,302.00	0.54
U.S. Double Eagle-$20 (0.9675)				
St. Gaudens (MS-60)	**1,262.00**	1,273.00	1,315.00	0.41
Liberty (Type II-AU50)	**1,290.00**	1,291.00	1,325.00	2.64
Liberty (Type III-AU50)	**1,260.00**	1,261.00	1,310.00	0.25
U.S. Silver Coins ($1,000 face value, circulated)				
90% Silver Circ. (715 oz.)	**10,543.50**	10,616.00	12,280.50	-0.46
40% Silver Circ. (292 oz.)	**4,282.00**	4,311.50	4,895.50	-1.02
Silver Dollars Circ.	**18,000.00**	18,000.00	22,875.00	57.09

[1]Premium reflects percentage difference between coin price and value of metal in a coin. The weight in troy ounces of the precious metal in coins is indicated in parentheses.

Recent Market Returns

Data through April 30, 2019

	U.S. Stocks (Mktwd)	Foreign Dev. Stocks	Foreign Emerg. Stocks	Global REITs	U.S. Bonds	Foreign Bonds (hedged)	Gold
1-month	3.99%	2.83%	2.11%	-0.41%	0.03%	0.18%	-1.01%
	↑	↑	↑	↓	↑	↑	↓
3-month	9.22%	6.01%	3.19%	2.38%	1.89%	0.87%	-3.09%
	↑	↑	↑	↑	↑	↑	↓
1 year	12.68%	-2.63%	-5.04%	11.78%	5.29%	3.16%	-2.35%
	↑	↓	↓	↑	↑	↑	↓
5 year (annualized)	11.20%	2.45%	4.04%	5.80%	2.57%	1.97%	-0.01%
	↑	↑	↑	↑	↑	↑	↓
15 year (annualized)	9.12%	5.57%	8.69%	7.36%	4.07%	2.83%	8.32%
	↑	↑	↑	↑	↑	↑	↑
Best and worst one-year returns, Jan. 2001 - Apr. 2019							
Best	**56.0%**	**57.2%**	**91.6%**	**85.7%**	**13.8%**	**7.1%**	**57.6%**
During:	03/2009-02/2010	04/2003-03/2004	03/2009-02/2010	04/2009-03/2010	11/2008-10/2009	07/2008-06/2009	06/2005-05/2006
Worst	**-43.5%**	**-50.3%**	**-56.6%**	**-59.5%**	**-2.5%**	**0.1%**	**-27.4%**
During:	03/2008-02/2009	03/2008-02/2009	12/2007-11/2008	03/2008-02/2009	09/2012-08/2013	04/2010-03/2011	12/2012-11/2013

THE DOW JONES INDUSTRIALS RANKED BY YIELD*

	Ticker Symbol	Market Prices ($) 5/15/19	4/15/19	5/15/18	12-Month ($) High	Low	Latest Dividend Amount ($)	Record Date	Payable Date	Indicated Annual Dividend ($)	Yield† (%)
Dow Chemical	DOW	52.95	57.78	n/a	60.52	48.00	0.700	5/31/19	6/14/19	2.800	5.29
IBM	IBM	134.40	143.90	143.74	154.36	105.94	1.620	5/10/19	6/10/19	6.480	4.82
Exxon Mobil	XOM	76.37	80.65	81.79	87.36	64.65	0.870	5/13/19	6/10/19	3.480	4.56
Verizon	VZ	56.81	58.71	47.79	61.58	47.13	0.603	4/10/19	5/1/19	2.410	4.24
Chevron	CVX	122.14	120.14	129.74	128.55	100.22	1.190	5/17/19	6/10/19	4.760	3.90
Pfizer	PFE	41.15	42.09	35.69	46.47	35.32	0.360	5/10/19	6/7/19	1.440	3.50
Walgreen's	WBA	52.74	54.24	64.61	86.31	51.79	0.440	5/20/19	6/12/19	1.760	3.34
3M Company	MMM	174.12	215.83	202.41	219.75	165.61	1.440	5/24/19	6/12/19	5.760	3.31
Coca-Cola	KO	49.18	47.00	41.72	50.84	42.10	0.400	6/14/19	7/1/19	1.600	3.25
Caterpillar	CAT	127.30	140.25	152.59	159.37	112.06	1.030	7/22/19	8/20/19	4.120	3.24
J P Morgan	JPM	109.90	109.94	113.03	119.24	91.11	0.800	7/5/19	7/31/19	3.200	2.91
Merck	MRK	77.55	78.53	59.20	83.85	58.03	0.550	3/15/19	4/5/19	2.200	2.84
Home Depot, Inc.	HD	191.76	204.86	187.98	215.43	158.09	1.360	3/14/19	3/28/19	5.440	2.84
Procter and Gamble	PG	106.70	105.73	72.95	108.68	72.80	0.746	4/19/19	5/15/19	2.984	2.80
Johnson & Johnson	JNJ	136.91	136.52	125.13	148.99	118.62	0.950	5/28/19	6/11/19	3.800	2.78
Intel Corp	INTC	45.62	56.28	53.92	59.59	42.36	0.315	5/7/19	6/1/19	1.260	2.76
Cisco	CSCO	52.44	56.56	45.48	57.53	40.25	0.350	4/5/19	4/24/19	1.400	2.67
Boeing	BA	345.64	375.46	342.12	446.01	292.47	2.055	5/10/19	6/7/19	8.220	2.38
McDonald's	MCD	199.07	191.85	163.06	201.15	153.13	1.160	3/1/19	3/15/19	4.640	2.33
Travelers	TRV	146.52	136.79	129.86	148.85	111.08	0.820	6/10/19	6/28/19	3.280	2.24
United Tech.	UTX	133.98	134.55	124.55	144.40	100.48	0.735	5/17/19	6/10/19	2.940	2.19
Wal-Mart Stores	WMT	99.88	102.43	84.52	106.21	81.78	0.530	8/9/19	9/3/19	2.120	2.12
Goldman Sachs	GS	196.40	199.91	241.56	245.08	151.70	0.850	5/30/19	6/27/19	3.400	1.73
Apple	AAPL	190.92	199.23	186.44	233.47	142.00	0.770	5/13/19	5/16/19	3.080	1.61
Unitedhealth Group	UNH	236.08	230.20	239.50	287.94	208.07	0.900	3/11/19	3/19/19	3.600	1.52
Microsoft Corp.	MSFT	126.02	121.05	97.32	131.37	93.96	0.460	5/16/19	6/13/19	1.840	1.46
American Express	AXP	117.66	110.53	100.74	120.88	89.05	0.390	7/5/19	8/9/19	1.560	1.33
Walt Disney	DIS	134.68	132.04	102.92	142.37	98.81	0.880	12/10/18	1/10/19	1.760	1.31
Nike	NKE	84.01	86.83	69.50	90.00	66.53	0.220	6/3/19	7/1/19	0.880	1.05
Visa Inc.	V	162.79	160.44	131.10	165.74	121.60	0.250	5/17/19	6/4/19	1.000	0.61

† Based on indicated dividends and market price as of 5/15/19. Extra dividends are not included in annual yields.
All data adjusted for splits and spin-offs. 12-month data begins 5/15/18.

ASSET CLASS INVESTMENT VEHICLES

Data as of April 30, 2019		Security Symbol(s) (1) Mutual Fund	ETF	Avg. Market Cap / Avg. Maturity	Number of Holdings	Expense Ratio (%)	Turnover (%)	Price-to-Book Ratio	Trailing 12-Mo. Yield (%)	Annualized Returns (%) 1-Year	3-Year	5-Year	Tax Cost Ratio - 3 Years (%) (3)
Fixed Income													
Short-Term Bonds	Vanguard Short-Term Bond Adm	VBIRX	BSV	2.90 yrs	2441	0.07	48		2.13	4.08	1.37	1.47	0.75
Short-Term Bonds	SPDR Portfolio Short Term Corp Bd ETF		SPSB	1.97 yrs	1180	0.07	56		2.59	3.98	1.95	1.67	0.87
Short-Term Bonds	iShares 1-3 Year Treasury Bond ETF		SHY	1.95 yrs	69	0.15	85		1.95	3.02	0.92	0.87	0.52
Interm-Term	Vanguard Total Bond Market Adm	VBTLX	BND	8.20 yrs	17315	0.05	54		2.81	5.38	1.87	2.52	1.10
Interm-Term	iShares Core US Aggregate Bond ETF		AGG	7.93 yrs	7239	0.05	252		2.73	5.35	1.83	2.51	1.04
Tax-Exempt	Vanguard Ltd-Term Tax-Exempt Inv	VMLTX		3.00 yrs	5193	0.17	28		1.87	3.60	1.37	1.45	0.00
Tax-Exempt	SPDR Nuveen Blmbg Barclays ST MunBd ETF		SHM	3.11 yrs	1145	0.20	27		1.29	3.18	0.86	1.01	0.00
Tax-Exempt	Vanguard Interm-Term Tx-Ex Inv	VWITX		5.50 yrs	8026	0.17	15		2.75	5.75	2.17	3.01	0.00
Inflation-Protected	iShares TIPS Bond ETF		TIP	7.99 yrs	40	0.19	21		2.34	3.05	1.62	1.59	0.87
Inflation-Protected	Vanguard Inflation-Protected Securities Inv	VIPSX		8.30 yrs	41	0.20	27		2.63	2.95	1.49	1.55	1.03
International	Vanguard Total International Bond Adm	VTABX	BNDX	9.50 yrs	5609	0.11	22		2.94	5.36	3.29	4.01	0.98
Real Estate (REITs)													
U.S. REITs	Vanguard REIT Adm	VGSLX	VNQ	14.49 B	190	0.11	24	2.51	3.96	18.91	6.55	8.05	1.47
U.S. REITs	SPDR Dow Jones REIT		RWR	13.50 B	96	0.25	6	2.31	3.68	17.55	6.03	7.84	1.52
Int'l REITs	Vanguard Global ex-US Real Estate Adm (2)	VGRLX	VNQI	6.85 B	616	0.12	7	0.98	4.02	-0.52	6.84	5.26	1.68
Int'l REITs	iShares International Developed Property		WPS	7.03 B	361	0.48	11	0.95	4.18	-0.19	5.52	4.66	1.71
Global (incl. U.S.)	SPDR Dow Jones Global Real Estate ETF		RWO	10.56 B	230	0.50	11	1.53	3.47	9.60	4.39	5.39	1.45
U.S. Stocks													
Large Cap (blend)	Vanguard S&P 500 Adm	VFIAX	VOO	105.26 B	516	0.04	4	2.97	1.88	13.45	14.83	11.59	0.58
Large Cap (blend)	iShares Core S&P 500		IVV	107.03 B	509	0.04	4	2.98	1.84	13.37	14.80	11.56	0.49
Large Cap (blend)	iShares Russell 1000 ETF		IWB	82.58 B	982	0.15	4	2.87	1.75	13.16	14.66	11.27	0.48
Large Cap Value	Vanguard Value Adm	VVIAX	VTV	83.46 B	345	0.05	8	2.06	2.51	10.34	12.83	9.90	0.75
Large Cap Value	iShares Russell 1000 Value		IWD	61.11 B	724	0.20	15	1.86	2.34	8.83	10.75	8.07	0.62
Small Cap (blend)	iShares Core S&P Small-Cap ETF		IJR	1.58 B	606	0.07	12	1.71	1.39	4.44	13.55	9.87	0.38
Small Cap (blend)	Schwab US Small-Cap ETF		SCHA	2.62 B	1734	0.04	9	1.83	1.30	5.55	12.50	8.33	0.46
Small Cap Value	Vanguard Small Cap Value Adm	VSIAX	VBR	3.40 B	847	0.07	18	1.53	2.02	5.17	10.94	8.26	0.65
Small Cap Value	iShares Russell 2000 Value		IWN	1.65 B	1365	0.24	23	1.26	1.80	2.01	11.37	6.84	0.58
Small Cap Value	iShares Micro-Cap		IWC	0.51 B	1443	0.60	22	1.53	0.93	-1.89	11.73	6.69	0.33
Marketwide	Vanguard Total Stock Market Adm	VTSAX	VTI	61.03 B	3615	0.04	3	2.75	1.86	12.70	14.75	11.18	0.66
Marketwide	Fidelity Total Market Index	FSKAX		60.88 B	3392	0.02	8	2.75	1.72	12.59	14.74	11.17	0.90
Foreign Stocks													
Developed Markets	Vanguard FTSE Developed Markets Adm	VTMGX	VEA	22.84 B	3957	0.07	3	1.38	2.97	-3.46	7.76	n/a	0.83
Developed Markets	iShares Core MSCI EAFE ETF		IEFA	23.36 B	2502	0.08	2	1.41	3.05	-3.14	8.01	3.11	0.76
Emerging Markets	Vanguard Emerging Markets Stock Adm	VEMAX	VWO	21.02 B	4155	0.14	11	1.54	2.49	-2.89	10.31	3.91	0.84
Emerging Markets	Schwab Emerging Markets Equity ETF		SCHE	32.04 B	1033	0.13	18	1.55	2.38	-1.56	10.98	4.29	0.84
Gold-Related Funds													
Gold ETFs	SPDR Gold Minishares		GLDM			0.18			0.00	n/a	n/a	n/a	0.00
Gold ETFs	GraniteShares Gold Trust		BAR			0.17			0.00	-2.91	n/a	n/a	0.00

Data provided by the funds and Morningstar. (1) Some funds are available as mutual funds and ETFs, in which case both symbols are shown. In these cases, data represent the mutual fund. The ETF may offer a lower expense ratio and returns may deviate. For Vanguard funds, Adm indicates the Admiral share class is shown; Inv indicates the Investor share class is shown. (2) VGRLX includes a 0.25% fee on purchases and redemptions, which are paid directly to the fund. (3) This represents the percentage-point reduction in an annualized return that results from income taxes. The calculation assumes investors pay the maximum federal rate on capital gains and ordinary income. The calculation comes directly from Morningstar.