AIS INVESTMENT GUIDE
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*See box, page 86, for representative indexes.

## Rates of Interest

As of November 19, 2021

| | |
|---|---|
| **Government Obligations[1]** | |
| Fed Funds Rate | 0.08% |
| 3-Month Treas. Bill | 0.05% |
| 10-Yr. Treas. Note | 1.59% |
| 30-Yr. Treas. Bond | 1.97% |
| 10-Yr. TIPS | -1.14% |
| Muni Bonds - Nat'l 10-Yr. | 1.20% |
| **Mortgage Rates[2]** | |
| 15-Yr Fixed | 2.39% |
| 30-Yr Fixed | 3.10% |
| **Banking[3]** | |
| Savings | 0.06% |
| Money Market | 0.06% |
| 12-month CD | 0.14% |

[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).

# Regarding China

Hardly a day goes by without a prominent news story pertaining to China. Recent topics have covered the country's use of forced labor and the financial troubles plaguing real estate giant Evergrande. Geopolitical stories have drawn attention to China's military build-up, its participation in a multinational climate agreement, and its massive exports vis-a-vis the global supply chain disruption.

Indeed, headlines have included "The China Question,"[1] "The New China: Opportunity or Threat?"[2] and "China, U.S. Face Off Over Reforms"[3]. Though these might seem appropriate for 2021, they actually ran in 2005.

China has dominated headlines for decades. During this time, markets have effectively discounted news as it has emerged. Chinese equity prices have responded accordingly.

The attention to China appears disproportionate considering the relative of value of Chinese stocks. The Chinese economy has surely grown rapidly in recent decades. Still, publicly traded Chinese stocks account for only about five percent of the value of all global stocks. So, while investors should pay attention, such developments should be interpreted within a consistent and rational framework.

Diversification is the most effective tool for managing country and company specific risk. Investing broadly across and within global stock markets insulates portfolios from the isolated fate of a single company or country.

Emerging market mutual funds and ETFs provide diversified, cost-effective exposure to China. China represents only one of approximately 20 countries that comprise the emerging market universe. Moreover, certain emerging market funds accommodate investor aversions to China by excluding the country entirely. Contact us for more information.

# MARGINAL VS. EFFECTIVE TAX RATES

*The following article provides a summary of marginal and effective tax rates under the progressive U.S. income tax code. While readers may be familiar with these concepts, the article may be useful as a refresher. This information may also help young adults understand the basics of income taxation.*

Understanding marginal and effective tax rates is important for tax planning purposes. However, many taxpayers cannot differentiate between the two. Let's take a closer look.[1]

## Marginal Tax Rate

The United States has a progressive tax system. The more money you earn, the higher your tax rate is and the more taxes you pay to the IRS. In 2021, there are seven tax brackets ranging from 10 percent to 37 percent. If you earn $35,000 a year as a single filer, you are in the 12 percent tax bracket. If you make $520,000 a year as a single filer, you are in the 37 percent tax bracket. These brackets represent your marginal tax rate, or the rate you pay on each additional dollar of income. When someone says they are in the 35 percent tax bracket, this is typically what they are referring to. Much of the confusion begins here.

For many taxpayers, their income is the same as their earnings from wages. However, taxpayers should note that income from capital gains may be taxed differently. Short-term capital gains are generally taxed as ordinary income according to the seven tax brackets mentioned above. Long-term capital gains, however, rely upon a separate tax table. Long term capital gains are taxed at 0 percent, 15 percent, and 20 percent.

Determining your income tax liability is not as straightforward as it seems. Income taxation is progressive. Tax rates only apply to dollars within that particular bracket.

Take an example. Those who earn $100,000 per year are in the 24 percent tax bracket. This does not mean that the entirety of earnings are taxed at 24 percent (0.24 x $100,000 = $24,000). Rather, only their last earned dollars are subject to this rate. The actual tax liability breaks down as indicated in the table nearby.

| | | |
|---|---|---|
| 10% Bracket: | ($9,950 - $0) x 10% = | $996 |
| 12% Bracket: | ($40,525 - $9,950) x 12% = | 3,669 |
| 22% Bracket: | ($86,375 - $40,525) x 22% = | 10,087 |
| 24% Bracket: | ($100,000 - $86,375) x 24% = | 3,270 |
| Total Tax | | $18,022 |

The marginal tax rate (tax bracket) on $100,000 of income is 24 percent, but the effective tax rate is closer to 18 percent ($18,022/$100,000) - without taking any deductions that reduce taxable income.

## Effective Tax Rate

The effective tax rate is the actual amount of federal income taxes paid on your taxable income. This more accurately represents the amount of actual taxes paid. The effective tax rate does not include state taxes and local taxes, FICA taxes, or self-employment tax.

Many taxpayers take advantage of tax credits and deductions that reduce taxable income, such as the standard deduction, tax-deductible contributions to a retirement or pension plan, health savings account, tax credits for dependent children, and charitable contributions.

Calculating your effective tax rate is relatively simple: Divide your total tax liability by your gross (before tax) annual income. For example, if you made $100,000 (single filer), took the standard deduction of $12,500 in 2021 (reducing your income to $87,450) and paid $15,009.50 in tax, the effective tax rate is 15 percent even though you are in the "24 percent" tax bracket.

The effective rate and the marginal rate serve different purposes. The effective rate measures the percentage of your total taxable income that goes to the government. The marginal tax rate, on the other hand, provides a measure of how much your next earned dollar will be taxed. When making important decisions that affect your taxable income, such as whether to take a second job, or whether to invest in income-tax free muni bonds, the marginal rate is what matters.

If you feel like too much of your hard-earned money goes straight to the IRS instead of your bank account, please call us at 413-645-3327.

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

# INFLATION, WAGES, AND INFLATION EXPECTATIONS: A SNAPSHOT[1]

Over the last year, prices have risen by 6.2 percent according to the consumer price index that measures urban consumption. We may be observing the beginning of a second wave of rising inflation according to recent inflation measures.

Currently, the Federal Reserve targets an average rate of inflation of 2 percent for Core CPI; an index that measures prices for urban consumption without including food and energy prices. Even by this measure, prices are rising at a rate greater than 2 percent per year. With food and energy prices removed, this measure of inflation currently stands at 4.6 percent, about 1.6 percent less than the more complete urban consumption measure. However you measure it, a rising rate of inflation indicates that the dollar is losing value at an increasing rate.

Another significant form of price inflation is wage inflation. If wage increases fail to keep up with price level increases, then workers generally become poorer. If workers do not anticipate inflation, they might even think that they are becoming richer. For example, if you receive a 4 percent increase in your salary, but prices have increased by 6 percent, your real (inflation adjusted) wage has actually fallen by 2 percent! The apparent gain is an illusion. As Chart 1 illustrates, recently inflation has been outpacing wage increases in the private sector.

Unexpected jumps in inflation tend to lead to 1) falling real wages and 2)

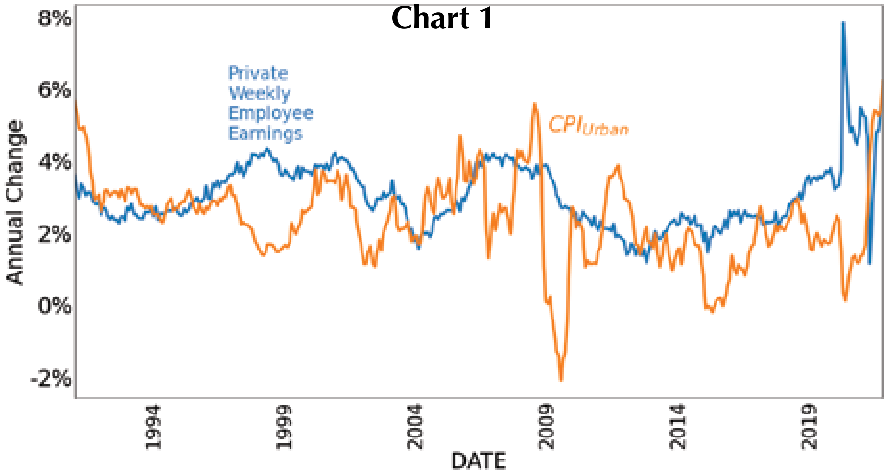



Chart 1

a fall in the rate of unemployment (because the real cost of hiring has fallen). For the last three decades, inflation has been modest and wage increases have tended to at least keep pace with, if not exceed, inflation. This has led to some complacency as inclusion of explicit cost of living adjustments to wages have tended to be smaller, if considered at all.

Price stability faded as inflation began rising earlier this year. Chart 2 depicts how real wages have fallen since. Wage increases tend to trail behind price increases, especially since high inflation has not been a problem for decades. This surprise jump in inflation may lead to an increase in the proportion of the labor force that is employed, since the real cost of hiring labor has fallen. This increase in employment, however, will eventually be offset by wage increases as workers begin to demand cost of living adjustments and competing firms necessarily capitulate to these demands.

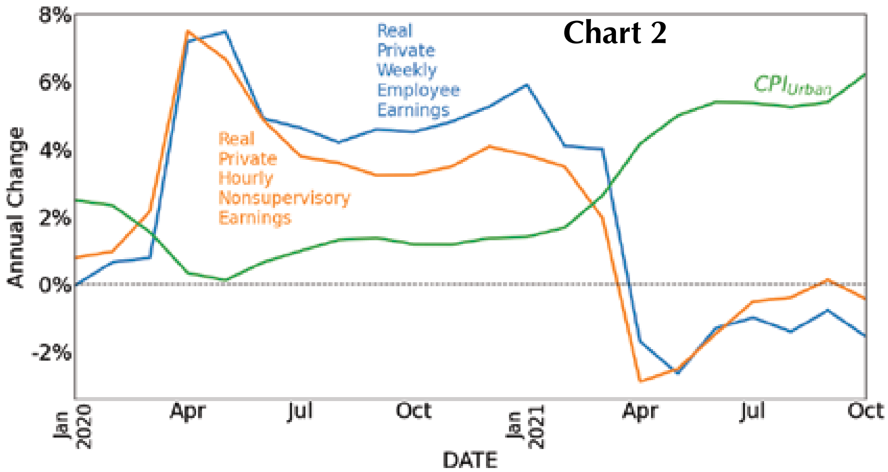
If this was the end of the story, perhaps the current situation would represent a temporary economic discomfort. There is a significant chance, however, that the Federal Reserve will face two problems as it attempts to limit further increases in the rate of inflation: 1) inflation expectations will likely increase and 2) inflation expectations may become more volatile. These can have detrimental impacts on labor markets.

If inflation expectations increase significantly above the Federal Reserve's long-run target of 2 percent, this will be a sign that investors believe that inflation concerns are not transitory. The inability of the Federal Reserve to efficiently promote its 2 percent inflation target would increasingly lead investors to hedge against higher rates of inflation. This leads to problem 2). Having failed to prove reliable in promoting a low and stable inflation target, inflation expectations will become more volatile. This is exactly the sort of price behavior that we observed in the mid-1970s and early 1980s. The rate of inflation became especially volatile, with multiple 10 percent swings over time spans of 1 to 2 years. Investors believed that future inflation would remain elevated as policymakers failed to consider investor expectations concerning future inflation.

One way to observe inflation expectations is to calculate the inflation rate implied by inflation-protected securities offered by the U.S. Treasury (TIPS). A fall in the rate paid on these inflation-adjusted securities relative to the rate paid on traditional securities suggests growing inflation expectations. Chart 3 displays five-year inflation expectations on this basis($\pi_{e5y}$). The breakeven inflation rate tends to follow the rate of inflation as measured by Urban CPI ($\pi_{Urban}$) since it is this measure of CPI that determines compensation for inflation for holders of TIPS. Since the start of the government response to Covid-19, however, both inflation and inflation expectations have become increasingly volatile. For the last several months, there has been a sustained discrepancy between observed inflation and inflation expectations. Easy monetary policy is forcing investors to either believe that the Federal Reserve's inflation target will be met, or conclude that elevated inflation is more likely. The longer inflation remains elevated relative to the Federal Reserve's inflation target, the less investors will trust the Federal Reserve to maintain this target. If the Federal Reserve fails to reduce the rate of inflation in the next several months, inflation expectations may become unanchored. The result would be higher and more volatile inflation.

How will this impact labor markets? If inflation expectations rise, then the end of easy monetary policy will spell not only the end of a falling rate of unemployment. Wages will rise in response to higher observed rates of inflation. These wage increases will reduce the level of labor that can be employed across the entire economy. Any attempt to reduce the rate of inflation after this adjust-

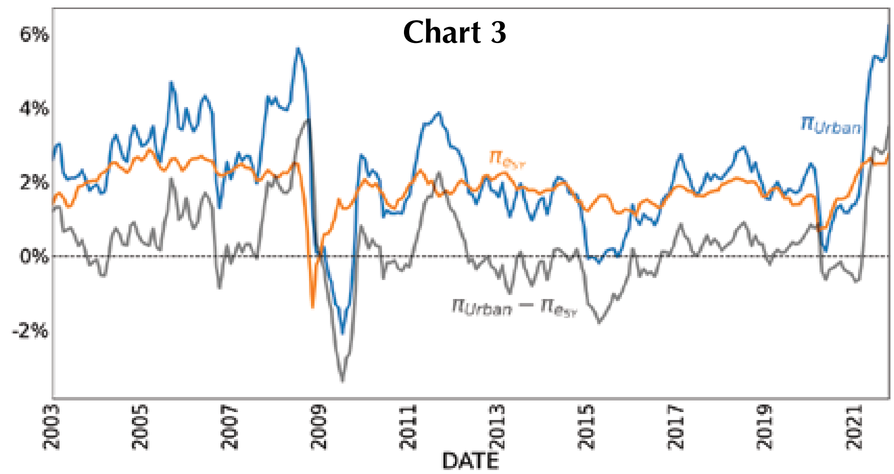

1. By James Caton, Senior Fellow, AIER Sound Money Project, Assistant Professor in the Department of Agribusiness and Applied Economics and a Fellow at the Center for the Study of Public Choice and Private Enterprise at North Dakota State University.




a similarly painful period of adjustment. Yet the current position of monetary policy is not yet dire. Inflation rates are not in the double digits and year-over-year changes in the rate of inflation are modest compared to the volatility we observed several decades ago. A modest increase in the federal funds target may be enough to gain the confidence of investors. The longer Powell waits to encourage faith in his ability and willingness to maintain the current inflation target, the more difficult it will be to bring investor expectations in line with the path of monetary policy.

ment would promote rising real wages alongside a rising rate of unemployment. Expecting a higher rate of inflation, labor may temporarily exact more value than is merited by inflation. Only after inflation expectations fall in line with a new, lower rate of inflation would the unemployment rate recover. It was precisely this problem that led to an elevated unemployment rate during the early years of Paul Volcker's tenure as Federal Reserve Chairman, as Volcker promoted a lower and more stable rate of inflation.

Jerome Powell is playing a dangerous game with investors that can lead to




## SOCIAL SECURITY GETS A BOOST

As prices climb, Social Security's cost of living adjustment has received renewed attention. The Social Security Administration (SSA) recently announced a 5.9 percent increase to next year's benefits. This represents the largest increase to benefits in nearly four decades. The move reflects surging inflation as consumer demand endures, supply chain woes linger, and unprecedented government stimulus circulates.

Social Security benefits are the keystone to many retirement plans. In fact, a recent report found that 40 percent of retirees rely solely upon Social Security for retirement income. This fact highlights the program's central role in our country's retirement system. The program's sheer magnitude further demonstrates its significance. In total, roughly 69.1 million Social Security recipients will receive next year's cost-of-living adjustment.[1]

It is no secret that Social Security plays a critical role in many sustainable plans. However, individuals often struggle to grasp Social Security's many features and perks. It is said that there are over 5,000 rules and provisions in the Social Security handbook. Even advanced financial planners and benefits experts fumble over the program's particulars. This article focuses on one critical feature: the cost-of-living adjustment.

### Strategizing Benefits

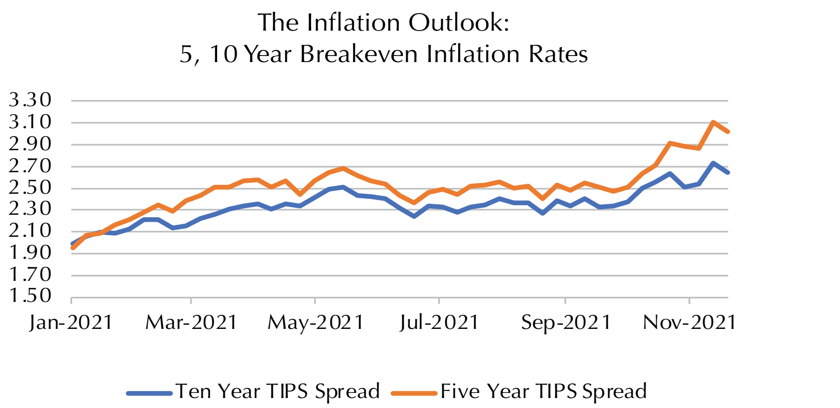
Social Security provides a guaranteed floor of inflation-protected income in retirement. We often encourage retirees to earmark this income for basic expenses. These might include utilities, food, and transportation. The benefits of this approach are two-fold. Firstly, many find that such "mental accounting" simplifies yearly spending plans. Secondly, Social Security's cost of living adjustment helps absorb inevitable cost increases that might otherwise burden investment accounts.

Claiming strategies vary based on each person's situation. Many claim at the full retirement age (FRA) to capture 100 percent of their primary insurance amount (PIA). Others seek to maximize benefits by delaying until age 70. A third camp files for benefits at age 62, either due to necessity, poor health, or a preference for immediate income. Social Security claiming basics are discussed in the August 2020 *Investment Guide* ("Claiming Social Security").

### Understanding the COLA

One of Social Security's crucial benefits is the cost-of-living adjustment (COLA). Recalculated each October, the cost-of-living adjustment measures year-over-year price changes. Social Security benefits are then adjusted accordingly in December. This COLA feature proved vital during the hyper-inflationary periods of the 1970s and 1980s. Seniors hope that the recent adjustment will provide similar relief today.

However, Social Security cost-of-living adjustments are "backward looking".




Source: Federal Reserve Bank of St. Louis, 5, 10-Year Breakeven Inflation Rate Nov 23, 2021

In other words, past inflation readings determine future benefits increases. This lag has real implications for retirees nationwide. If recent inflation is transitory, or temporary, retirees will have greater spending capacity going forward. On the other hand, if inflation surpasses 5.9 percent over the next 12 months, then recipients will lose purchasing power.

Social Security utilizes the Consumer Price Index (CPI) to gauge inflation. Most are familiar with the CPI, which measures the weighted average costs of consumer goods and services. These include essentials such as transportation, food, and medical care. Inflationary reports invariably reference the CPI to measure cost of living changes over time.

## Which CPI?

Many, however, are unaware that there are two primary consumer price indexes: the CPI-W and the CPI-U. The CPI-U, or Consumer Price Index for All Urban Consumers, is a general index that tracks retail prices impacting nearly all urban and metropolitan residents. CPI-U consumers include professionals, self-employed workers, those below the poverty line, the unemployed, and retirees. The CPI-W, or Consumer Price Index for Urban Wage Earners and Clerical Workers, tracks a narrower subset of the population. The CPI-W tracks prices affecting primarily hourly wage workers and clerical employees.

Unsurprisingly, there are major differences between the two population groups. The CPI-U covers approximately 93 percent of the U.S. population, while the CPI-W represents only 29 percent.[2] The CPI-W also tends to overweight food, clothing, and transportation costs. Although Social Security has used the CPI-W since 1975, criticisms abound.

Seniors live and spend much differently than the general population. Economists point out that the CPI-W does not reflect seniors' true spending habits. These discrepancies can either reduce *or* enhance participants' purchasing power. For example, retirees spend disproportionately on healthcare – a reality that will only worsen as long-term care costs climb. However, Social Security cost-of-living adjustments do not take this into account.[3] Participants' purchasing power has declined as a result.

The opposite can also be true. Take fuel and gas prices. People tend to drive and travel less with age. This means that seniors are partly sheltered from fuel and gas prices compared with younger groups. High energy costs have fueled recent inflation, suggesting that less mobile seniors may stand to benefit.

Regardless, seniors tend to lose in the long run. Despite annual cost-of-living adjustments, Social Security recipients have lost 32 percent of their purchasing power since 2000 according to a recent study.[4] Surely, market returns have helped neutralize this burden for some. However, large swaths of uninvested retirees remain particularly vulnerable to inflationary pressures.

Social Security's cost-of-living adjustment has significant deficiencies. Still, participants should not expect changes any time soon. AIS encourages retirees to instead focus on what they can control. Namely, the adjustment will generate higher tax bills for many.

## Tax Implications

As the saying goes, more income means more taxes. Social Security recipients will encounter higher taxes due to the recent cost-of-living adjustment. Social Security taxation varies by income level, though the calculation is not intuitive. Unlike other income streams, Social Security benefits are never taxed in entirety. Rather, the IRS utilizes a unique "combined income" calculation to determine the taxable *proportion* of one's benefit. This calculation combines wages, self-employment income, interest, dividends and any other reportable taxable income with half of one's Social Security benefit.

Put simply, "combined income" determines how much of one's benefit is taxable. High earners find that 85 percent of their Social Security benefits are taxable. Mid earners find that 50 percent of their Social Security benefits are taxable. Low earners may avoid Social Security taxation entirely.

## Takeaways

Social Security extends critical support to retirees across the country. Nearly every retiree will encounter Social Security's convoluted matrix of rules and provisions. In this sense, Social Security is unique - the nation's wealthiest and poorest both benefit from the same program. The program's cost-of living adjustment, though imperfect, provides both groups some protection from rising costs. Regardless of circumstances, it behooves these participants to understand how benefits are calculated and adjusted each year.

Social Security remains a primary focus for AIS. Program recipients are encouraged to contact BryceS@AmericanInvestment.com or 413-591-4448 with any questions regarding the recent cost-of-living adjustment. AIS also offers in-depth Social Security claiming analysis to individuals evaluating when to begin benefits.

1. "Fast Facts & Figures About Social Security, 2020", Social Security Administration.
2. "Consumer Price Index – October 2021", National Bureau of Labor Statistics.
3. A third index, the Consumer Price Index for the elderly (CPI-E), measures price changes based on elderly spending patterns. It is not currently used for Social Security cost of living adjustments.
4. "Social Security Benefits Lose 30 percent of Buying Power Since 2000", The Senior Citizens League. May 20, 2020.

## THE HIGH-YIELD DOW INVESTMENT STRATEGY

### HYD Model Portfolio

| As of November 15, 2021 | Rank | Yield (%) | Price ($) | Status | Percent of Portfolio Value (%) | Percent of Portfolio No. Shares (%)[1] |
|---|---|---|---|---|---|---|
| IBM | 1 | 5.52 | 118.87 | Holding** | 21.30 | 13.42 |
| Verizon | 2 | 4.89 | 52.40 | Buying | 15.04 | 21.50 |
| Dow, Inc. | 3 | 4.67 | 59.92 | Holding** | 24.73 | 30.92 |
| Chevron | 4 | 4.59 | 116.82 | Holding** | 28.30 | 18.15 |
| Walgreen Boots | 5 | 3.88 | 49.22 | Holding | 5.49 | 8.35 |
| Exxon Mobil | N/A | 5.52 | 64.37 | Selling | 4.44 | 5.17 |
| Kyndryl | N/A | N/A | 20.37 | Selling | 0.68 | 2.49 |
| Cash (6-mo. T-Bill) | N/A | N/A | | | 0.01 | N/A |
| Totals | | | | | 100 | 100 |

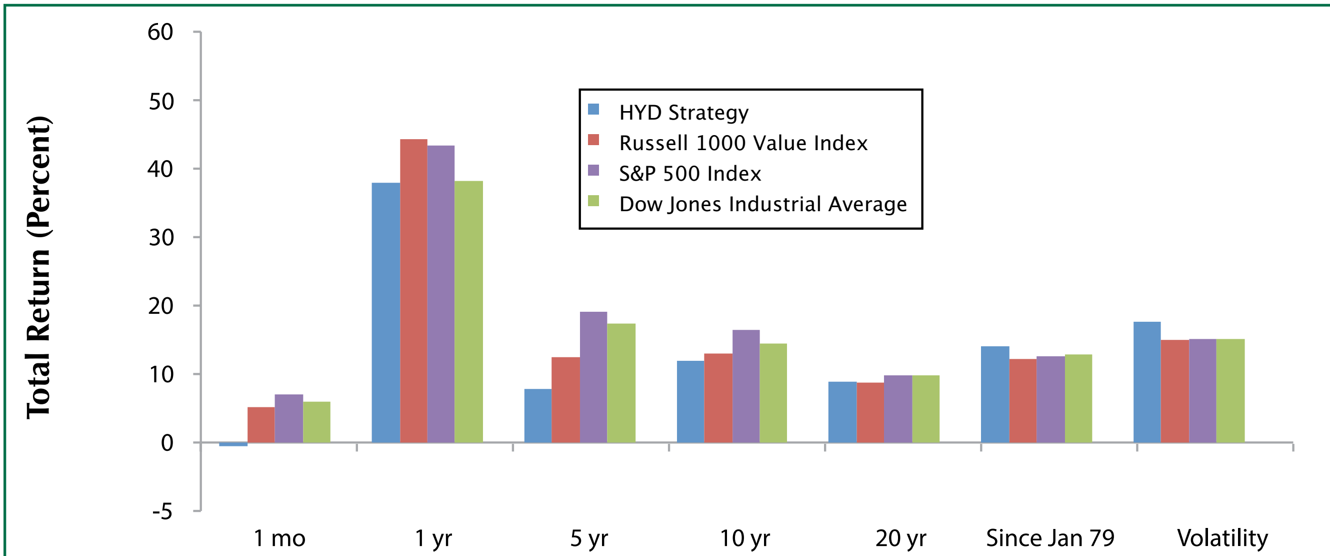
**Currently indicated purchases approximately equal to indicated purchases 18 months ago. [1]Because the percentage of each issue in the portfolio by value reflects the prices shown in the table (closing prices on the date indicated), we are also showing the number of shares of each stock as a percentage 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 October 31, 2021*. Returns for the 5-,10- and 20-year periods and since 1979 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 | -0.49 | 37.54 | 7.76 | 11.77 | 8.81 | 13.98 | 17.51 |
| Russell 1000 Value Index | 5.08 | 43.76 | 12.39 | 12.85 | 8.63 | 12.06 | 14.77 |
| S&P 500 Index | 7.01 | 42.91 | 18.93 | 16.21 | 9.77 | 12.43 | 15.02 |
| Dow Jones Industrial Average | 5.93 | 37.73 | 17.21 | 14.32 | 9.74 | 12.70 | 14.90 |




*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 1% 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 ($)

| | *11/15/21* | *Mo. Earlier* | *Yr. Earlier* | *Prem. (%)* |
|---|---|---|---|---|
| Gold, London p.m. fixing | **1,859.90** | 1,772.65 | 1,890.90 | |
| Silver, London Spot Price | **24.79** | 23.24 | 24.25 | |
| Crude Oil, W. Texas Int. Spot | **80.85** | 82.39 | 39.93 | |

### Coin Prices ($)[1]

| | *11/15/21* | *Mo. Earlier* | *Yr. Earlier* | *Prem. (%)* |
|---|---|---|---|---|
| American Eagle (1.00) | **1,939** | 1,848 | 1,971 | 4.25 |
| Austrian 100-Corona (0.9802) | **1,823** | 1,738 | 1,853 | 0.00 |
| British Sovereign (0.2354) | **438** | 417 | 445 | 0.00 |
| Canadian Maple Leaf (1.00) | **1,905** | 1,818 | 1,936 | 2.42 |
| Mexican 50-Peso (1.2057) | **2,242** | 2,137 | 2,280 | 0.00 |
| Mexican Ounce (1.00) | **1,878** | 1,791 | 1,909 | 0.97 |
| S. African Krugerrand (1.00) | **1,905** | 1,818 | 1,936 | 2.42 |
| U.S. Double Eagle-$20 (0.9675) | | | | |
| St. Gaudens (MS-60) | **1,768** | 1,853 | 1,907 | n/a |
| Liberty (Type II-AU50) | **1,773** | 1,859 | 1,918 | n/a |
| Liberty (Type III-AU50) | **1,753** | 1,839 | 1,893 | n/a |
| U.S. Silver Coins ($1,000 face value, circulated) | | | | |
| 90% Silver Circ. (715 oz.) | **18,072** | 19,627 | 16,946 | n/a |
| 40% Silver Circ. (295 oz.) | **6,184** | 6,917 | 6,842 | n/a |

[1]Note: 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.

### Recent Market Returns

Data through October 31, 2021

| | U.S. Stocks (Mktwd) | Foreign Dev. Stocks | Foreign Emerg. Stocks | Global REITs | U.S. Bonds | Foreign Bonds (hedged) | Gold |
|---|---|---|---|---|---|---|---|
| 1-month | 6.76% ↑ | 2.98% ↑ | 0.99% ↑ | 6.11% ↑ | -0.03% ↓ | -0.53% ↓ | 1.50% ↑ |
| 3-month | 4.88% ↑ | 1.62% ↑ | -0.49% ↓ | 1.95% ↑ | -1.08% ↓ | -0.79% ↓ | -1.70% ↓ |
| 1 year | 43.90% ↑ | 35.59% ↑ | 16.96% ↑ | 44.12% ↑ | -0.48% ↓ | -0.54% ↓ | -5.08% ↓ |
| 5 year (annualized) | 18.91% ↑ | 9.95% ↑ | 9.39% ↑ | 7.24% ↑ | 3.10% ↑ | 1.81% ↑ | 6.90% ↑ |
| 15 year (annualized) | 10.66% ↑ | 4.09% ↑ | 5.42% ↑ | 4.16% ↑ | 4.12% ↑ | 2.43% ↑ | 7.42% ↑ |
| **Best and worst one-year returns, Jan. 2001 - Oct. 2021** | | | | | | | |
| Best | **62.5%** | **57.2%** | **91.6%** | **85.7%** | **13.8%** | **7.1%** | **54.6%** |
| During: | 04/2020-03/2021 | 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%** | **-28.0%** |
| 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 ($) 11/15/21* | *10/15/21* | *11/15/20* | *12-Month ($) High* | *Low* | *Latest Dividend Amount ($)* | *Record Date* | *Payable Date* | *Indicated Annual Dividend ($)* | *Yield† (%)* |
|---|---|---|---|---|---|---|---|---|---|---|---|
| IBM | IBM | 118.87 | 144.61 | 116.85 | 146.12 | 112.11 | 1.640 | 11/10/21 | 12/10/21 | 6.560 | 5.52 |
| Verizon | VZ | 52.40 | 52.27 | 61.06 | 61.95 | 50.65 | 0.640 | 10/8/21 | 11/1/21 | 2.560 | 4.89 |
| Dow Chemical | DOW | 59.92 | 58.96 | 51.97 | 71.38 | 51.33 | 0.700 | 11/30/21 | 12/10/21 | 2.800 | 4.67 |
| Chevron | CVX | 116.82 | 109.61 | 83.03 | 118.08 | 83.53 | 1.340 | 11/18/21 | 12/10/21 | 5.360 | 4.59 |
| Walgreen's | WBA | 49.22 | 48.92 | 42.71 | 57.05 | 37.22 | 0.478 | 11/15/21 | 12/10/21 | 1.910 | 3.88 |
| Amgen | AMGN | 207.40 | 207.84 | 237.36 | 276.69 | 200.47 | 1.760 | 11/16/21 | 12/8/21 | 7.040 | 3.39 |
| 3M Company | MMM | 183.35 | 181.94 | 169.79 | 208.95 | 163.38 | 1.480 | 11/19/21 | 12/12/21 | 5.920 | 3.23 |
| Merck | MRK | 83.73 | 78.33 | 81.09 | 91.40 | 68.44 | 0.650 | 9/15/21 | 10/7/21 | 2.600 | 3.11 |
| Coca-Cola | KO | 56.62 | 54.48 | 53.45 | 57.56 | 48.11 | 0.420 | 12/1/21 | 12/15/21 | 1.680 | 2.97 |
| Intel Corp | INTC | 50.32 | 54.46 | 45.46 | 68.49 | 45.24 | 0.348 | 11/7/21 | 12/1/21 | 1.390 | 2.76 |
| Johnson & Johnson | JNJ | 163.52 | 161.30 | 149.90 | 179.92 | 142.86 | 1.060 | 11/23/21 | 12/7/21 | 4.240 | 2.59 |
| Cisco | CSCO | 57.27 | 55.25 | 41.40 | 60.27 | 41.02 | 0.370 | 10/5/21 | 10/27/21 | 1.480 | 2.58 |
| J P Morgan | JPM | 166.56 | 166.61 | 114.08 | 172.96 | 115.57 | 1.000 | 10/6/21 | 10/31/21 | 4.000 | 2.40 |
| Proctor and Gamble | PG | 147.41 | 144.42 | 144.28 | 148.93 | 121.54 | 0.870 | 10/22/21 | 11/15/21 | 3.480 | 2.36 |
| Travelers | TRV | 158.06 | 155.64 | 134.63 | 163.29 | 129.57 | 0.880 | 12/10/21 | 12/31/21 | 3.520 | 2.23 |
| McDonald's | MCD | 252.94 | 242.25 | 213.28 | 257.53 | 202.73 | 1.380 | 12/1/21 | 12/15/21 | 5.520 | 2.18 |
| Caterpillar | CAT | 207.71 | 199.02 | 171.71 | 246.69 | 172.28 | 1.110 | 10/25/21 | 11/19/21 | 4.440 | 2.14 |
| Goldman Sachs | GS | 404.81 | 406.07 | 219.08 | 426.16 | 225.73 | 2.000 | 12/2/21 | 12/30/21 | 8.000 | 1.98 |
| Home Depot, Inc. | HD | 371.08 | 350.41 | 277.17 | 416.56 | 246.59 | 1.650 | 12/2/21 | 12/16/21 | 6.600 | 1.78 |
| Honeywell | HON | 222.47 | 220.72 | 201.54 | 236.86 | 194.55 | 0.980 | 11/12/21 | 12/3/21 | 3.920 | 1.76 |
| Wal-Mart Stores | WMT | 146.91 | 140.55 | 150.54 | 153.66 | 126.28 | 0.550 | 12/10/21 | 1/3/22 | 2.200 | 1.50 |
| Unitedhealth Group | UNH | 450.80 | 428.07 | 355.67 | 466.00 | 320.35 | 1.450 | 12/6/21 | 12/14/21 | 5.800 | 1.29 |
| American Express | AXP | 183.10 | 175.81 | 114.99 | 189.03 | 112.10 | 0.430 | 10/8/21 | 11/10/21 | 1.720 | 0.94 |
| Microsoft Corp. | MSFT | 336.07 | 304.21 | 216.51 | 349.67 | 208.16 | 0.620 | 11/18/21 | 12/9/21 | 2.480 | 0.74 |
| Visa Inc. | V | 212.30 | 230.99 | 210.48 | 252.67 | 192.81 | 0.375 | 11/12/21 | 12/7/21 | 1.500 | 0.71 |
| Nike | NKE | 168.85 | 158.01 | 128.28 | 179.10 | 125.44 | 0.275 | 12/6/21 | 12/28/21 | 1.100 | 0.65 |
| Apple | AAPL | 150.00 | 144.84 | 119.26 | 165.70 | 112.59 | 0.220 | 11/8/21 | 11/11/21 | 0.880 | 0.59 |
| Walt Disney | DIS | 158.45 | 176.46 | 138.36 | 203.02 | 141.70 | 0.000 | No dividend | | 0.000 | 0.00 |
| Salesforce | CRM | 305.49 | 291.66 | 249.51 | 311.75 | 201.51 | 0.000 | No dividend | | 0.000 | 0.00 |
| Boeing | BA | 233.09 | 217.04 | 187.11 | 278.57 | 191.85 | 0.000 | No dividend | | 0.000 | 0.00 |

† Based on indicated dividends and market price as of 11/15/21. Extra dividends are not included in annual yields.
All data adjusted for splits and spin-offs. 12-month data begins 11/15/20.

## ASSET CLASS INVESTMENT VEHICLES

| Data as of November 21, 2021 | | Security Symbol(s) (1) Mutual Fund | Security Symbol(s) (1) ETF | Avg. Market Cap / Avg. Maturity | Number of Holdings | Expense Ratio (%) | Turnover (%) | Price-to-Book Ratio | Trailing 12-Mo. Yield (%) | Annualized Returns (%) 3-Year | Annualized Returns (%) 5-Year | Annualized Returns (%) 10-Year | Tax Cost Ratio - 3 Years (%) (3) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Fixed Income** | | | | | | | | | | | | | |
| Short-Term Bonds | Vanguard Short-Term Bond Adm | VBIRX | BSV | 2.90 yrs | 2651 | 0.07 | 49 | | 1.24 | 3.20 | 2.21 | 1.72 | 0.73 |
| Short-Term Bonds | SPDR Portfolio Short Term Corp Bd ETF | | SPSB | 1.97 yrs | 1138 | 0.07 | 56 | | 1.20 | 3.15 | 2.43 | 2.07 | 0.85 |
| Short-Term Bonds | iShares 1-3 Year Treasury Bond ETF | | SHY | | 77 | 0.15 | 79 | | 0.29 | 2.23 | 1.51 | 0.98 | 0.50 |
| Interm-Term | Vanguard Total Bond Market Adm | VBTLX | BND | 8.80 yrs | 18663 | 0.05 | 79 | | 1.90 | 5.50 | 3.60 | 2.95 | 0.98 |
| Interm-Term | iShares Core US Aggregate Bond ETF | | AGG | | 9963 | 0.04 | 179 | | 1.82 | 5.41 | 3.53 | 2.91 | 0.94 |
| Tax-Exempt | Vanguard Ltd-Term Tax-Exempt Inv | VMLTX | | | 8666 | 0.17 | 31 | | 1.27 | 2.80 | 2.13 | 1.71 | 0.00 |
| Tax-Exempt | SPDR Nuveen Blmbg Barclays ST MunBd ETF | | SHM | 3.06 yrs | 1185 | 0.20 | 20 | | 0.94 | 2.32 | 1.63 | 1.30 | 0.01 |
| Tax-Exempt | Vanguard Interm-Term Tx-Ex Inv | VWITX | | | 12437 | 0.17 | 16 | | 2.12 | 4.81 | 3.63 | 3.46 | 0.00 |
| Inflation-Protected | iShares TIPS Bond ETF | | TIP | | 51 | 0.19 | 53 | | 3.82 | 8.50 | 5.23 | 2.99 | 0.92 |
| Inflation-Protected | Vanguard Inflation-Protected Securities Inv | VIPSX | | 8.00 yrs | 44 | 0.20 | 48 | | 4.03 | 8.42 | 5.12 | 2.94 | 1.05 |
| International | Vanguard Total International Bond Adm | VTABX | BNDX | 9.70 yrs | 6476 | 0.11 | 31 | | 0.84 | 4.10 | 3.33 | n/a | 0.96 |
| **Real Estate (REITs)** | | | | | | | | | | | | | |
| U.S. REITs | Vanguard REIT Adm | VGSLX | VNQ | 23.06 B | 174 | 0.12 | 8 | 2.99 | 2.98 | 14.58 | 11.20 | 11.37 | 1.41 |
| U.S. REITs | SPDR Dow Jones REIT | | RWR | 18.77 B | 117 | 0.25 | 6 | 2.61 | 3.10 | 11.62 | 9.61 | 10.44 | 1.50 |
| Int'l REITs | Vanguard Global ex-US Real Estate Adm (2) | VGRLX | VNQI | 6.06 B | 792 | 0.12 | 11 | 0.91 | 1.92 | 5.99 | 7.12 | 7.57 | 1.46 |
| Int'l REITs | iShares International Developed Property | | WPS | 6.57 B | 412 | 0.48 | 16 | 0.99 | 2.80 | 6.92 | 7.21 | 7.73 | 1.75 |
| Global (incl. U.S.) | SPDR Dow Jones Global Real Estate ETF | | RWO | 13.37 B | 274 | 0.50 | 18 | 1.75 | 2.64 | 9.15 | 7.97 | 8.64 | 1.43 |
| **U.S. Stocks** | | | | | | | | | | | | | |
| Large Cap (blend) | Vanguard S&P 500 Adm | VFIAX | VOO | 221.20 B | 514 | 0.04 | 30 | 4.10 | 1.24 | 22.54 | 18.72 | 16.75 | 0.43 |
| Large Cap (blend) | iShares Russell 1000 ETF | | IWB | 169.73 B | 1033 | 0.15 | 5 | 4.06 | 1.12 | 22.84 | 18.70 | 16.69 | 0.54 |
| Large Cap Value | Vanguard Value Adm | VVIAX | VTV | 102.99 B | 350 | 0.05 | 10 | 2.46 | 2.12 | 13.14 | 12.56 | 13.87 | 0.64 |
| Large Cap Value | iShares Russell 1000 Value | | IWD | 76.62 B | 855 | 0.19 | 18 | 2.36 | 1.59 | 12.99 | 11.20 | 12.97 | 0.82 |
| Small Cap (blend) | iShares Core S&P Small-Cap ETF | | IJR | 2.38 B | 606 | 0.06 | 20 | 1.97 | 1.12 | 16.26 | 13.70 | 15.07 | 0.52 |
| Small Cap (blend) | DFA US Small Cap | DFSTX | DFAS | 2.76 B | 2064 | 0.33 | 3 | 1.97 | 1.04 | 16.75 | 12.52 | 14.14 | 0.80 |
| Small Cap Value | Vanguard Small Cap Value Adm | VSIAX | VBR | 5.71 B | 990 | 0.07 | 26 | 1.78 | 1.60 | 14.71 | 11.50 | n/a | 0.55 |
| Small Cap Value | iShares Micro-Cap | | IWC | 0.63 B | 1763 | 0.60 | 35 | 1.70 | 0.62 | 18.63 | 13.79 | 14.51 | 0.38 |
| Small Cap Value | DFA US Targeted Value | DFFVX | DFAT | 3.23 B | 1382 | 0.33 | 20 | 1.32 | 1.39 | 15.88 | 11.23 | 13.44 | 0.98 |
| Marketwide | Vanguard Total Stock Market Adm | VTSAX | VTI | 124.21 B | 4127 | 0.04 | 8 | 3.75 | 1.19 | 22.71 | 18.55 | 16.65 | 0.42 |
| Marketwide | DFA US Core Equity Market ETF | DFEOX | DFAU | 67.17 B | 2536 | 0.15 | 3 | 3.06 | 1.17 | 20.72 | 17.00 | 15.98 | 0.61 |
| **Foreign Stocks** | | | | | | | | | | | | | |
| Developed Markets | Vanguard FTSE Developed Markets Adm | VTMGX | VEA | 30.62 B | 4117 | 0.07 | 3 | 1.62 | 2.40 | 12.60 | 10.94 | 8.61 | 0.73 |
| Developed Markets | DFA International Core Equity | DFIEX | DFAI | 11.94 B | 5186 | 0.25 | 4 | 1.39 | 2.24 | 11.97 | 10.39 | 8.67 | 0.79 |
| Emerging Markets | Vanguard Emerging Markets Stock Adm | VEMAX | VWO | 28.23 B | 4384 | 0.14 | 10 | 1.69 | 2.17 | 12.19 | 10.35 | 5.45 | 0.84 |
| Emerging Markets | DFA Emerging Markets Core Equity | DFCEX | DFAE | 14.79 B | 6368 | 0.39 | 15 | 1.34 | 2.02 | 11.53 | 10.56 | 5.84 | 0.76 |
| **Gold-Related Funds** | | | | | | | | | | | | | |
| Gold ETFs | SPDR Gold Minishares | | GLDM | | | 0.18 | | | 0.00 | 14.52 | n/a | n/a | 0.00 |
| Gold ETFs | GraniteShares Gold Trust | | BAR | | | 0.17 | | | 0.00 | 14.52 | 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.