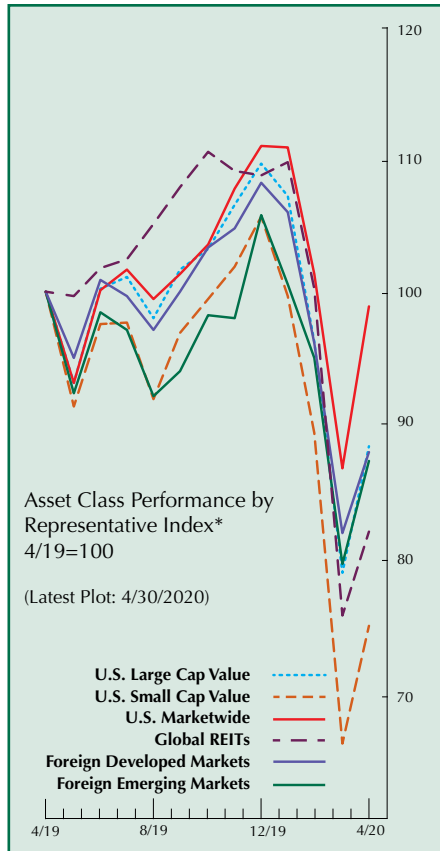




Spread the Word: What's New with Valuation Ratios

These have been challenging times for value stocks. Over the 10-year period ending March 31, 2020, the Fama/French US Value Research Index returned an annualized 5.06%, well behind the 13.04% achieved by the Fama/French US Growth Research Index. This performance divergence has resulted in a substantial widening of the price-to-book spread between value and growth stocks in the US, as shown in **Exhibit 1**.



*See box, page 38, for representative indexes.



Extending this analysis to different markets and asset classes reveals further evidence of widening valuation spreads between value and growth. As we see in **Exhibit 2**, spreads among large cap stocks in the US, non-US developed, and emerging markets have all generally expanded over the past decade. This was also true for small cap stocks in the US and non-US developed markets, with only emerging markets small caps bucking the spread-widening trend.

What do we make of the valuation ratio data? A stock's price represents the value of a company's expected future cash flows discounted back to the present. So low valuations can result from low expectations of future cash flows, high discount rates, or a mix of the two. It's not possible to cleanly isolate cash flow and discount rate effects from the data. But to the extent that low valuations reflect high discount rates, expected returns will be higher going forward.

(continued next page)

Rates of Interest

As of May 22, 2020

Government Obligations¹

Fed Funds Rate	0.05%
3-Month Treas. Bill	0.12%
10-Yr. Treas. Note	0.68%
30-Yr. Treas. Bond	1.40%
10-Yr. TIPS	-0.46%
Muni Bonds - Nat'l 10-Yr.	1.15%

Mortgage Rates²

15-Yr Fixed	2.70%
30-Yr Fixed	3.24%

Banking³

Savings	0.06%
Money Market	0.09%
12-month CD	0.26%

[1] Federal Reserve, fmsbonds.com. Annualized Rates. Notes, bonds, TIPS reflect yield to maturity.

[2] Freddie Mac. Average (National average mortgages with 0.7 points).

[3] FDIC. Average national rates, non-jumbo deposits (<\$100k).

1. Wei Dai, "Premium Timing with Valuation Ratios" (white paper, Dimensional Fund Advisors, 2016).

To the extent that widening spreads between value and growth are attributable to increases in the discount rates for value relative to growth, the implication would be a higher expected value premium. However, research from Dai (2016)¹ suggests investors should be cautious using valuation spreads as inputs for asset allocation decisions. While regression analysis provides some evidence of a link between valuation spreads and subsequent value premiums, hypothetical timing strategies that switch between value stocks and growth stocks based on the spread in their valuations fail to consistently outperform a simple buy-and-hold value strategy.

What's the takeaway for investors? Even if the spreads in valuations between value and growth vary through time, the important part is that there is a spread. Investors demand different expected returns across stocks, and that shows up in part through different valuations. It's reasonable to expect that securities with lower prices relative to fundamentals should have higher expected returns. While value premiums may not show up every day, year, or decade, we believe maintaining consistent exposure to value stocks is the most robust approach for capturing the value premium, regardless of current valuations.

Value Stocks and the End Goal

Growth stocks have outperformed value stocks by a wide margin in recent years. Yet as we explain in the accompanying article, the large current valuation gap between the two does not defeat the notion that paying a lower price means a higher expected return. Securities such as value stocks, which have lower prices relative to fundamental metrics (such as book value, earnings, cash flow, etc.), have higher expected returns versus securities with high relative prices.

Value investors should also keep in mind that the value premium can turn around quickly. On March 31, 2000, U.S. growth stocks had outperformed value stocks over the prior year, prior five years, prior 10 years, and prior 15 years. But only a year later -- as of March 31, 2001 value stocks had regained the advantage over every one of those periods. This is not to say that history will repeat, but there is precedent for the value premium turning around quickly after periods of sustained underperformance.

Exhibit 2
Widespread Growth
Aggregate price-to-book ratios across markets



Source: CRSP, Compustat, and Bloomberg. Aggregate price-to-book value computed as the inverse of the weighted average book-to-current month to date market value.

Size definitions: Stocks sorted using market equity as of each June. In the US, small caps and large caps are defined relative to the median market capitalization of stocks listed on the NYSE. In non-US developed markets, large cap and small cap represent the top 90% and bottom 10%, respectively, of aggregate market capitalization. In emerging markets, large cap and small cap represent the top 90% and bottom 10%, respectively, of aggregate market capitalization within each country.

Value definitions: Stocks are sorted on book-to-market ratio each June, where book-to-market for year *t* is computed using the book equity for the last fiscal year-end in *t-1*, divided by market equity for December of *t-1*. In the US, value and growth are stocks with book-to-market ratios above and below the 70th and 30th percentiles for NYSE stocks, respectively. In non-US developed markets, value and growth are stocks with book-to-market ratios above and below the 70th and 30th percentiles for large cap stocks in each region (Japan, Asia Pacific ex Japan, Canada, and Europe). In emerging markets, value and growth are stocks with book-to-market ratios above and below the 70th and 30th percentiles for large cap stocks in each country.

THE PRE-RETIREMENT CHECKLIST: LONG TERM CARE

This month we continue our series regarding planning for retirement by addressing long term care. While retirement planning by definition requires confronting the unknown, uncertainty is particularly vexing when comes to assessing one's long-term care needs.

Expenses could be close to zero or could be in the hundreds of thousands of dollars, and the need for care could last for a few months or for many years. Care can be provided in-home, or by utilizing a long-term care facility (LTCF) such as a nursing home, skilled nursing facility, or assisted living facility.

Decades ago, most long-term care needs were provided by close family members. Children lived near their parents and would usually take over to help with daily living. In today's world, this is less common. Families are more geographically disparate, and the percentage of older people in need of assisted home care or an LTCF is increasing.

According to a 2018 AARP report, an estimated 52 percent of people turning 65 will "develop a severe disability that will require long-term support and services at some point. The average duration of need over a lifetime, is about two years." The percentage of women who will need long-term care is even higher.

According to a 2016 NAIC report, 42.5 percent of people turning age 65 between 2015 and 2019 will spend at least \$25,000 on long-term care, and an alarming 15 percent will spend more than \$250,000 during their lifetimes. The estimated lifetime cost for dementia is \$342,000, according to the Alzheimer's Association.

The statistics are eye opening, but the point is clear. Long-term care is a large potential expense that can rarely be forecast accurately for any individual. Our expectations for care in our later years will almost certainly not match reality. But the exercise of planning itself can help to avoid pitfalls, prepare us to adapt, and leave us more assured today. As General Eisenhower noted, while plans are worthless, planning is everything, so it is prudent to have a plan in place.

Option 1: LTC Insurance

There are three main ways to plan for long-term care expenses. The first is to purchase long-term care insurance.

The difficulty with buying this insurance is that it can require significant expenditures on premiums. Depending on your age and how close you are to retirement, the insurance may even be unavailable or unjustified by its cost. However, if you are still in your fifties or early sixties and still in good health, you may be able to find a good policy.

Policies can either be paid with ongoing premiums, or can be "paid-up" after a finite period of years. Of course, a paid-up policy will have a much higher annual cost than a policy with ongoing premiums. The benefit of a paid-up policy is that you don't have to worry about premiums rising in the future. It may be quite expensive, but it could provide peace of mind, especially if there is a history of Alzheimer's or other diseases that require extensive long-term care in your family.

Today, there are more long-term care policies sold as a hybrid of life insurance and long-term care. Unfortunately these types of policies can be complicated when it comes to weighing benefits and costs. Don't purchase a policy if you don't understand the details of coverage or premium structure. You may be better off with a stand alone long-term care policy with which you are comfortable, and purchase life insurance separately, if you need it at all.

Finally, you will have to consider several variables if you elect to buy a long-term care policy. For example, you need to decide how much the policy will cover, its duration, how long you have to wait until the policy kicks in once you need it, and whether to get inflation protection. If you want to buy such a policy, you should begin considering alternatives early, ideally well before retirement. You'll have to weigh these variables against the cost of the policy.

Option 2: Medicaid

The second way to pay for long-term care is actually the most common – Medicaid. Medicaid covers long-term care needs for an estimated 51 percent of long-term care recipients. However, in order to qualify you and your spouse must have very limited assets.

Basically, Medicaid is intended to assist those who have exhausted their financial resources. As financial planners it is our job to ensure our clients avoid

the need to turn to Medicaid. But many find that this "option of last resort" can be the only realistic long-term alternative when expenses run into the hundreds of thousands of dollars.

Option 3: Self-Funding

The third way to pay for long-term care is to self-fund long-term care. That is, to pay for care expenses out-of-pocket, without proceeds from an insurance policy. Currently, when we construct a financial plan for a client without long-term care insurance, we set aside at least \$150,000 per spouse for potential long-term care needs. You don't necessarily need to separate this reserve from your other asset, but it's important to have a specific amount earmarked exclusively to cover this potential expense.

Home equity is another asset that can be tapped to cover long-term care expenses that might arise. This can be accessed by selling a primary residence and "downsizing" to a LTCF. Other options to access home equity are home equity loans and reverse mortgages (we will address home equity in greater detail in a future installment in this series). Equity in one's residence can represent a fairly large asset that can be considered if you don't plan to access it for other purposes. We often encounter clients who would like to leave any equity in their homes to heirs as part of their estate. But this goal is often secondary to ensuring their own needs are met, so they earmark that equity to cover long-term care expenditures if needed. Caution is in order, however. Married couples must be confident that their equity is adequate to potentially cover the needs of two elderly individuals, and as the subprime crisis of 2008 demonstrated, home values, and the equity they represent, can vanish quickly.

CHECKLIST:

✓ Decide whether long-term care insurance is right for you versus the alternative of self-funding. Research policies, and build potential expenses (with or without insurance) into your plan.

FEDERAL AND STATE DEATH TAXES: AN UPDATE FOR 2020

“The Estate Tax is a tax on your right to transfer property at your death.”

--Internal Revenue Service

The Tax Cuts and Jobs Act of 2017 doubled the federal estate tax exemption. As a result, individuals with estates of less than \$11.58 million (as of 2020, indexed to inflation for future tax years) will not be subject to federal estate taxes. The marital exemption – leaving money to a spouse – is unlimited. Moreover, the personal exemption of \$11.58 million is “portable,” meaning it can be carried over to a surviving spouse. The effect of these provisions is that a married couple can avoid federal estate taxes on amounts less than \$23.16 million. The effective marginal tax rate on amounts over this amount is 40 percent.¹

There is an estate planning industry devoted to helping households above this threshold reduce their taxable estates. According to taxpolicycenter.org, only about 1,900 estates were above the federal taxable threshold in 2018, or roughly 0.10 percent of all people who died in the U.S.² But in 17 states and Washington, D.C., even those below the federal threshold may be subject to state death taxes. In this article we review basic early gifting strategies and provide an overview of state death taxes.

All investors should consult an estate planning attorney and establish a will or trust. Attorneys and financial planners with expertise in estate planning may prove especially useful to investors at risk of breaching state exemption levels, federal exemption levels, or both.

Gifting Exemption

A primary way to avoid death taxes is to give assets away prior to death. However, the federal estate tax unifies gifting and estate taxes, which means that large gifts during life will count against the total exemption at death. In other words, if you gave away \$11.58 million during life, you have “used up” your federal exemption and estate taxes will be due on amounts left at death.

Fortunately there is an exemption to the annual gift amount. For tax year 2020, this annual gift tax exclusion is \$15,000. Anyone can gift \$15,000 to any individual without reducing his or her eventual estate exemption or incurring any immediate tax. This can be an effective means of reducing one’s taxable estate while still meeting one’s legacy intentions. For example, a married couple could each gift \$15,000 to a daughter and another \$15,000 to a son-in-law thereby transferring \$60,000 per year to their heirs.

This exclusion can, over the course of several years, be used to transfer a great deal of wealth to multiple heirs. Assume a married couple has decided to make gifts to their two children and their spouses. This would allow for \$120,000 in exempt gifts per year. Over the course of 10 years, this would amount to \$1.2 million that would be excluded from the taxable estate. Moreover, any growth in the value of the gifted property is excluded from the estate. Under the simple assumption that these assets grow at 6 percent per year over ten years, the couple would effectively remove almost \$1.7 million dollars from their eventual estate.

Early gifting is perhaps the most basic and easy-to-understand method for limiting the impact of death taxes. An estate planning attorney or a financial planner with expertise in estate planning can describe more sophisticated techniques appropriate to a variety of circumstances.

Among states, the general trend is toward increasing the exemption amount. However, rules are always subject to change and state levies can prove costly without an effective plan. These laws vary considerably among the states, and we attempt only to provide an overview to alert our readers regarding the onus they might face.

Death Taxes by State

The table nearby summarizes the current status of estate and inheritance taxes among the states that impose a death tax.

It is important to understand the difference between estate tax and an inheritance tax. Estate taxes are assessed against the net value of the property owned by the deceased on the date of death. Since it is based on the value of the estate, no tax will be incurred unless the value exceeds the estate tax exemption (after any other deductions are applied).

Inheritance taxes, on other hand, are taxes assessed to the heirs of the deceased. Inheritance taxes will be incurred depending on the relationship between the deceased and the heir. While surviving spouses are exempt in all six states that impose an inheritance tax, the rules that apply to other heirs vary depending on the state.

Investors who live in a state with death taxes should take note and plan accordingly. Investors with potential estates ranging from \$1 million to \$5 million should be most aware of death taxes if they live in Washington, Rhode Island, Oregon, Massachusetts, and Minnesota.

Conclusion

Death taxes do not currently generate a significant amount of government revenue. During the second half of the 20th century, estate taxes average 1.5 percent of annual federal revenue. The trend toward increasing the exemption amount has driven the importance of estate taxes for the federal government down. In 2019, estate tax revenues were estimated to make up only 0.5 percent of total federal receipts. The fact is, most households have managed to protect their estates from these potential levies, but only at the direct cost of engaging attorneys, accountants, and financial planners, and the indirect cost of distributing assets in a manner more complex than they may have otherwise chosen.

The current trend is toward eliminating or reducing these taxes. Nevertheless, a well-qualified financial planner or estate planning attorney remains the best recourse for those investors who are vulnerable based on the parameters we have described.

1. The estate tax imposes a graduated rate (similar to the income tax), but the tiers in the rate schedule have not increased with increases in the basic exemption amount. The outcome is that once an estate is large enough to be taxed, it is in the 40% marginal tax rate bracket. The effective tax rate is therefore nearly 40% for any estate large enough to incur federal estate taxes.

2. <https://www.taxpolicycenter.org/briefing-book/how-many-people-pay-estate-tax>

Death Tax States: Important Parameters					
State	Estate Tax	Inheritance Tax	Exemption Amount (2020)	Range of Rates	
Connecticut	✓		\$5.1M	10% - 12%	[1]
Hawaii	✓		\$5.5M	10% - 20%	[2]
Illinois	✓		\$4.0 M	0.8% - 16%	
Iowa		✓	minimal	5% - 15%	[3]
Kentucky		✓	minimal	0% - 16%	[4]
Maine	✓		\$5.8M	8% - 12%	[5]
Maryland	✓	✓	\$5.0M	16%	[6]
Massachusetts	✓		\$1.0M	0.8% - 16%	[7]
Minnesota	✓		\$3.0M	13% - 16%	
Nebraska		✓	minimal	1% - 18%	[8]
New Jersey		✓	minimal	0% - 16%	[9]
New York	✓		\$5.85M	3.06% - 16%	[10]
Oregon	✓		\$1.0M	10% - 16%	
Pennsylvania		✓	none	4.5% - 15%	[11]
Rhode Island	✓		\$1.58M	0.8% - 16%	
Vermont	✓		\$4.25M	16%	[12]
Washington	✓		\$2.19M	10% - 20%	
Washington, D.C.	✓		\$5.76M	8% - 16%	[13]

Sources: taxfoundation.org, actec.org, jrcinsurancegroup.com, individual state websites.

[1] Connecticut exemption amount set to increase to the Federal exemption amount in 2023.

[2] Hawaii reduced its exemption amount to \$5.49 million in 2018 and raised its top tax bracket to 20% in 2020.

[3] Iowa has an inheritance tax only for non-lineal ascendants and descendants.

[4] Kentucky exempts "Class A" beneficiaries. This includes parents, children, grandchildren, brothers, sisters and surviving spouses.

[5] Maine lowered its exemption amount to half the federal exemption in 2018.

[6] Maryland inheritance tax is 10%, but most relatives are exempt. 16% rate is estate tax.

[7] See Box

[8] Nebraska imposes an inheritance tax with minimal exemption amounts. The inheritance tax is 1% for immediate relatives, 13% for remote relatives, and 18% for non-relatives.

[9] New Jersey exempts "Class A" beneficiaries. This includes spouses, lineal ascendants and descendants. Non-relatives and other relatives are subject to a rate as high as 16%.

[10] New York exemption amount equals the inflation-adjusted federal exemption amount prior to the 2017 Tax Cuts and Jobs Act

[11] Surviving spouses are exempt. Lineal descendants are subject to a 4.5% rate with an exemption of \$3,500. Non-relatives are subject to a rate as high as 15%.

[12] Vermont estate tax exemption scheduled to increase to \$5.0M in 2021.

[13] Washington, D.C. reduced the estate tax exemption to \$5.6 million in 2018.

Mired In Massachusetts^[7]

Each "death tax state" has its peculiarities, but the Massachusetts estate tax stands out. Any gross estate (plus adjusted taxable gifts) below the \$1 million threshold is exempt. *But for an estate that exceeds this limit the entire estate value above \$40,000 is taxed* (a graduated rate is applied, with 20 tax brackets that begin at 0.8 percent and top out at 16 percent for estates over \$10,040,000). In other states the estate tax only applies tax amounts *in excess of the threshold*.

As a result, in Massachusetts an adjusted taxable estate of \$995,000 estate would incur a tax of \$0 while an estate of \$1.1 million, only \$105,000 larger, would generate a tax of \$38,800! This reflects a 37 percent tax at the margin. Older investors close to the threshold have powerful incentive to keep the value of their taxable estate below the threshold.

The state has its own way of treating lifetime gifts as well. Gifts above the annual \$15,000 exclusion get added back when determining whether the estate is taxable (i.e., whether it exceeds the \$1 million threshold). But these gifts are not included in the estate when the actual tax is calculated.

The bottom line is that making prudent use of lifetime gifts can be especially valuable for Massachusetts residents.

THE HIGH-YIELD DOW INVESTMENT STRATEGY

HYD Model Portfolio

As of May 15, 2020

	Rank	Yield (%)	Price (\$)	Status	—Percent of Portfolio—	
					Value (%)	No. Shares (%) ¹
Dow, Inc.	1	8.34	33.56	Buying	18.20	30.24
Exxon Mobil	2	8.29	42.00	Holding**	20.14	26.75
Chevron	3	5.79	89.16	Holding**	12.55	7.85
IBM	4	5.57	116.98	Holding**	27.43	13.08
Verizon	6	4.50	54.71	Selling	21.67	22.09
Cash (6-mo. T-Bill)	N/A	N/A			0.01	N/A
Totals					100.00	100.00

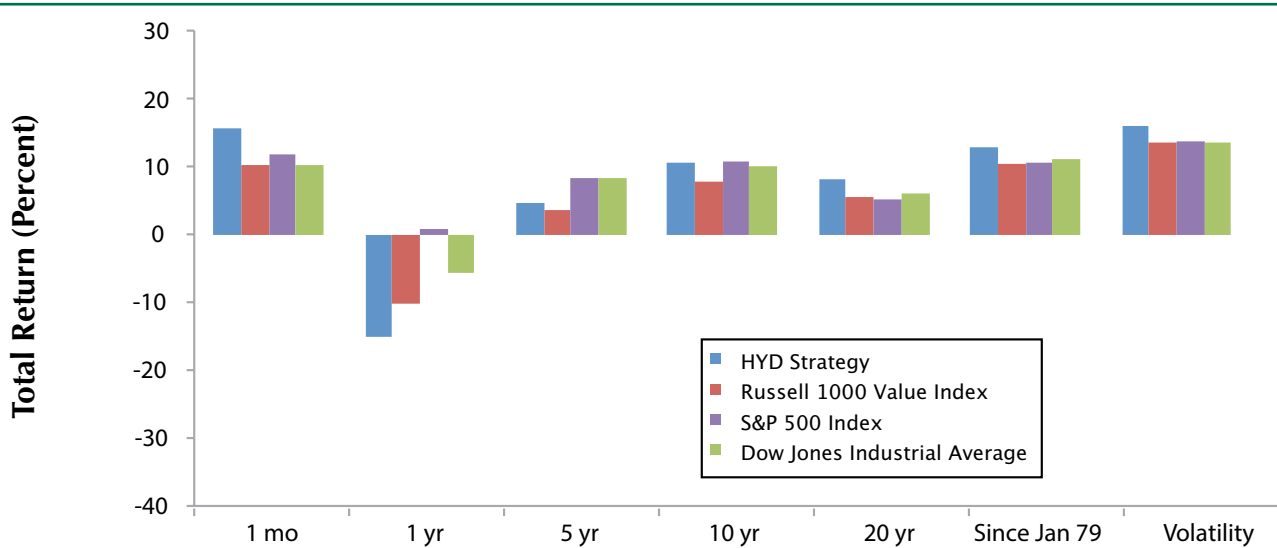
**Currently indicated purchases approximately equal to indicated purchases 18 months ago. ¹Because the percentage of each issue in the portfolio by value reflects the prices shown in the table (closing prices on the date indicated), we are also showing the number of shares of each stock as a percentage 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, 2020*. Returns for the 5-,10- and 20-year periods are annualized, as is the volatility (standard deviation) of returns.

	<u>1 mo.</u>	<u>1 yr.</u>	<u>5 yrs.</u>	<u>10 yrs.</u>	<u>20 yrs.</u>	<u>since Jan 79</u>	<u>Volatility since 1979</u>
HYD Strategy	17.05	-16.48	5.16	11.48	8.89	14.08	17.51
Russell 1000 Value Index	11.24	-11.01	3.90	8.54	5.98	11.35	14.78
S&P 500 Index	12.82	0.86	9.12	11.69	5.58	11.60	15.03
Dow Jones Industrial Average	11.22	-6.16	9.06	11.01	6.70	12.06	14.89



*Data assume all purchases and sales at mid-month prices (+/-\$.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. Microcaps - 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 (\$)					Recent Market Returns							
	5/15/20	Mo. Earlier	Yr. Earlier	Prem. (%)	Data through April 30, 2020							
					U.S. Stocks (Mktwd)	Foreign Dev. Stocks	Foreign Emerg. Stocks	Global REITs	U.S. Bonds	Foreign Bonds (hedged)	Gold	
Gold, London p.m. fixing	1,735.35	1,718.65	1,299.10		13.24%	6.97%	9.16%	7.71%	1.78%	0.26%	6.93%	
Silver, London Spot Price	16.25	15.57	14.82		↑	↑	↑	↑	↑	↑	↑	
Crude Oil, W. Texas Int. Spot	29.44	19.96	62.03		13.24%	6.97%	9.16%	7.71%	1.78%	0.26%	6.93%	
					↑	↑	↑	↑	↑	↑	↑	
Coin Prices (\$)¹					3-month							
American Eagle (1.00)	1,809	1,747	1,324	4.25	-10.33%	-16.29%	-12.52%	-24.16%	3.00%	0.34%	6.13%	
Austrian 100-Corona (0.9802)	1,701	1,679	1,267	0.00	↓	↓	↓	↓	↑	↑	↑	
British Sovereign (0.2354)	409	405	306	0.00	1 year							
Canadian Maple Leaf (1.00)	1,780	1,729	1,309	2.59	-1.04%	-11.47%	-12.00%	-17.14%	10.84%	3.05%	31.39%	
Mexican 50-Peso (1.2057)	2,092	2,064	1,558	0.00	↓	↓	↓	↓	↑	↑	↑	
Mexican Ounce (1.00)	1,753	1,737	1,317	1.04	5 year (annualized)							
S. African Krugerrand (1.00)	1,780	1,729	1,306	2.59	8.33%	-0.27%	-0.10%	-0.07%	3.80%	2.20%	7.32%	
U.S. Double Eagle-\$20 (0.9675)					↑	↓	↓	↓	↑	↑	↑	
St. Gaudens (MS-60)	1,752	1,544	1,262	4.35	15 year (annualized)							
Liberty (Type II-AU50)	1,594	1,544	1,290	-5.06	8.55%	3.70%	6.25%	3.99%	4.43%	2.78%	9.43%	
Liberty (Type III-AU50)	1,754	1,515	1,260	4.47	↑	↑	↑	↑	↑	↑	↑	
U.S. Silver Coins (\$1,000 face value, circulated)					Best and worst one-year returns, Jan. 2001 - Apr. 2020							
90% Silver Circ. (715 oz.)	12,519	11,699	10,544	7.75	Best	56.0%	57.2%	91.6%	85.7%	13.8%	7.1%	57.6%
40% Silver Circ. (295 oz.)	4,147	4,761	4,282	-13.49	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
¹Note: 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. Premiums will vary; these indicated premiums are provided in The CDN Monthly Greysheet.												

THE DOW JONES INDUSTRIALS RANKED BY YIELD*

Company	Ticker Symbol	Market Prices (\$)			12-Month (\$)		Latest Dividend Amount (\$)	Record Date	Payable Date	Indicated Annual Dividend (\$)	Yield (%)
		5/15/20	4/15/20	5/15/19	High	Low					
Dow Chemical	DOW	33.56	32.23	52.95	56.25	21.95	0.700	5/29/20	6/12/20	2.800	8.34
Exxon Mobil	XOM	42.00	40.48	76.37	77.93	30.11	0.870	5/13/20	6/10/20	3.480	8.29
Chevron	CVX	89.16	82.49	122.14	127.00	51.60	1.290	5/19/20	6/10/20	5.160	5.79
IBM	IBM	116.98	118.69	134.40	158.75	90.56	1.630	5/8/20	6/10/20	6.520	5.57
Walgreen's	WBA	38.40	43.44	52.74	64.50	36.65	0.458	5/20/20	6/12/20	1.830	4.77
Verizon	VZ	54.71	56.93	56.81	62.22	48.84	0.615	4/13/20	5/1/20	2.460	4.50
3M Company	MMM	138.69	145.16	174.12	187.72	114.04	1.470	5/22/20	6/12/20	5.880	4.24
J P Morgan	JPM	85.90	90.79	109.90	141.10	76.91	0.900	7/6/20	7/31/20	3.600	4.19
Pfizer	PFE	37.76	35.97	41.15	44.56	27.88	0.380	5/8/20	6/5/20	1.520	4.03
Caterpillar	CAT	107.92	111.53	127.30	150.55	87.50	1.030	4/20/20	5/20/20	4.120	3.82
Coca-Cola	KO	43.26	47.61	49.18	60.13	36.27	0.410	6/15/20	7/1/20	1.640	3.79
Travelers	TRV	90.31	102.17	146.52	155.09	76.99	0.850	6/10/20	6/30/20	3.400	3.76
Raytheon Tech.	RTX	52.73	n/a	n/a	99.71	43.44	0.475	5/15/20	6/18/20	1.900	3.60
Cisco	CSCO	44.27	41.52	52.44	58.26	32.40	0.360	4/3/20	4/22/20	1.440	3.25
Merck	MRK	79.78	82.07	77.55	92.64	65.25	0.610	3/16/20	4/7/20	2.440	3.06
Goldman Sachs	GS	171.87	178.52	196.40	250.46	130.85	1.250	6/1/20	6/29/20	5.000	2.91
McDonald's	MCD	173.81	177.84	199.07	221.93	124.23	1.250	3/2/20	3/16/20	5.000	2.88
Procter and Gamble	PG	114.61	121.22	106.70	128.09	94.34	0.791	4/24/20	5/15/20	3.164	2.76
Johnson & Johnson	JNJ	150.44	147.66	136.91	157.00	109.16	1.010	5/26/20	6/9/20	4.040	2.69
Home Depot, Inc.	HD	239.33	198.48	191.76	248.32	140.63	1.500	6/4/20	6/18/20	6.000	2.51
Intel Corp	INTC	58.28	58.87	45.62	69.29	43.20	0.330	5/7/20	6/1/20	1.320	2.26
American Express	AXP	82.22	83.79	117.66	138.13	67.00	0.430	7/2/20	8/10/20	1.720	2.09
Wal-Mart Stores	WMT	125.94	128.76	99.88	133.38	100.60	0.540	5/8/20	6/1/20	2.160	1.72
Unitedhealth Group	UNH	290.96	281.68	236.08	306.71	187.72	1.080	3/16/20	3/24/20	4.320	1.48
Nike	NKE	86.99	85.04	84.01	105.62	60.00	0.245	6/1/20	7/1/20	0.980	1.13
Microsoft Corp.	MSFT	183.16	171.88	126.02	190.70	119.01	0.510	5/21/20	6/11/20	2.040	1.11
Apple	AAPL	307.71	284.43	190.92	327.85	170.27	0.820	5/11/20	5/14/20	3.280	1.07
Walt Disney	DIS	109.05	103.37	134.68	153.41	79.07	0.880	12/16/19	1/16/20	0.880	0.81
Visa Inc.	V	183.49	165.96	162.79	214.17	133.93	0.300	5/14/20	6/2/20	1.200	0.65
Boeing	BA	120.00	145.98	345.64	391.00	89.00	0.000	Dividend suspended		0.000	0.00

† Based on indicated dividends and market price as of 5/15/20. Extra dividends are not included in annual yields.

All data adjusted for splits and spin-offs. 12-month data begins 5/15/19.

ASSET CLASS INVESTMENT VEHICLES

Data as of May 1, 2020

Fixed Income

	Security Symbol(s) (1)	Avg. Market Cap / Avg. Maturity	Number of Holdings	Expense Ratio (%)	Turnover (%)	Price-to-Book Ratio	Trailing 12-Mo. Yield (%)	Annualized Returns (%)			Tax Cost Ratio - 3 Years (%) (3)
								1-Year	3-Year	5-Year	
Short-Term Bonds	Vanguard Short-Term Bond Adm	2.80 yrs	2502	0.07	44	1.98	1.98	6.13	3.17	2.36	0.86
Short-Term Bonds	SPDR Portfolio Short Term Corp Bd ETF	1.81 yrs	1182	0.07	46	2.67	2.67	3.96	2.77	2.26	0.99
Short-Term Bonds	iShares 1-3 Year Treasury Bond ETF	1.89 yrs	74	0.15	62	2.01	2.01	5.27	2.57	1.74	0.69
Interm-Term	Vanguard Total Bond Market Adm	8.10 yrs	17782	0.05	31	2.36	2.36	10.86	5.15	3.75	1.15
Interm-Term	iShares Core US Aggregate Bond ETF	7.78 yrs	7623	0.04	146	2.59	2.59	10.72	5.04	3.70	1.07
Tax-Exempt	Vanguard Ltd-Term Tax-Exempt Inv	2.90 yrs	6199	0.17	28	1.70	1.70	1.47	1.72	1.51	0.05
Tax-Exempt	SPDR Nuveen Blimbg Barclays ST MunBd ETF	2.93 yrs	973	0.20	35	1.39	1.39	2.14	1.49	1.32	0.00
Tax-Exempt	Vanguard Interm-Term Tx-Ex Inv	5.30 yrs	9630	0.17	15	2.38	2.38	1.97	2.84	2.66	0.06
Inflation-Protected	iShares TIPS Bond ETF	8.40 yrs	45	0.19	17	1.84	1.84	9.24	4.07	2.93	0.91
Inflation-Protected	Vanguard Inflation-Protected Securities Inv	8.50 yrs	43	0.20	26	2.14	2.14	8.98	3.88	2.83	1.02
International	Vanguard Total International Bond Adm	9.90 yrs	5600	0.11	26	3.29	3.29	6.31	4.76	3.83	1.16

Real Estate (REITs)

U.S. REITs	Vanguard REIT Adm	14.51 B	189	0.12	6	1.92	4.17	-9.08	1.31	3.46	1.53
U.S. REITs	SPDR Dow Jones REIT	11.33 B	94	0.25	9	1.66	4.45	-18.02	-1.97	1.05	1.48
Int'l REITs	Vanguard Global ex-US Real Estate Adm (2)	5.16 B	646	0.12	7	0.74	9.91	-16.49	-0.89	-0.65	1.94
Int'l REITs	iShares International Developed Property	5.19 B	356	0.48	9	0.71	9.49	-16.48	-1.83	-0.95	1.89
Global (incl. U.S.)	SPDR Dow Jones Global Real Estate ETF	8.30 B	232	0.50	7	1.09	5.40	-18.96	-3.08	-0.94	1.52

U.S. Stocks

Large Cap (blend)	Vanguard S&P 500 Adm	110.70 B	514	0.04	4	2.41	1.97	0.82	9.01	9.09	0.51
Large Cap (blend)	iShares Core S&P 500	108.93 B	509	0.04	5	2.36	2.64	0.74	8.97	9.05	0.54
Large Cap (blend)	iShares Russell 1000 ETF	83.80 B	1003	0.15	6	2.27	2.24	-0.03	8.53	8.59	0.50
Large Cap Value	Vanguard Value Adm	73.24 B	335	0.05	12	1.59	3.05	-8.75	3.88	5.83	0.69
Large Cap Value	iShares Russell 1000 Value	47.15 B	770	0.19	17	1.28	3.50	-11.16	1.23	3.73	0.69
Small Cap (blend)	iShares Core S&P Small-Cap ETF	1.18 B	606	0.07	14	1.11	2.13	-19.62	-1.77	3.36	0.43
Small Cap (blend)	Schwab US Small-Cap ETF	1.94 B	1721	0.04	11	1.19	1.88	-17.14	-0.96	2.37	0.50
Small Cap Value	Vanguard Small Cap Value Adm	2.68 B	861	0.07	19	1.03	2.62	-23.35	-4.71	0.62	0.61
Small Cap Value	iShares Russell 2000 Value	1.11 B	1393	0.24	26	0.81	2.92	-24.13	-6.22	0.16	0.60
Small Cap Value	iShares Micro-Cap	0.35 B	1395	0.60	25	1.01	1.80	-17.06	-2.55	1.27	0.36
Marketwide	Vanguard Total Stock Market Adm	66.77 B	3542	0.04	4	2.22	1.87	-1.13	8.01	8.31	0.59
Marketwide	Fidelity Total Market Index	66.95 B	3437	0.02	11	2.21	2.00	-1.18	7.96	8.28	0.85

Foreign Stocks

Developed Markets	Vanguard FTSE Developed Markets Adm	20.01 B	3925	0.07	2	1.13	3.60	-11.97	-0.73	0.09	0.84
Developed Markets	iShares Core MSCI EAFE ETF	20.19 B	2507	0.07	3	1.18	4.16	-12.37	-0.80	0.22	0.79
Emerging Markets	Vanguard Emerging Markets Stock Adm	22.46 B	4201	0.14	9	1.21	3.81	-12.74	-0.33	-0.89	0.92
Emerging Markets	Schwab Emerging Markets Equity ETF	31.79 B	1432	0.11	13	1.22	3.95	-14.16	-0.44	-0.70	0.96

Gold-Related Funds

Gold ETFs	SPDR Gold Minishares			0.18			0.00	31.36	n/a	n/a	0.00
Gold ETFs	GraniteShares Gold Trust			0.17			0.00	31.09	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 the maximum federal rate on capital gains and ordinary income. The calculation comes directly from Morningstar.

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