AIS INVESTMENT GUIDE

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*See box, page 62, for representative indexes.

Rates of Interest
As of August 15, 2022

Government Obligations[1]	
Fed Funds Rate	2.33%
3-Month Treas. Bill	2.53%
10-Yr. Treas. Note	2.84%
30-Yr. Treas. Bond	3.12%
10-Yr. TIPS	0.37%
Muni Bonds - Nat'l 10-Yr.	2.25%
Mortgage Rates[2]	
15-Yr Fixed	4.59%
30-Yr Fixed	5.22%
Banking[3]	
Savings	0.13%
Money Market	0.14%
12-month CD	0.46%

[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).

Powell Has Spoken

The curious task of economics is to demonstrate to men how little they really know about what they imagine they can design. – Friedrich Hayek

On August 26, following a speech by Fed Chairman Powell, the S&P 500 plummeted by 3.4 percent. “We must keep at it” declared Mr. Powell, signaling that the Federal Reserve Open Market Committee (FOMC) will continue to maintain high interest rates until inflation is under control.

The Fed is burdened with a dual mandate to pursue both a stable price level and maximum employment. The stock market’s reaction confirmed its status as a leading indicator of economic activity, as Mr. Powell’s words clearly convinced capital markets that, at least for now, price stability is the Fed’s primary objective, even if that means further economic contraction and lower employment.

The Fed has substantial discretion to pursue its mandate. In effect, monetary policy relies on the judgment of central bankers who comprise the FOMC. Results have been mixed, at best. Most recently, in late 2020 the Fed announced it would target an average annual inflation rate of 2 percent, yet two years later consumer inflation stands above 8 percent. Whether this is attributable to shocks, imprudent monetary expansion, or some combination, it’s clear the Fed has failed.

Since future inflation and growth depend so heavily on the judgment of central bankers, markets reflect current expectations regarding FOMC member opinions. Market volatility therefore often spikes following *unexpected* communications from the Fed. The financial media revel in this arrangement. The FOMC meets eight times a year, which provides reliable fodder for journalists and pundits eager to speculate regarding “what will the Fed do next.” This serves only to fuel further speculation and volatility.

(continued next page)

What does all this mean for investors? All the fanfare can inspire sleepless nights and a temptation to react. While some pundits are urging investors to "move to cash" to seize upon rising short-term rates, others are claiming the market has overreacted and assert that this is a good time to buy stocks.

The rational response is to maintain your portfolio allocation and adopt a rules-based rebalancing plan. Historical data reveal no reliable relationship between past changes in the fed funds rate and bond returns, while stock market returns over one-, three-, and five-year periods have been strong regardless of Fed activity.

Our parent, AIER, is concerned with the broader economy. Its staff economists regularly assess trade-offs among Fed policy alternatives because Fed-induced uncertainty imperils everyone. All else equal, when short-term interest rates are stable, households and businesses are more apt to borrow, and financial institutions are more willing to lend. Contracts are more readily entered into, so more exchange takes place. In short, prosperity is enhanced at the margin when financial outcomes grow more certain.

AIER has assessed two rules-based alternatives to monetary policy that would reduce uncertainty. More recently, its staff proposed a more fundamental reform that would eliminate the dual mandate altogether. That proposal is described in the following article.

THE FED NEEDS A SINGLE MANDATE

As we discuss nearby, news from the Fed affects stock market volatility, and therefore your investment experience. In this article[1] researchers from our parent, AIER, propose a measure that could stabilize inflation expectations while mitigating occasional shocks that arise from Fed announcements.

Inflation continues its relentless march, eating away at workers' wages. Consumer prices rose 9.1 percent year-over-year in June, the fastest since 1981. The median American household is now losing more than $2,700 per year in purchasing power. As always, regular Americans are stuck with the tab for reckless monetary and fiscal policy.

The Federal Reserve is primarily responsible for inflation. Even with aggressive interest rate hikes, the central bank is behind the curve. The money supply has risen more than 40 percent in two years, far outpacing the market's demand for liquidity. Inflation is the predictable effect. Congress is partly to blame, too. Politicians have run up nearly $6 trillion in deficits since the coronavirus pandemic. The Fed scooped up Treasury securities totaling more than half of that deficit spending. Money mischief and fiscal folly reinforce each other.

To beat inflation, one reform stands out in importance. It's time for legislators to give the Fed a single mandate focusing on price stability. With inflation this high, we can't afford any more distractions for the central bank. The Fed needs focus. Stabilizing the dollar's purchasing power must come first.

The Fed is chasing too many goals. Its monetary mandate, which comes from a 1977 act of Congress, requires monetary policymakers to pursue maximum employment and stable prices. But this is redundant: The only way the Fed can secure the former is through the latter. By expanding the money supply when total spending in the economy stalls, the Fed stabilizes the exchange rate of money against goods in general — the "price" of a dollar.

Labor markets have nothing to fear from an inflation-focused Fed. Contrary to what some politicians and economists assert, there is no tradeoff between inflation and unemployment. While that idea was fashionable as recently as the 1970s, advancements in scientific economics have long since put it to rest.

The number of jobs is determined by the availability of capital and natural resources, the productivity of our technology and the commercial friendliness of our laws. None of these depend on how fast the Fed prints money. The best thing the central bank can do is make a credible commitment to stabilize the dollar's value, setting a strong foundation for job-creating economic activity.

A stable, predictable price level keeps the economy as productive as possible, including labor markets. Thus, the employment plank of the Fed's mandate is superfluous at best and dangerous at worst. It gives central bankers an excuse to pick winners and losers while neglecting the one thing within their sphere of competence: the dollar's purchasing power.

A dual mandate inhibits price stability by giving the Fed a plausible excuse for its mistakes. Targeting employment increases partisanship pressure on the Fed and has led to calls from Congress and the Biden administration to incorporate diversity, equity and inclusion (DEI) into Fed policy. Recent Fed chairs, including Jerome Powell, rightly denied that monetary policy was capable of achieving these goals. The Fed's move to a more "inclusive" employment target has contributed to our current predicament.

Opponents of a rule-bound Fed worry that a price stability mandate can cause the Fed to inadvertently tighten in response to supply problems. As the past year has shown us, however, the Fed cannot be trusted to return to low inflation once a supply shock occurs, even going so far as to refine its own targets for inflation and employment to cover up its blunders. For example, the Fed insists it wants to "achieve inflation that averages 2 percent over time." But since the Fed refuses to specify a concrete path for the dollar's purchasing power, this is cheap talk. Any policy can be reconciled after the fact with an objective this vague.

They say a man with one watch always knows what time it is, but a man with two watches is never quite sure. It's time for Congress to give the Fed one, and only one, new watch. A purchasing target would direct the Fed towards an achievable goal that would improve American households' material wellbeing. Legislators from both parties should make a single Fed mandate a key part of their agendas.

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WHAT TO DO WITH A CONCENTRATED STOCK POSITION

We advise investors to avoid holding concentrated positions within an investment portfolio, such as a large position in Verizon or Apple common stock.[1] We point out that by doing so they are assuming risk with no compensation in the form of expected return.

In this article, we discuss the implications of holding such positions. Sometimes this is warranted, typically for tax purposes. But in other cases, this might indicate an investment plan that is not aligned with the investor's overall goals. If you hold concentrated positions, it is critical to understand the risks you are assuming and what that might portend for your financial future.

"Uncompensated" Risk

Any stock price reflects the risk it bears. Consider two hypothetical securities of comparable risk, stock A and stock B. If stock A had a higher expected return than B, then investors would flock to stock A and abandon stock B. The price of A would rise accordingly, and B would fall until the securities were priced at levels that produced equivalent expected returns.

Stock ownership entails risk that can be broken down into company-specific, industry-specific, and market risk. Company-specific risk is the risk of investing in an individual company. There are random events that could occur—a lawsuit, an accounting scandal, the death of a key executive—that would primarily affect only that company. Investors stand to lose everything in a stock if the news were dire enough to result in bankruptcy.

Industry-specific risk is similar except that it refers to broader economic events that adversely affect an entire industry. Beginning in early 2000, for example, technology firms suffered declines far greater than the rest of the stock market.

Both risks can be reduced without sacrificing expected return through diversification. By owning hundreds of stocks in many different industries, for every bit of "bad" news affecting a particular stock or industry, there would be an equal chance of offsetting "good" news for another firm or industry in the portfolio. This can easily be accomplished by holding a U.S. market wide index fund.

Overall market risk, however, cannot be diversified away. Although exposure to international holdings, real estate, gold, fixed income, and cash helps mitigate overall portfolio fluctuations, stock market risk cannot be eliminated. Therefore, a rational investor will demand a "risk premium" in return for bearing this risk. This is the higher expected return we expect from stocks above the "risk-free" rate of return (widely acknowledged as the return on U.S. Treasury obligations).

This risk premium explains why the U.S. stock market (S&P 500) has outperformed five-year U.S. Treasury Notes by an annualized rate of 5.3 percent since 1926. The risk of investing in stocks, however, is also clear in the data. The volatility of stocks has been more than four times that of Treasuries over this period[2], and there have been many short-term spans when stocks underperformed considerably. For example, the calendar year 2008 during which the S&P 500 lost 37 percent, while five-year U.S. Treasury Notes gained 13 percent.

To repeat: Investors can pursue higher expected returns relative to bonds as long as they are willing to bear the non-diversifiable risk inherent in the entire stock market.[3] But investors who hold stock in only a single firm, or in a small number of firms, needlessly bear additional risk (firm and industry related risk) without compensation because these risks can be effectively eliminated "for free."

Why then, would anyone willingly maintain a portfolio of stocks disproportionately concentrated in just a few firms? Here we assess some of the more common reasons.

Taxes, Taxes

A rational argument for holding an individual stock is to avoid taxes on realized capital gains. The sale of a large position in highly appreciated stock can generate a hefty tax bill. Under current tax law, most investors incur a long-term capital gains tax rate of 15 percent, although higher rates apply for investors with greater income.[4]

It can make sense to hold the stock and "diversify around" it in order to avoid this tax. This at least defers taxes into the future, by selling off the position incrementally over more than one tax year. One must weigh the risk of continuing to maintain this concentrated position against the taxes avoided. This strategy can be especially attractive to older investors who plan to pass along appreciated stock to loved heirs upon death because the cost basis of such shares "steps up" to market value, eliminating any unrealized gain liability for one's heirs.

There are also valuable tax-planning techniques specifically designed for charitably minded investors who face this dilemma. For example, a Charitable Remainder Unitrust (CRUT) can allow an investor to diversify their position while generating an income stream for life and at the same time benefiting a favorite charity.

On the other hand, current tax rates on realized gains suggest that it might be prudent to simply sell concentrated shares and pay taxes due. Incurring a 15 percent levy does not seem so burdensome by historical standards; the maximum rate was 28 percent in the late 1990's and has been as high as 90 percent. It is not hard to imagine a future in which lawmakers raise rates. This favors "biting the bullet" by selling appreciated shares entirely, or at least on an accelerated schedule.

Following Heart over Head

Some investors who otherwise agree with our investment approach are nevertheless reluctant to reduce a concentrated stock position. They often proffer non-tax arguments that are inconsistent with their stated financial objectives. These include:

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1. There may be tax reasons for which we advise investors to hold individual stocks.
2. As measured by the standard deviation, which has been 18.64% for the S&P 500 and 4.31% for 5-Year U.S. Treasury Notes. Data from January 1926 through May 2022. Source: DFA Returns 2.0.
3. This assumes investment across all stocks on a capitalization-weighted basis.
4. For 2022, a 20 percent long-term capital gains tax rate applies to households with taxable income greater than $517,200 married filing joint). There is an additional Medicare surtax of 3.8 percent on the lesser of net investment income, or the amount by which their modified adjusted gross income exceeds the statutory threshold.

- Sentimental attachment: investors might cling to a stock of a current or former employer, or because they inherited it from a loved one, or even because "it was the first stock I ever owned."

- "The story stock": Some investors fall in love with the story of a company and cannot foresee anything but a brilliant future. Often the story is the future that the investor hopes for, such as holding solar energy sector stocks on blind faith that solar will supplant traditional sources of energy.

- The current price: Investors are sometimes anchored to the price they paid for a stock that has fallen in value, in hopes of "getting their money back." They fail to realize that the market is forward looking and is indifferent to what one investor long ago happened to pay for a stock.

- A hunch: A common reason that investors buy single stocks is that they believe they know something that the market has not yet realized. There are mountains of empirical evidence that refute those who claim the ability to consistently outguess the market.

These arguments are based on emotional considerations that can be detrimental to one's future financial health. Emotionally driven adherence to a concentrated position is not unlike the decision to purchase a lottery ticket. Lottery scratch tickets have a negative expected payout, yet these "irrational" lotteries are wildly popular. Owners of concentrated positions often harbor a "lottery ticket mentality" that is inconsistent with their stated financial goals.

Consider a hypothetical investor with $1 million who hopes to withdraw $40,000 per year adjusted for inflation for 30 years. A diversified, moderate risk portfolio provides a high likelihood of achieving this goal. It can simultaneously provide a reasonable expectation of meeting other goals such as maintaining liquidity for emergencies, keeping control of one's assets, and leaving a bequest.

However, consider a similar investor who instead invests 10 percent ($100,000) in the shares of a single firm. Even if the remaining $900,000 is well diversified, he has a lower probability of meeting these goals because he is assuming risk that is uncompensated. He may gain emotional satisfaction that is unrelated to these objectives. But this is a difficult trade-off to assess, let alone endorse.

To Thine Own Self be True

As investment advisers we are not qualified to judge anyone's preferences. We are however obligated to encourage our clients to confront the rationale for their decisions. There is nothing "wrong" with holding an outsized position in a particular stock, but anyone doing so should acknowledge that they may be doing so for non-financial reasons, and that doing so entails a trade-off that can be costly.

If our lottery ticket analogy strikes a chord, take heart. There is a better solution for those with a greater appetite for risk. A higher allocation to a diversified basket of stocks is a prudent way to satisfy even the most aggressive of investors, as it entails higher expected returns while avoiding the uncompensated risks we have described.

Readers who hold a concentrated stock position should carefully consider the risk they are accepting. To that end we hope the framework we have outlined proves useful. We can offer direct assistance through our Professional Asset Management service. For more information, please contact us at (413) 645-3327.

ROTH IRAS FOR KIDS: PUT SUMMER EARNINGS TO WORK

With plentiful opportunities for teen employment this year, now is the perfect time to consider opening a Roth IRA for your minor child. By starting an account now, your child can learn valuable lessons about disciplined saving and investing, and tax deferred compound growth.

Roth Basics

A Roth IRA is a type of IRA that allows you to make after-tax contributions instead of pretax contributions, such as those you might make with your own IRA or your employer's 401(k). While a regular IRA and a Roth IRA are similar in many respects, it's important that the account be designated as a Roth IRA when it is set up.

A Roth IRA is subject to the same rules that apply to a traditional IRA with the following exceptions:

- You cannot deduct contributions to a Roth IRA.
- Qualified distributions are tax-free if requirements are met.
- For 2020 and later, there is no age limit on making regular contributions to traditional or Roth IRAs.
- You can leave amounts in your Roth IRA for life
- The account or annuity must be designated as a Roth IRA when it is set up.

Roth Accounts for Minors

Minors generally cannot open brokerage accounts in their own name until age 18. As such, it requires an adult to serve as custodian. Roth IRAs for minors are sometimes referred to as custodial Roth IRAs.

Here's how it works:

The custodian opens and maintains control of the minor child's Roth IRA. Decisions about contributions, investments, and distributions are also controlled by the custodian.

As the custodian, parents should remember that while they control and maintain the account, it belongs to the minor child. As such, the accounts funds must be used for the benefit of the minor. Generally, assets must be transferred to a new account in the minor's name when they reach either 18 or 21, depending on the state of legal residence.

Earned Income. A minor can only contribute to a Roth IRA if they have earned income from a summer or after-school job or earnings from self-employment such as babysitting, pet sitting, or mowing lawns. As a reminder, self-employment earnings of $400 or more may be subject to self-employment taxes such as Medicare and

Social Security.

Most teens won't be required to file a tax return; however, they should keep a written log of hours worked in case the IRS contacts them with questions later.

Contributions. For 2022, the maximum contribution to a Roth IRA is the lesser of $6,000 or the total of the child's earned income. For example, if your child earns $3,000 this year, the maximum contribution is $3,000. Parents can add funds to their child's account provided the total contribution amount (child and parent) does not exceed the child's earned income for the year. Using the example above, if the child earned $3,000 but only wanted to contribute $1,500 to their Roth IRA, the parent could contribute an additional $1,500. Contributions can be withdrawn penalty and tax-free at any time - you don't need to wait until age 59 1/2.

Even if your child makes a one-time contribution today, the earlier they start saving, the more time their money has to grow, thanks to the power of compounding. While your teen might not see the point of contributing to a retirement account now, they will thank you later.

YOUR RIGHTS AS A TAXPAYER

By law, all taxpayers have fundamental rights when interacting with the IRS, and all taxpayers should know and understand their rights. Ten categories of rights are presented in the Taxpayer Bill of Rights. The following is an overview:

1. The right to be informed. Taxpayers have the right to know what they need to do to comply with the tax laws.

2. The right to quality service. Taxpayers have the right to receive prompt, courteous, and professional assistance when working with the IRS and the freedom to speak to a supervisor about inadequate service.

3. The right to pay no more than the correct amount of tax. Taxpayers have the right to pay only the amount of tax legally due, including interest and penalties, and to have the IRS apply all tax payments properly.

4. The right to challenge the IRS's position and be heard. Taxpayers have the right to object to formal IRS actions or proposed actions and provide justification with additional documentation.

5. The right to appeal an IRS decision in an independent forum. Taxpayers are entitled to a fair and impartial administrative appeal of most IRS decisions, including certain penalties.

6. The right to finality. Taxpayers have the right to know the maximum amount of time they have to challenge an IRS position and the maximum amount of time the IRS must audit a particular tax year or collect a tax debt.

7. The right to privacy. Taxpayers have the right to expect that any IRS inquiry, examination, or enforcement action will comply with the law and be no more intrusive than necessary.

8. The right to confidentiality. Taxpayers have the right to expect that their tax information will remain confidential.

9. The right to retain representation. Taxpayers have the right to retain an authorized representative of their choice to represent them in their interactions with the IRS.

10. The right to a fair and just tax system. Taxpayers have the right to expect fairness from the tax system. This includes considering all facts and circumstances that might affect their liabilities and ability to pay or provide information timely.

THE HIGH-YIELD DOW INVESTMENT STRATEGY

HYD Model Portfolio

As of August 15, 2022	*Rank*	*Yield (%)*	*Price ($)*	*Status*	*Percent of Portfolio* Value (%)	*Percent of Portfolio* No. Shares (%)[1]
Verizon	1	5.62	45.56	Holding**	21.30	33.18
Dow, Inc.	2	5.06	55.34	Holding**	22.56	28.92
IBM	3	4.89	134.93	Holding**	24.89	13.09
Walgreen Boots	4	4.67	41.07	Buying	7.61	13.15
3M Company	6	3.94	151.43	Holding	1.56	0.73
Chevron	7	3.62	156.81	Selling	21.91	9.91
Kyndryl	N/A	N/A	11.12	Selling	0.16	1.03
Cash (6-mo. T-Bill)	N/A	N/A			0.01	N/A
Totals					100	100

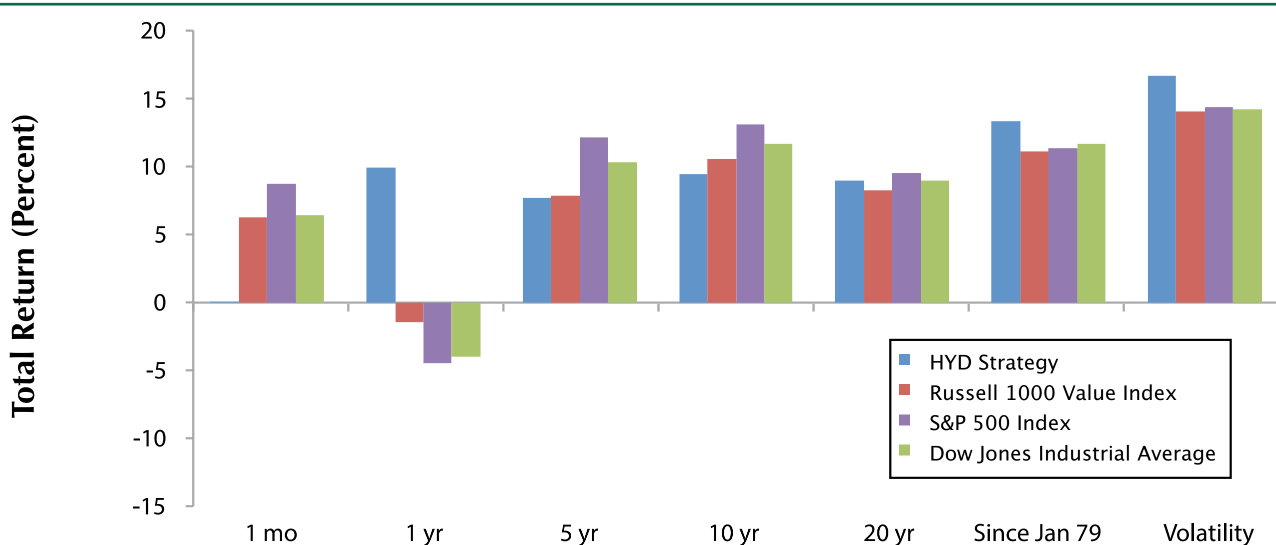
**Currently indicated purchases approximately equal to indicated purchases 18 months ago. [1]Because the percentage of each issue in the portfolio by value reflects the prices shown in the table (closing prices on the date indicated), we are also showing the number of shares of each stock as a percentage 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 July 31, 2022*. 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	0.07	10.46	8.10	9.99	9.47	14.04	17.56
Russell 1000 Value Index	6.63	-1.43	8.26	11.10	8.73	11.71	14.83
S&P 500 Index	9.22	-4.64	12.83	13.80	10.01	11.96	15.14
Dow Jones Industrial Average	6.82	-4.14	10.86	12.31	9.48	12.28	14.93



*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. Micro-caps - Russell Microcap Index. Fixed income benchmarks: Cash & Equivalents - ICE BofAML US 3-Month Treasury Bill Index; U.S. 1-Year Treasury Notes - ICE BofA 1-Year US Treasury Note Index; U.S. Short-Term Investment Grade - Bloomberg US Government/Credit Bonds Index 1-5 Years; U.S. Bonds - Bloomberg US Aggregate Bond Index; U.S. Government Bonds - Bloomberg US Government Bond Index; TIPS - Bloomberg US TIPS Index; Municipal Bonds - Bloomberg 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 price: LBMA price. All return data from DFA Returns 2.0 program (gold returns based on spot price) 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 ($)

	8/15/22	Mo. Earlier	Yr. Earlier	Prem. (%)
Gold, London p.m. fixing	**1,776.60**	1,706.15	1,773.85	
Silver, London Spot Price	**20.33**	18.46	23.34	
Crude Oil, W. Texas Int. Spot	**93.52**	99.59	68.36	
Coin Prices ($)[1]				
American Eagle (1.00)	**1,852**	1,852	1,849	4.25
Austrian 100-Corona (0.9802)	**1,741**	1,741	1,739	0.00
British Sovereign (0.2354)	**418**	418	418	0.00
Canadian Maple Leaf (1.00)	**1,822**	1,822	1,819	2.53
Mexican 50-Peso (1.2057)	**2,142**	2,142	2,139	0.00
Mexican Ounce (1.00)	**1,795**	1,795	1,792	1.01
S. African Krugerrand (1.00)	**1,822**	1,822	1,819	2.53
U.S. Double Eagle-$20 (0.9675)				
St. Gaudens (MS-60)	**1,890**	1,890	1,792	n/a
Liberty (Type II-AU50)	**1,843**	1,870	1,801	n/a
Liberty (Type III-AU50)	**1,874**	1,874	1,776	n/a
U.S. Silver Coins ($1,000 face value, circulated)				
90% Silver Circ. (715 oz.)	**19,306**	19,806	19,450	n/a
40% Silver Circ. (295 oz.)	**6,004**	6,213	7,456	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 July 31, 2022

	U.S. Stocks (Mktwd)	Foreign Dev. Stocks	Foreign Emerg. Stocks	Global REITs	U.S. Bonds	Foreign Bonds (hedged)	Gold
1-month	9.38%	4.97%	-0.25%	8.39%	2.44%	1.14%	-2.29%
3-month	0.10%	-4.12%	-6.46%	-5.70%	1.49%	0.70%	-6.91%
1 year	-7.35%	-13.20%	-20.09%	-6.84%	-9.12%	-1.96%	-2.66%
5 year (annualized)	12.18%	3.06%	0.95%	4.08%	1.28%	1.37%	6.82%
15 year (annualized)	9.26%	1.98%	1.64%	3.68%	3.37%	2.14%	6.70%
Best and worst one-year returns, Jan. 2001 - July 2022							
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%**	**-10.3%**	**-2.8%**	**-28.0%**
During:	03/2008-02/2009	03/2008-02/2009	12/2007-11/2008	03/2008-02/2009	07/2021-06/2022	07/2021-06/2022	12/2012-11/2013

THE DOW JONES INDUSTRIALS RANKED BY YIELD*

	Ticker Symbol	Market Prices ($) 8/15/22	7/15/22	8/15/21	12-Month ($) High	Low	Latest Dividend Amount ($)	Record Date	Payable Date	Indicated Annual Dividend ($)	Yield† (%)
Verizon	VZ	45.56	51.02	55.87	56.20	43.77	0.640	7/8/22	8/1/22	2.560	5.62
Dow Chemical	DOW	55.34	49.55	63.69	71.86	48.27	0.700	5/31/22	6/10/22	2.800	5.06
IBM	IBM	134.93	139.92	143.18	144.73	114.56	1.650	8/10/22	9/10/22	6.600	4.89
Walgreen's	WBA	41.07	38.03	49.29	55.00	36.57	0.480	8/19/22	9/9/22	1.920	4.67
Intel Corp	INTC	36.34	38.62	53.49	56.28	34.40	0.365	8/7/22	9/1/22	1.460	4.02
3M Company	MMM	151.43	130.13	200.58	202.00	125.60	1.490	5/20/22	6/12/22	5.960	3.94
Chevron	CVX	156.81	137.65	101.96	182.40	92.86	1.420	8/19/22	9/12/22	5.680	3.62
J P Morgan	JPM	122.46	112.95	159.98	172.96	106.06	1.000	7/6/22	7/31/22	4.000	3.27
Cisco	CSCO	46.59	43.07	56.47	64.29	40.82	0.380	7/6/22	7/27/22	1.520	3.26
Amgen	AMGN	251.08	248.69	229.68	258.45	198.64	1.940	8/18/22	9/8/22	7.760	3.09
Merck	MRK	90.60	94.96	76.72	95.72	70.89	0.690	9/15/22	10/7/22	2.760	3.05
Goldman Sachs	GS	355.85	293.87	410.78	426.16	277.84	2.500	9/1/22	9/29/22	10.000	2.81
Coca-Cola	KO	64.50	62.50	57.23	67.20	52.28	0.440	9/16/22	10/3/22	1.760	2.73
Johnson & Johnson	JNJ	166.09	178.23	176.25	186.69	155.72	1.130	8/23/22	9/6/22	4.520	2.72
Proctor and Gamble	PG	148.56	145.07	143.64	165.35	129.50	0.913	7/22/22	8/15/22	3.652	2.46
Caterpillar	CAT	195.95	173.38	218.57	237.90	167.08	1.200	7/20/22	8/19/22	4.800	2.45
Home Depot, Inc.	HD	314.61	292.41	331.32	420.61	264.51	1.900	6/2/22	6/16/22	7.600	2.42
Travelers	TRV	172.16	156.18	156.31	187.98	145.40	0.930	9/9/22	9/30/22	3.720	2.16
McDonald's	MCD	265.44	255.01	238.82	271.15	217.68	1.380	9/1/22	9/16/22	5.520	2.08
Honeywell	HON	202.25	172.80	231.76	233.70	167.35	0.980	8/12/22	9/2/22	3.920	1.94
Wal-Mart Stores	WMT	132.60	129.07	149.53	160.77	117.27	0.560	12/9/22	1/3/23	2.240	1.69
American Express	AXP	165.40	142.48	166.08	199.55	134.12	0.520	7/1/22	8/10/22	2.080	1.26
Unitedhealth Group	UNH	544.64	529.75	409.67	553.29	383.12	1.650	6/20/22	6/28/22	6.600	1.21
Nike	NKE	116.32	104.70	171.69	179.10	99.53	0.305	9/6/22	10/3/22	1.220	1.05
Microsoft Corp.	MSFT	293.47	256.72	292.85	349.67	241.51	0.620	8/18/22	9/8/22	2.480	0.85
Visa Inc.	V	216.42	210.04	232.65	236.96	185.91	0.375	8/12/22	9/1/22	1.500	0.69
Apple	AAPL	173.19	150.17	149.10	182.94	129.04	0.230	8/8/22	8/11/22	0.920	0.53
Walt Disney	DIS	124.26	95.20	181.08	187.58	90.23	0.000	No dividend		0.000	0.00
Salesforce	CRM	191.06	167.38	251.56	311.75	154.55	0.000	No dividend		0.000	0.00
Boeing	BA	170.47	147.74	234.46	233.94	113.02	0.000	No dividend		0.000	0.00

† Based on indicated dividends and market price as of 8/15/22. Extra dividends are not included in annual yields.
All data adjusted for splits and spin-offs. 12-month data begins 8/15/21.

ASSET CLASS INVESTMENT VEHICLES

Data as of August 15, 2022		Security Symbol(s) (1)		Avg. Market Cap / Duration	Number of Holdings	Expense Ratio (%)	Turnover (%)	Price-to-Book Ratio	Trailing 12-Mo. Yield (%)	Annualized Returns (%)			Tax Cost Ratio - 3 Years (%) (3)
		Mutual Fund	ETF							3-Year	5-Year	10-Year	
Fixed Income													
Short-Term Bonds	Vanguard Short-Term Bond Adm	VBIRX	BSV	2.69 yrs	2616	0.07	37		1.16	-0.13	1.03	1.12	0.64
Short-Term Bonds	SPDR Portfolio Short Term Corp Bd ETF		SPSB	1.90 yrs	1204	0.04	56		1.11	0.64	1.49	1.49	0.70
Short-Term Bonds	iShares 1-3 Year Treasury Bond ETF		SHY	1.86 yrs	80	0.15	148		0.43	-0.17	0.73	0.63	0.34
Core Bonds	Vanguard Total Bond Market Adm	VBTLX	BND	6.71 yrs	17201	0.05	69		2.16	-1.26	1.07	1.63	0.92
Core Bonds	iShares Core US Aggregate Bond ETF		AGG	6.54 yrs	9013	0.03	163		1.93	-1.17	1.09	1.64	0.84
Core Bonds	DFA Core Fixed Income	DFAPX	DFCF	6.39 yrs	810	0.20	17		2.26	-0.97	1.36	1.95	0.96
Tax-Exempt	Vanguard Ltd-Term Tax-Exempt Inv	VMLTX		2.27 yrs	9899	0.17	37		1.23	0.48	1.21	1.27	0.00
Tax-Exempt	Vanguard Interm-Term Tx-Ex Inv	VWITX		4.35 yrs	13999	0.17	18		2.23	0.06	1.69	2.28	0.01
Inflation-Protected	iShares TIPS Bond ETF		TIP	6.84 yrs	50	0.19	34		6.38	2.93	3.50	1.88	1.32
Inflation-Protected	Vanguard Inflation-Protected Securities Inv	VIPSX		7.37 yrs	48	0.20	24		7.70	3.01	3.47	1.85	1.56
International	Vanguard Total International Bond Adm	VTABX	BNDX	7.74 yrs	6777	0.11	25		3.25	-2.29	1.27	n/a	1.02
Real Estate (REITs)													
U.S. REITs	Vanguard REIT Adm	VGSLX	VNQ	23.01 B	171	0.12	7	2.49	2.89	7.72	8.15	8.67	1.35
U.S. REITs	SPDR Dow Jones REIT		RWR	19.55 B	115	0.25	6	2.22	3.09	5.48	6.52	7.54	1.44
Int'l REITs	Vanguard Global ex-US Real Estate Adm (2)	VGRLX	VNQI	5.20 B	734	0.12	7	0.81	7.60	-2.03	0.04	3.74	1.73
Int'l REITs	iShares International Developed Property		WPS	5.45 B	429	0.48	12	0.84	4.69	-1.13	0.57	3.94	1.61
Global (incl. U.S.)	SPDR Dow Jones Global Real Estate ETF		RWO	13.26 B	282	0.50	6	1.55	3.45	2.84	3.98	5.50	1.44
U.S. Stocks													
Large Cap (blend)	Vanguard S&P 500 Adm	VFIAX	VOO	193.86 B	508	0.04	2	3.27	1.48	16.56	13.73	13.99	0.39
Large Cap (blend)	DFA US Equity ETF	DUSQX	DFUS	125.32 B	663	0.13	7	3.13	1.33	16.22	13.25	n/a	0.71
Large Cap Value	Vanguard Value Adm	VVIAX	VTV	100.94 B	352	0.05	9	2.34	2.40	13.36	10.69	12.35	0.62
Large Cap Value	DFA US Marketwide Value	DFLVX	DFUV	68.18 B	364	0.22	0	1.85	1.80	12.65	8.48	11.88	0.99
Small Cap (blend)	iShares Core S&P Small-Cap ETF		IJR	2.04 B	606	0.06	16	1.62	1.68	14.42	10.69	12.59	0.50
Small Cap (blend)	DFA US Small Cap	DFSTX	DFAS	2.68 B	2050	0.27	12	1.77	1.02	16.00	9.95	11.80	0.94
Small Cap Value	Vanguard Small Cap Value Adm	VSIAX	VBR	5.24 B	895	0.07	16	1.62	1.93	14.44	9.39	11.80	0.51
Small Cap Value	iShares Micro-Cap		IWC	0.50 B	1796	0.60	44	1.36	1.06	15.44	9.32	11.13	0.37
Small Cap Value	DFA U.S. Small Cap Value	DFSVX	DFSV	2.59 B	1020	0.30	22	1.14	1.41	19.56	10.07	11.37	1.32
Marketwide	Vanguard Total Stock Market Adm	VTSAX	VTI	113.65 B	4079	0.04	4	3.02	1.46	15.96	13.23	13.68	0.39
Marketwide	DFA US Core Equity Market ETF	DFEOX	DFAU	65.99 B	2464	0.14	4	2.72	1.34	16.44	12.82	13.54	0.78
Foreign Stocks													
Developed Markets	Vanguard FTSE Developed Markets Adm	VTMGX	VEA	26.49 B	4129	0.07	3	1.39	3.67	6.64	3.65	6.18	0.76
Developed Markets	DFA International Core Equity	DFIEX	DFIC	12.08 B	5350	0.24	8	1.28	3.58	7.57	3.27	6.53	0.90
Emerging Markets	Vanguard Emerging Markets Stock Adm	VEMAX	VWO	21.78 B	4509	0.14	9	1.53	3.29	5.14	2.48	3.04	0.89
Emerging Markets	DFA Emerging Markets Core Equity	DFCEX	DFAE	11.60 B	6733	0.39	10	1.21	3.18	6.87	2.78	3.76	0.87
Gold-Related Funds													
Gold ETFs	SPDR Gold Minishares		GLDM			0.10			0.00	5.15	n/a	n/a	0.00
Gold ETFs	GraniteShares Gold Trust		BAR			0.17			0.00	5.07	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.

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