

*See box, page 86, for representative indexes.

Low Return Expectations: What Can Investors Do?

As of the latest observation, the yield on “risk-free” three-month T-Bills was just 0.11 percent. Rates are low across the yield curve, with the recent yield on the 10-year Treasury just 0.74 percent. For comparison, even during the extremely low rates of 2012, the yield on the 10-year bottomed around 1.5 percent. During the 1990s, the average yield on the 10-year was 6.66 percent.

These historically low interest rates have a profound effect on capital markets. Perhaps most importantly, they suggest lower potential returns in the future. Let’s look at how low rates affect the price of everything, and then discuss what options investors have in this world of low yields.

Discounting Future Flows

Buyers and sellers come to an agreement on the value of a company and its stock based on expectations about future cash flows from its earnings. All else equal, when a company is expected to have faster growth in the future, the present value of the company will rise, and its stock will go up.

From a mathematical and theoretical perspective, interest rates can also affect the agreed-upon present value, even without a change in expectations about future growth.

Let’s say you’ve been promised five dollars every year for the next 10 years. What would you be willing to pay today for such a stream of income? If you expected a 6 percent return on your investment, you would pay \$36.80 today for that stream of income.¹

When the expected return falls from 6 percent to 2 percent, the value of that same income stream rises to \$44.91.² The stream of payments has not changed, only the expected return, and yet the present value of the future cash flows has increased by 22 percent!

This mathematical and theoretical framework explains much of what has happened in markets this year. Even if future expected cash flows have been hampered by the pandemic, the expected return, or discount rate, has decreased. This makes investors more willing to pay a higher price for the same future cash flows.

(continued next page)

Rates of Interest

As of October 26, 2020

Government Obligations¹

Fed Funds Rate	0.09%
3-Month Treas. Bill	0.09%
10-Yr. Treas. Note	0.87%
30-Yr. Treas. Bond	1.67%
10-Yr. TIPS	-0.89%
Muni Bonds - Nat'l 10-Yr.	0.95%

Mortgage Rates²

15-Yr Fixed	2.33%
30-Yr Fixed	2.80%

Banking³

Savings	0.05%
Money Market	0.07%
12-month CD	0.17%

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

[2] Freddie Mac. Average (National average mortgages with 0.6 points).

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

The Alternative to Stocks

At any time, an investor must choose between various investment opportunities. The two predominant investment options for most investors are stocks and bonds.

As interest rates on bonds decrease, so do expected returns. A bond yielding just 2 percent is unlikely to provide the same returns as a bond yielding 6 percent. Now that bonds are offering historically low yields, it is reasonable to expect historically low returns on those bonds.

Investors can take some comfort in the simultaneous expectation of low inflation, but the offer of a 2 percent yield on investment grade bonds is not terribly exciting to most investors.

Bonds are less risky than stocks, but stocks have higher expected returns. With bonds offering lower expected returns, this trade-off tilts more favorably toward stocks, so investors may be willing to take on more risk in their portfolios in pursuit of returns consistent with meeting their goals. All else equal, this bids up the prices of stocks (as well as gold, real estate, and other investments).

Lower Expected Returns

To recap, lower discount rates and lower expected returns on bonds puts upward pressure on stock prices, even without an expectation of higher future cash flows.

This relationship implies that higher prices, absent higher expected cash flows, result in lower expected returns. Note the term *expected* returns. This doesn't mean that returns on the stock market will be negative. Nor does it mean that the stock market is overvalued. Stocks are priced rationally in light of historically low interest rates.

All else equal, this suggests that in-

vestors in the broad stock market should expect lower future returns. Investors in a typical 60/40 portfolio of U.S. stocks and investment grade bonds should similarly hold reduced future return expectations.

This may appear to be a dilemma with no apparent solution. All else equal, the market is projecting lower returns going forward, and investors have no control over markets. In theory one could adopt a portfolio with even higher exposure to stocks, which historically have outperformed bonds. But this is ill-advised for most investors. A higher risk portfolio would be subject to more serious swings in value, which could trigger investors to "bail out" at exactly the wrong time. Conversely, it might be tempting to sell everything and hold cash until expected returns are higher. But that requires earning zero percent in the meantime (and there is no reason to believe the current environment will not persist), and also having the foresight to know when to "get back in."

What Can Investors Do?

It is perfectly reasonable to accept the prospect of lower returns for both stocks and bonds, but that does not mean you cannot take action to ensure you meet your goals. In particular, lower returns should prompt you to restate your *spending* expectations. Investors contemplating retirement may want to work a little longer, save a little more, or reduce day-to-day spending. Those in retirement might downsize their travel plans or revise their legacy intentions.

But aside from reducing your spending, there is a way to pursue higher expected returns with marginally greater risk, without increasing exposure to stocks. Investors can adopt a portfolio "tilted" toward equity factors that have historically provided higher returns: value and size. They can also choose

to use international stocks and specific bond strategies to further boost expected returns.

In the U.S., small cap and value stocks have not experienced the same run up in prices as large cap growth stocks. Value stocks have lower relative prices than growth stocks by definition, but over the past three years ending June 30th, the disparity reached an all-time high.³

Investors willing to take marginally greater risk in their portfolios can move away from a traditional portfolio built around an index such as the S&P 500, and move toward a portfolio that is broadly diversified but with greater direct exposure to small cap and value stocks. Our recommended funds on the back page provide options for investors looking to target these factors.

Investors may choose to adopt a portfolio with exposure to international developed and emerging markets stocks. These international market prices are also depressed in relative terms.

Within the bond realm, investors can increase exposure to bonds with higher credit risk or use international funds that allow the flexibility to hold bonds in countries with steeper yield curves. For the latter, we utilize global bond funds managed by Dimensional Fund Advisors on behalf of our PAM clients.

Conclusion

The combination of historically low yields and high stock prices points to lower expected returns. Investors would be wise to plan accordingly. A robust financial plan should account for this possibility and help identify factors well within your control to stay on track in meeting your financial objectives.

1. The present value formula in Excel: =PV(0.06, 10, 5)

2. =PV(0.02, 10, 5)

3. Rolling three-year value premiums: (Fama/French US Value Research Index- Fama/French US Growth Research Index). Of the 1,093 rolling observations in US history, the three years ending in June 2020 ranked last.

TAX FACTS TO KNOW IF YOU'RE SELLING YOUR HOME THIS YEAR¹

In most cases, gains from sales are taxable. But did you know that if you sell your home, you may not have to pay taxes? Here are ten facts to keep in mind if you sell your home this year.

1. Exclusion of Gain. You may be able to exclude part or all of the gain

from the sale of your home. This rule may apply if you meet the eligibility test. Parts of the test involve your ownership and use of the home. You must have owned and used it as your main home for at least two out of the five years before the date of sale.

2. Exceptions May Apply. There are exceptions to the ownership, use, and other rules. One exception applies to persons with a disability. Another applies to certain members of the military. That rule includes certain government and Peace Corps workers. For more informa-

tion about these exceptions, please call a tax professional.

3. Exclusion Limit. The most gain you can exclude from tax is \$250,000. This limit is \$500,000 for joint returns. The Net Investment Income Tax will not apply to the excluded gain.

4. May Not Need to Report Sale. If the gain is not taxable, you may not need to report the sale to the IRS on your tax return.

5. When You Must Report the Sale. You must report the sale on your tax return if you can't exclude all or part of the gain. You must report the sale if you choose not to claim the exclusion. That's also true if you get Form 1099-S,

Proceeds from Real Estate Transactions. If you report the sale, you may need to pay the Net Investment Income Tax.

6. Exclusion Frequency Limit. Generally, you may exclude the gain from the sale of your main home only once every two years. Some exceptions may apply to this rule.

7. Only a Main Home Qualifies. If you own more than one home, you may only exclude the gain on the sale of your main home. Your main home usually is the home that you live in most of the time.

8. First-time Homebuyer Credit. If you claimed the first-time homebuyer credit when you bought the home, spe-

cial rules apply to the sale. For more on those rules, please call a tax professional.

9. Home Sold at a Loss. If you sell your main home at a loss, you can't deduct the loss on your tax return.

10. Report Your Address Change. After you sell your home and move, update your address with the IRS. To do this, file Form 8822, Change of Address. You can find the address to send it to in the form's instructions on page two. If you purchase health insurance through the Health Insurance Marketplace, you should also notify the Marketplace when you move out of the area covered by your current Marketplace plan.

1. This article is provided courtesy of Adelson & Co. PC AdelsonCPA.com.

FILING AN AMENDED TAX RETURN

If you discover a mistake on your tax return after you've already filed, don't panic. In most cases, all you have to do is file an amended tax return. Here's what you need to know:

Taxpayers should use Form 1040-X, *Amended U.S. Individual Income Tax Return*, to file an amended (corrected) tax return. An amended tax return should only be filed to correct errors or make changes to your original tax return. For example, you should amend your return if you need to change your filing status or correct your income, deductions, or credits.

Currently, an amended return cannot be e-filed. Taxpayers should be able to file Form 1040-X electronically soon, according to a recent IRS news release, but only for tax year 2019 (Forms 1040 and 1040-SR). In the meantime, you must file the corrected tax return on paper. If you need to file another schedule or form, don't forget to attach it to the amended return. In general, taxpayers will still have the option to submit a paper version of the Form 1040-X and should follow the instructions for preparing and submitting the paper form.

You normally do not need to file an amended return to correct math errors because the IRS automatically makes those revisions. Also, do not file an amended return because you forgot to attach tax forms, such as W-2s or schedules. The IRS normally will mail you a request asking for those.

If you are amending more than one tax return, prepare a separate 1040-X for each return and mail them to the IRS in separate envelopes. Note the tax year of the return you are amending at the top of Form 1040-X. You will find the appropriate IRS address mailing address in the Form 1040-X instructions.

If you are filing an amended tax return to claim an additional refund, wait until you have received your original tax refund before filing Form 1040-X. Amended returns take up to 16 weeks to process. You may cash your original refund check while waiting for the additional refund.

Currently, an amended return cannot be e-filed... Taxpayers filing Form 1040-X in response to an IRS notice should mail it to the address shown on the notice.

If you owe additional taxes file Form 1040-X and pay the tax as soon as possible to minimize interest and penalties on unpaid taxes. You can use IRS Direct Pay to pay your tax directly from your checking or savings account.

Generally, you must file Form 1040-X within three years from the date you

filed your original tax return or within two years of the date you paid the tax, whichever is later. For example, the last day for most people to file a 2017 claim for a refund is April 15, 2021. Special rules may apply to certain claims. Please call a tax professional if you would like more information about this topic.

You can track the status of your amended tax return for the current year three weeks after you file. You can also check the status of amended returns for up to three prior years. To use the "Where's My Amended Return" tool on the IRS website, just enter your taxpayer identification number (usually your Social Security number), date of birth, and zip code. If you have filed amended returns for more than one year, you can select each year individually to check the status of each.

Contact a professional tax preparer if you need assistance filing an amended return or have any questions about Form 1040-X.

QUARTERLY REVIEW OF CAPITAL MARKETS¹

Returns for the third quarter were positive for most of the asset classes listed in our sample allocations table nearby. U.S. stocks overall returned 9.2 percent, outperforming foreign developed markets but falling short of emerging market returns. Gold had another strong quarter as interest rates remained low. REITs trailed equity market indices while bond returns were flat.

Returns across asset class returns will always vary from quarter-to-quarter. What matters is that your portfolio remains on track to meet your objectives. The sample portfolios we list nearby provide a framework intended to keep you on track.

Cash Equivalent Assets²

AIER's Everyday Price Index was up 0.8 percent for the quarter and 1.0 percent on a 12-month trailing basis. This includes five consecutive monthly increases (through September). The Consumer Price Index, which includes everyday purchases as well as infrequently purchased items and contractually fixed items, jumped 1 percent on a non-seasonally-adjusted basis for the quarter and increased 1.4 percent over the 12 months.

Overall, price inflation is rising at a modest pace but remains historically low. Prices continue to be severely impacted by economic shutdowns and restrictions. At quarter-end the U.S. Treasury market was projecting annual price inflation of 1.5 percent over the next five years and 1.6 percent over ten years.

The Fed's Reserve Bank's Federal Funds rate range has stood at 0 percent

to 0.25 percent since March. The Fed has been unable to reach its long run 2 percent annual inflation goal, and in August stated its intention to exceed that rate.

In real terms households face negative returns on short-term cash reserves. At quarter-end annual bank savings and checking account (nominal) interest rates were only 0.05 percent and 0.04 percent respectively. Money market accounts were paying 0.08 percent.

Fixed Income

By quarter-end, the yield curve had changed little from the end of June. Long term rates, which are driven mainly by inflation expectations, remain historically low. Markets appear unfazed by unprecedented government borrowing, which is widely acknowledged as a primary source of inflationary pressure.

Total returns on short-term corporate bonds³ registered 0.92 percent as credit spreads tightened. The short/intermediate term government/credit index returned 0.37 percent. Short-term municipal bonds ended the quarter ahead 1.28 percent.

Short term international bonds (hedged to the U.S. dollar) returned 0.34 percent. Longer-term bonds generally outperformed shorter-term bonds in international developed markets. Short and intermediate-term nominal rates were negative in Japan, while all maturities finished the quarter in negative territory in Germany.

TIPS provided a 3.03 percent return. At quarter end the average 30-year fixed mortgage rate had fallen to 2.88 percent with 0.8 points.⁴

REITs returned 1.55 percent for the quarter, while foreign REITs returned 4.57 percent. As the third quarter began, U.S. REITs were providing a dividend yield⁵ of 3.84 percent.

U.S. Stocks

The U.S. equity market posted positive returns for the quarter, outperforming non-US developed markets but underperforming emerging markets. Low interest rates have bolstered returns to the overall market (see accompanying article). Value underperformed growth across large and small cap stocks while small caps underperformed large caps.

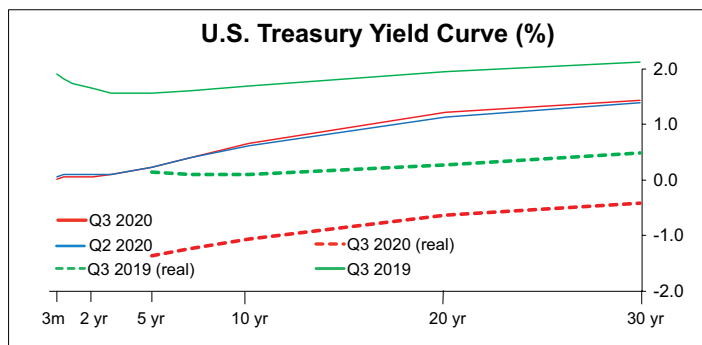
Value investing is based on the premise that paying less for a set of future cash flows is associated with a higher expected return. That is among the most fundamental tenets of investing. Empirical data on the value premium shows that value investing continues to be a reliable way for investors to increase expected returns going forward.

Foreign Stocks

Developed markets outside the U.S. posted a 4.9 percent return for the quarter but underperformed U.S. and emerging markets. As in the U.S., value underperformed growth while small caps outperformed large caps. Emerging markets posted a strong 9.6 percent return. In developed markets, all currencies appreciated versus the dollar while in emerging markets currency performance versus the dollar was mixed.

Gold

Gold had another strong quarter, bolstered by the Fed's continued commitment to ultra-low interest rates and persistent anxiety regarding the Covid pandemic. The price reached a high of \$2,067 on August 6 before falling back to finish the quarter at \$1,609, registering a 5.9 percent return for the three months. Year-to-date gold has outperformed all of our asset classes except U.S. large cap growth stocks.



Real Estate

Global REIT returns trailed all asset classes except fixed income during the third quarter, with a return of 2.4 percent. U.S.

1. This article contains information and excerpts from The Vanguard Group, Fidelity Investments, and Dimensional Fund Advisors, as well as data obtained from several index providers.
2. Sources for cash and equivalent data: U.S. Treasury, U.S. Labor Department (Bureau of Labor Statistics), St. Louis Federal Reserve, Bank rates (savings, checking, money market): FDIC, EPI: American Institute for Economic Research. EPI, CPI-U not seasonally adjusted.
3. Bloomberg Barclays U.S. credit Index 1-5 Year A.
4. Mortgage rates: Freddie Mac
5. REIT yields: FTSE Nareit All Equity REITs (U.S.)

AIS Sample Standard Allocations⁽¹⁾
For the Period Ending September 30, 2020

Asset Class	Sample Percentage Allocations ⁽²⁾			Asset Class Statistics: Risk and Return (annualized, %)				
	Conservative	Moderate	Aggressive	Total Return				Std. Dev.
				1 Year	5 Year	10 Year	15 year	
Cash & Equivalent Assets ⁽³⁾	as needed	as needed	as needed	1.10	1.20	0.64	1.29	0.50
U.S. Inv. Grade Fixed Income	70.00	35.00	15.00	4.88	2.59	2.09	3.15	1.71
Global Real Estate	2.50	6.00	8.00	-18.58	2.20	5.58	3.68	19.89
U.S. Stocks	15.00	36.00	48.00	15.00	13.69	13.48	9.13	15.38
Foreign Stocks	7.50	18.00	24.00	3.00	6.23	4.00	4.09	17.60
Gold Related	5.00	5.00	5.00	28.08	11.08	3.68	9.68	17.58
Sample Standard Portfolio Statistics: Risk, Return (%) and Growth⁽⁴⁾								
				Conservative	Moderate	Aggressive		
				Portfolio Return 1 Year	6.29	7.35	7.93	
				Portfolio Return 5 Year (annualized)	4.32	7.06	8.52	
				Portfolio Return 10 Year (annualized)	3.53	6.32	7.71	
				Portfolio Return 15 Year (annualized)	4.12	5.68	6.27	
				Portfolio Standard Deviation 15 Year (annualized)	4.32	9.42	12.55	
				Growth of \$10,000 over 15 Years	\$18,329	\$22,889	\$24,900	

AIS Sample Enhanced Allocations⁽¹⁾
For the Period Ending September 30, 2020

Asset Class	Sample Percentage Allocations ⁽²⁾			Asset Class Statistics: Risk and Return (annualized, %)				
	Conservative	Moderate	Aggressive	Total Return				Std. Dev.
				1 Year	5 Year	10 Year	15 year	
Cash & Equivalent Assets ⁽³⁾	as needed	as needed	as needed	2.25	1.19	0.64	1.39	0.50
Fixed Income								
U.S. Short-Term Investment Grade	46.67	23.33	10.00	4.88	2.59	2.09	3.15	1.71
Foreign Investment Grade (hedged)	23.33	11.67	5.00	1.58	2.28	1.99	2.73	1.06
Real Estate								
U.S. REITs	1.67	4.00	5.33	-17.73	3.75	7.77	5.74	23.13
Foreign REITs	0.83	2.00	2.67	-18.37	1.67	4.13	2.63	18.68
U.S. Stocks								
Large Cap	5.00	12.00	16.00	16.01	14.09	13.76	9.28	15.14
Large Cap Value	5.00	12.00	16.00	-5.03	7.66	9.95	6.35	15.60
Small Cap	2.50	6.00	8.00	0.39	8.00	9.85	7.03	19.72
Small Cap Value	2.50	6.00	8.00	-14.88	4.11	7.09	4.93	19.93
Foreign Stocks								
Developed Markets	5.00	12.00	16.00	0.16	5.32	4.37	3.71	17.03
Emerging Markets	2.50	6.00	8.00	10.54	8.97	2.50	5.81	21.83
Gold Related								
	5.00	5.00	5.00	28.08	11.08	3.68	9.68	17.58
Sample Enhanced Portfolio Statistics: Risk, Return (%) and Growth⁽⁴⁾								
				Conservative	Moderate	Aggressive		
				Portfolio Return 1 Year	3.56	2.27	1.36	
				Portfolio Return 5 Year (annualized)	3.72	5.68	6.72	
				Portfolio Return 10 Year (annualized)	3.19	5.45	6.65	
				Portfolio Return 15 Year (annualized)	3.86	5.18	5.71	
				Portfolio Standard Deviation 15 Year (annualized)	4.30	9.76	13.11	
				Growth of \$10,000 over 15 Years	\$17,646	\$21,329	\$23,016	

1 Performance was achieved by means of retroactive application of a model designed with the benefit of hindsight. Past performance may not be indicative of future results. Therefore, no current or prospective investor should assume that the future performance of any specific investment, investment strategy (including the investments and/or investment strategies recommended by the AIS), or product made reference to directly or indirectly, will be profitable or equal to past performance levels. Historical performance results for investment indexes and/or categories generally 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. The results portrayed in this portfolio reflect the reinvestment of dividends and capital gains.

2 See back page for a list of investment vehicles that correspond to each asset class.

3 Investors should maintain a cash balance tailored to one's circumstances. Considerations should include anticipated short term spending, an emergency reserve and price inflation.

4 Sample Portfolio Statistics are hypothetical and do not reflect historical recommendations of AIS. Annual portfolio rebalancing is assumed. Sample portfolio returns reflect the deduction of 0.725% management fee, the PAM rate charged to a \$500,000 account managed by AIS. A maximum annual management fee for the PAM service of 1.50% applies to accounts of \$100,000 (our minimum account size) in Assets Under Management ("AUM"). The fee decreases thereafter as AUM increases. Accounts with AUM less than \$500,000 would incur a fee greater than 0.725% and, therefore, returns would be lower than indicated. See AIS ADV Part 2 for full details, available at <https://www.americaninvestment.com/disclosures/>.

THE HIGH-YIELD DOW INVESTMENT STRATEGY

HYD Model Portfolio

As of October 15, 2020

	Rank	Yield (%)	Price (\$)	Status	—Percent of Portfolio—	
					Value (%)	No. Shares (%) ¹
Chevron	1	7.02	73.51	Buying	12.23	9.60
Dow, Inc.	2	5.71	49.01	Holding**	30.31	35.69
IBM	3	5.22	124.89	Holding**	26.62	12.30
Walgreen Boots	4	4.97	37.64	Buying	3.17	4.86
Verizon	5	4.31	58.16	Selling	12.88	12.78
Exxon Mobil	NA	10.19	34.45	Selling	14.79	24.77
Cash (6-mo. T-Bill)	N/A	N/A			0.01	N/A
Totals					100.00	100.00

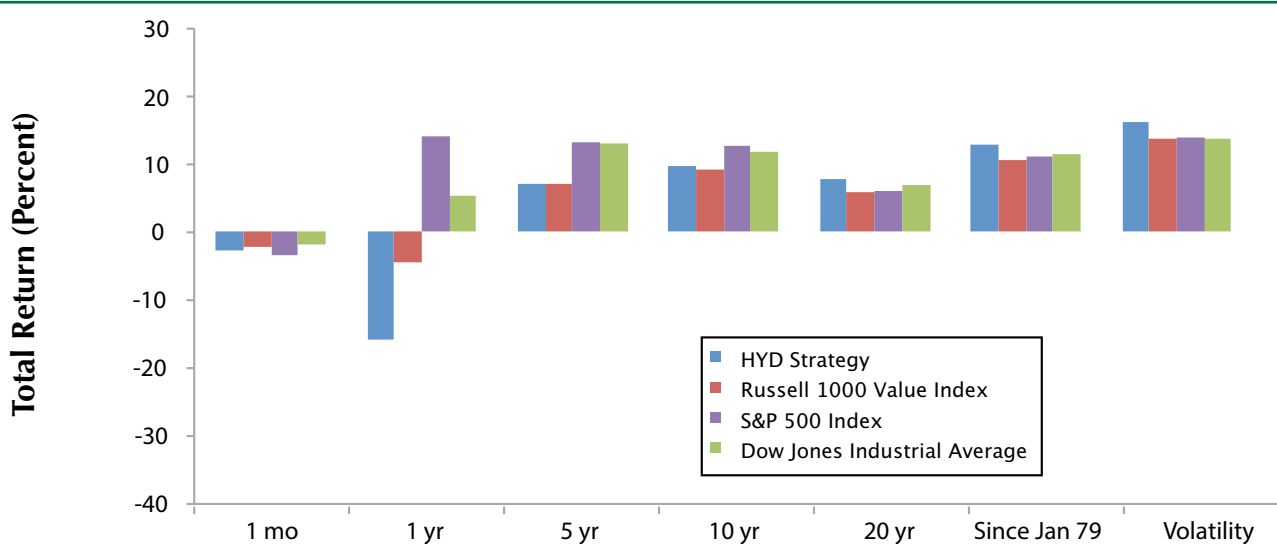
**Currently indicated purchases approximately equal to indicated purchases 18 months ago. ¹Because the percentage of each issue in the portfolio by value reflects the prices shown in the table (closing prices on the date indicated), we are also showing the number of shares of each stock as a percentage 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 September 30, 2020*. Returns for the 5-, 10- and 20-year periods and since 1979 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	-3.14	-17.40	7.55	10.35	8.33	13.91	17.44
Russell 1000 Value Index	-2.46	-5.03	7.66	9.95	6.20	11.45	14.74
S&P 500 Index	-3.80	15.15	14.15	13.74	6.42	11.89	15.03
Dow Jones Industrial Average	-2.18	5.70	14.02	12.69	7.47	12.31	14.88



*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. 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							
	10/15/20	Mo. Earlier	Yr. Earlier	Prem. (%)	Data through September 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	1,891.90	1,949.35	1,487.80		-3.64%	-2.82%	-1.60%	-3.31%	-0.05%	0.22%	-4.17%	
Silver, London Spot Price	23.93	27.55	17.67		9.21%	4.92%	9.56%	2.37%	0.62%	0.34%	5.89%	
Crude Oil, W. Texas Int. Spot	40.84	38.29	52.81		15.00%	0.16%	10.54%	-18.58%	6.98%	1.58%	28.08%	
Coin Prices (\$)¹					1-month	3-month	1 year	5 year (annualized)	15 year (annualized)			
American Eagle (1.00)	1,972	2,032	1,503	4.25	↑	↑	↑	↑	↑	↑	↑	
Austrian 100-Corona (0.9802)	1,854	1,911	1,452	0.00	↑	↑	↑	↑	↑	↑	↑	
British Sovereign (0.2354)	445	459	350	0.00	↑	↑	↑	↑	↑	↑	↑	
Canadian Maple Leaf (1.00)	1,937	1,994	1,498	2.38	↑	↑	↑	↑	↑	↑	↑	
Mexican 50-Peso (1.2057)	2,281	2,350	1,786	0.00	↑	↑	↑	↑	↑	↑	↑	
Mexican Ounce (1.00)	1,910	1,967	1,506	0.95	↑	↑	↑	↑	↑	↑	↑	
S. African Krugerrand (1.00)	1,937	1,994	1,495	2.38	↑	↑	↑	↑	↑	↑	↑	
U.S. Double Eagle-\$20 (0.9675)					9.13%	3.71%	5.81%	3.68%	4.48%	2.73%	9.68%	
St. Gaudens (MS-60)	1,992	1,971	1,457	8.83	↑	↑	↑	↑	↑	↑	↑	
Liberty (Type II-AU50)	2,022	2,020	1,467	10.47	Best and worst one-year returns, Jan. 2001 - Sept. 2020							
Liberty (Type III-AU50)	1,997	1,995	1,442	9.10	Best	56.0%	57.2%	91.6%	85.7%	13.8%	7.1%	54.6%
U.S. Silver Coins (\$1,000 face value, circulated)					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
90% Silver Circ. (715 oz.)	19,631	18,252	12,529	n/a	Worst	-43.5%	-50.3%	-56.6%	-59.5%	-2.5%	0.1%	-28.0%
40% Silver Circ. (295 oz.)	7,950	6,088	5,121	n/a	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*

Ticker Symbol	Market Prices (\$)			12-Month (\$)		Latest Dividend Amount (\$)	Record Date	Payable Date	Indicated Annual Dividend (\$)	Yield (%)	
	10/15/20	9/15/20	10/15/19	High	Low						
Chevron	CVX	73.51	76.35	116.31	122.94	51.60	1.290	8/19/20	9/10/20	5.160	7.02
Dow Chemical	DOW	49.01	51.07	47.20	56.25	21.95	0.700	11/30/20	12/11/20	2.800	5.71
IBM	IBM	124.89	122.44	143.00	158.75	90.56	1.630	8/10/20	9/10/20	6.520	5.22
Walgreen's	WBA	37.64	35.27	54.51	64.50	33.88	0.4675	8/19/20	9/11/20	1.870	4.97
Verizon	VZ	58.16	60.60	60.55	62.22	48.84	0.627	10/9/20	11/2/20	2.508	4.31
Cisco	CSCO	39.97	40.60	46.36	50.28	32.40	0.360	10/2/20	10/21/20	1.440	3.60
J P Morgan	JPM	101.72	99.28	119.96	141.10	76.91	0.900	10/6/20	10/31/20	3.600	3.54
3M Company	MMM	169.08	166.57	162.98	182.55	114.04	1.470	8/24/20	9/12/20	5.880	3.48
Coca-Cola	KO	49.99	51.05	53.51	60.13	36.27	0.410	12/1/20	12/15/20	1.640	3.28
Merck	MRK	79.06	84.21	85.04	92.64	65.25	0.610	9/15/20	10/7/20	2.440	3.09
Travelers	TRV	112.64	112.15	143.31	141.87	76.99	0.850	12/10/20	12/31/20	3.400	3.02
Johnson & Johnson	JNJ	147.19	148.89	132.84	157.00	109.16	1.010	11/24/20	12/8/20	4.040	2.74
Amgen	AMGN	235.01	248.35	204.66	264.97	177.05	1.600	11/16/20	12/8/20	6.400	2.72
Caterpillar	CAT	165.04	148.60	131.03	171.26	87.50	1.030	10/26/20	11/20/20	4.120	2.50
Intel Corp	INTC	53.85	50.00	52.65	69.29	43.63	0.330	11/7/20	12/1/20	1.320	2.45
Goldman Sachs	GS	208.60	198.00	206.46	250.46	130.85	1.250	12/2/20	12/30/20	5.000	2.40
McDonald's	MCD	229.64	222.37	207.22	231.91	124.23	1.290	12/1/20	12/15/20	5.160	2.25
Proctor and Gamble	PG	143.83	138.63	117.20	145.87	94.34	0.791	10/23/20	11/16/20	3.164	2.20
Honeywell	HON	172.61	168.30	163.64	184.06	101.08	0.930	11/13/20	12/4/20	3.720	2.16
Home Depot, Inc.	HD	287.54	285.58	235.62	292.95	140.63	1.500	9/3/20	9/17/20	6.000	2.09
American Express	AXP	104.43	106.68	117.59	138.13	67.00	0.430	10/9/20	11/10/20	1.720	1.65
Unitedhealth Group	UNH	324.57	307.23	238.59	335.65	187.72	1.250	9/14/20	9/22/20	5.000	1.54
Wal-Mart Stores	WMT	144.53	137.36	119.53	151.33	102.00	0.540	12/11/20	1/4/21	2.160	1.49
Microsoft Corp.	MSFT	219.66	208.78	141.57	232.86	132.52	0.560	11/19/20	12/10/20	2.240	1.02
Nike	NKE	129.00	119.27	94.79	131.38	60.00	0.245	8/31/20	10/1/20	0.980	0.76
Walt Disney	DIS	127.36	131.24	129.76	153.41	79.07	0.880	12/16/19	1/16/20	0.880	0.69
Apple	AAPL	120.71	115.54	235.32	137.98	53.15	0.205	12/16/20	1/16/20	0.820	0.68
Visa Inc.	V	199.55	205.39	178.75	217.35	133.93	0.300	8/14/20	9/1/20	1.200	0.60
Salesforce	CRM	257.72	251.68	152.74	284.50	115.29	0.000	No dividend		0.000	0.00
Boeing	BA	164.24	163.49	370.96	375.60	89.00	0.000	Dividend suspended		0.000	0.00

† Based on indicated dividends and market price as of 10/15/20. Extra dividends are not included in annual yields.

All data adjusted for splits and spin-offs. 12-month data begins 10/15/19.

ASSET CLASS INVESTMENT VEHICLES

Data as of September 30, 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	2.90 yrs	2681	0.07	44		1.94	4.78	3.41	2.51	0.83
Short-Term Bonds	SPDR Portfolio Short Term Corp Bd ETF	1.91 yrs	1088	0.07	54		2.29	4.07	3.24	2.72	1.00
Short-Term Bonds	iShares 1-3 Year Treasury Bond ETF	1.89 yrs	81	0.15	56		1.40	3.45	2.51	1.67	0.68
Interm-Term	Vanguard Total Bond Market Adm	8.50 yrs	18314	0.05	31		2.36	7.03	5.30	4.20	1.08
Interm-Term	iShares Core US Aggregate Bond ETF	7.78 yrs	8257	0.04	108		2.33	6.83	5.17	4.09	1.04
Tax-Exempt	Vanguard Ltd-Term Tax-Exempt Inv	2.90 yrs	6914	0.17	21		1.70	3.30	2.54	2.07	0.00
Tax-Exempt	SPDR Nuveen Blmbg Barclays ST MumBd ETF	2.92 yrs	1043	0.20	23		1.29	3.13	2.16	1.65	0.00
Tax-Exempt	Vanguard Interm-Term Tx-Ex Inv	5.20 yrs	10083	0.17	8		2.39	4.07	3.88	3.46	0.00
Inflation-Protected	iShares TIPS Bond ETF	8.40 yrs	45	0.19	17		0.81	9.73	5.66	4.47	0.78
Inflation-Protected	Vanguard Inflation-Protected Securities Inv	8.50 yrs	43	0.20	26		1.29	9.64	5.53	4.35	0.94
International	Vanguard Total International Bond Adm	9.90 yrs	6320	0.11	26		3.20	2.15	5.13	4.35	1.15

Real Estate (REITs)

U.S. REITs	Vanguard REIT Adm	17.97 B	183	0.12	6	2.32	3.74	-12.19	2.37	5.22	1.41
U.S. REITs	SPDR Dow Jones REIT	12.81 B	116	0.25	17	1.95	3.95	-22.51	-2.04	1.74	1.47
Int'l REITs	Vanguard Global ex-US Real Estate Adm (2)	5.71 B	644	0.12	7	0.80	7.49	-11.60	-1.47	3.67	1.85
Int'l REITs	iShares International Developed Property	5.84 B	401	0.48	8	0.83	7.69	-12.51	-1.10	2.92	1.92
Global (incl. U.S.)	SPDR Dow Jones Global Real Estate ETF	9.38 B	276	0.50	7	1.31	4.67	-20.44	-2.49	0.98	1.50

U.S. Stocks

Large Cap (blend)	Vanguard S&P 500 Adm	169.48 B	514	0.04	4	3.30	1.73	15.11	12.24	14.11	0.46
Large Cap (blend)	iShares Core S&P 500	162.84 B	509	0.03	4	3.32	1.88	15.00	12.22	14.10	0.58
Large Cap (blend)	iShares Russell 1000 ETF	124.09 B	1020	0.15	5	3.28	1.57	15.80	12.24	13.95	0.54
Large Cap Value	Vanguard Value Adm	86.59 B	353	0.05	12	2.00	3.01	-3.32	4.37	9.25	0.65
Large Cap Value	iShares Russell 1000 Value	57.64 B	848	0.19	16	1.82	2.84	-5.18	2.48	7.48	0.76
Small Cap (blend)	iShares Core S&P Small-Cap ETF	1.63 B	607	0.06	16	1.48	1.69	-8.20	-0.34	7.22	0.48
Small Cap (blend)	Schwab US Small-Cap ETF	2.65 B	1762	0.04	11	1.58	1.47	-0.47	1.95	7.67	0.53
Small Cap Value	Vanguard Small Cap Value Adm	3.75 B	898	0.07	19	1.29	2.29	-12.30	-2.67	4.80	0.59
Small Cap Value	iShares Russell 2000 Value	1.47 B	1469	0.24	25	1.00	2.27	-14.93	-5.28	4.01	0.66
Small Cap Value	iShares Micro-Cap	0.46 B	1271	0.60	24	1.33	1.27	4.07	-0.25	6.64	0.39
Marketwide	Vanguard Total Stock Market Adm	100.47 B	3529	0.04	4	3.07	1.68	14.99	11.64	13.68	0.53
Marketwide	Fidelity Total Market Index	103.17 B	3404	0.02	11	3.08	1.70	14.76	11.54	13.62	0.85

Foreign Stocks

Developed Markets	Vanguard FTSE Developed Markets Adm	24.43 B	4004	0.07	2	1.35	2.40	2.18	0.94	5.79	0.78
Developed Markets	iShares Core MSCI EAFE ETF	24.63 B	2552	0.07	3	1.43	2.62	1.26	0.85	5.62	0.82
Emerging Markets	Vanguard Emerging Markets Stock Adm	31.73 B	4233	0.14	9	1.56	2.77	9.75	2.50	8.20	0.87
Emerging Markets	Schwab Emerging Markets Equity ETF	44.24 B	1537	0.11	13	1.61	3.16	9.90	2.76	8.65	1.02

Gold-Related Funds

Gold ETFs	SPDR Gold Minishares		GLDM	0.18			0.00	27.89	n/a	n/a	0.00
Gold ETFs	GraniteShares Gold Trust		BAR	0.17			0.00	27.46	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) VGRXL 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.

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