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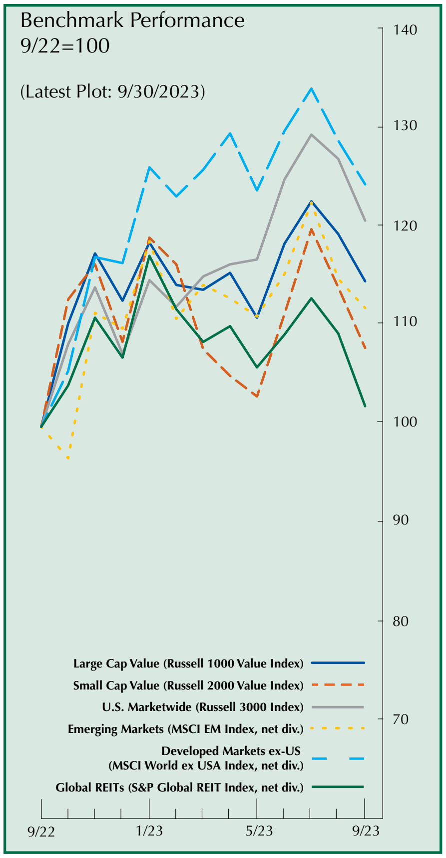



## Rates of Interest

As of October 20, 2023

| | |
|---|---|
| **Government Obligations**[1] | |
| Fed Funds Rate | 5.33% |
| 3-Month Treas. Bill | 5.33% |
| 10-Yr. Treas. Note | 4.98% |
| 30-Yr. Treas. Bond | 5.11% |
| 10-Yr. TIPS | 2.49% |
| Muni Bonds - Nat'l 10-Yr. | 3.50% |
| **Mortgage Rates**[2] | |
| 15-Yr Fixed | 6.92% |
| 30-Yr Fixed | 7.63% |
| **Banking**[3] | |
| Savings | 0.46% |
| Money Market | 0.65% |
| 12-month CD | 1.79% |

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

[2] Freddie Mac. U.S. Weekly Averages.

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

# Giving Thanks

*As* Thanksgiving approaches, the world appears gloomy. War and geopolitical strife dominate the news. Several worrisome trends loom over the US economy, despite signs of growth (see page 66). Meanwhile, rather than inform, the media seems increasingly driven to inflame our passions regarding crime, immigration, education and other serious matters.

In this environment it is important to maintain perspective. The media are aware that bad news sells and that people are receptive to sensational reporting. Good news gets short shrift. But in fact, there are many reasons to be optimistic.

Living conditions have improved more during the past 300 years than they had since the agricultural revolution began 10,000 years ago. This trend has continued well into the 21st century. Human Progress documents that in the US:

- In 1950, the average life expectancy at birth was only 48.5 years. In 2019, it was 72.8 years. That's an increase of 50 percent.
- Out of every 1,000 live births in 1950, 20.6 children died before their fifth birthday. That number was only 2.7 in 2019. That's a reduction of 87 percent.
- Between 1950 and 2018, the average income per person rose from $3,296 to $15,138. That's an inflation adjusted increase of 359 percent.
- Between 1961 and 2013, the average food supply per person per day rose from 2,116 calorie to 2,928 calories. That's an increase of 31.7 percent.

These trends are apparent worldwide. Data reveals similar trends in other developed nations. The most encouraging trend is that developing nations are prospering even more rapidly.

Innovation among profit-maximizing entrepreneurs is at the heart of this phenomenal improvement in the human condition. But new ideas would remain ideas if not for capital markets, which provide the financing necessary to turn dreams into reality. Investors pursuing their own financial goals help ensure the continuing prosperity of others.

This Thanksgiving we hope you will acknowledge the bounty we enjoy, but also take comfort in the knowledge that your disciplined saving and investing are essential to human flourishing.

# QUARTERLY REVIEW OF CAPITAL MARKETS[1]

As interest rates climbed relentlessly higher during the third quarter, returns for all major asset classes ended flat or negative. Inflation and growth appeared to weigh heavily on investor sentiment. We remind our readers that falling capital market values reflect consensus that risk is high, and risk and reward are directly related.

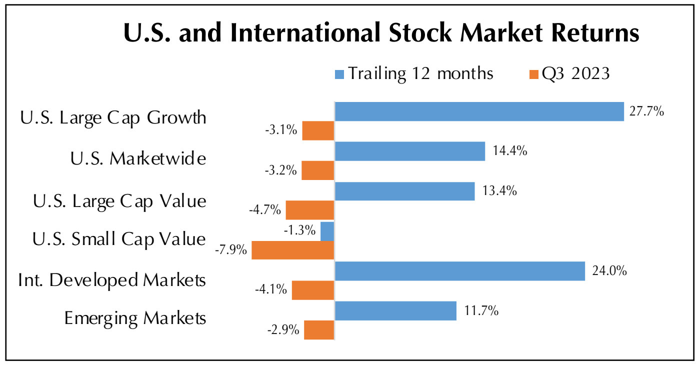
## The Economy

Trailing twelve month CPI inflation stood at 3.7 percent in September. This was well below the 8.2 percent rate reached 12 months prior, but above the Fed's stated 2 percent target. The bond market's break even rate projecting average annual inflation of 2.1 percent over the next 5 years.

Economic growth (measured by real GDP) registered 2.1 percent in the third quarter, marking four consecutive quarters of modest expansion. Growth, however, may be re-accelerating. The Atlanta Fed is now projecting fourth quarter real GDP growth above 5 percent, which would be the highest growth in the past six quarters.[2]

In August AIER's leading indicator series fell sharply to 46, from 79 in July. This marked the largest monthly decline since May 2020 following the Covid-driven economic shutdown, when the leaders fell from 33 to 0. The Roughly Coincident Indicator edged up however, from 75 in July to 83 in August, reentering its first quarter range, while the Lagging Indicator edged up from a neutral 50 to a slightly expansionary 58.

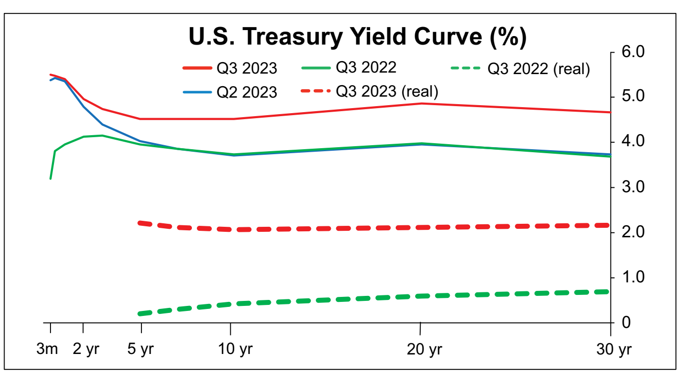
Several negatives loom. Business credit is contracting and household consumption is weak. AIER identified five potential developments in coming months that threaten the economy. Student loan repayments resume in October, which could further dampen consumption. Meanwhile ever-volatile oil and gasoline prices could rise further depending on developments in Israel and Palestine. An extended auto workers' strike could sharply curtail recent employment gains. Finally, US Treasury debt has reached an astounding $33 trillion and over 120 percent of GDP. Instability in the House of Representatives looms large as another budget impasse in Congress could rattle producer and consumer confidence.




We remind readers that all this information is publicly available. For example, while the federal debt poses a risk to US and global growth, this concern has been a major focus of the financial media. We are therefore skeptical toward claims that this known threat portends a collapse in stock and bond market valuations. It is reasonable however to conclude that the market values would be much higher in the absence of this peril.

## Market Summary

Interest rates increased on US Treasuries of all maturities, but the yield curve remained[3] inverted (see yield curve nearby). Compared with a year ago, rates ended the quarter notably higher.




It has been a long road to these relatively high interest rates, and a difficult period for bond investors, especially those over-weighted to bonds (recall that interest rates and bond prices move inversely). The overall bond market is now approaching an unprecedented 3-year losing streak.

For the quarter, the overall US bond market returned -3.23 percent. Short-term US Treasury bonds fared better and returned 0.17 percent because of their shorter duration. Five-year municipal bond returns registered -2.03 while TIPS returned -2.60 percent.

The good news is that higher interest rates indicate higher expected returns. Three-month to one-year US Treasury bill yields closed the quarter near 5.5 percent. Real yields have increased as well and are positive across all maturities.

Brokers' money market funds are currently offering yields of 5 percent or more.

Meanwhile, federally insured bank rates remain low. At quarter-end CD rates were averaging only 1.78 percent while five-year CDs were paying 1.44 percent. Bank money market yields were averaging 0.65 percent while interest-bearing checking and savings rates remained below one percent.

Mortgage rates have increased to levels not since in 23 years. The average 30-year fixed rate mortgage ended the quarter at 7.31 percent and stood at 7.63 percent as of this writing.[4]

Higher rates impact the supply and demand for common stocks. They increase a firm's cost of capital and tempt market timers to move capital away from the stock market toward the relative safety of bonds and cash equivalents. Consequently, as the market discounts firms' future cash flows more heavily, stock prices fall.

1. This article contains information from The Vanguard Group, Fidelity Investments, and Dimensional Fund Advisors, as well as data obtained from index providers indicated on page 56.
2. https://www.atlantafed.org/cqer/research/gdpnow
3. Sources for cash and equivalent data: U.S. Treasury, U.S. Labor Department (Bureau of Labor Statistics), St. Louis Federal Reserve, Bank rates (CDs, savings, checking, money market): FDIC, Bankrate.com
4. Mortgage rates: Freddie Mac.

Global stock markets took a breather during the quarter as US and international stock markets declined. The charts nearby reveal that despite these quarterly losses, trailing twelve month returns are strong.

The US market decline was led downward by the high-growth tech stocks that buoyed the market during the first half. US large caps were down more than 3 percent while small cap stocks lost more than 5 percent.

Overseas, emerging market common stocks held up best among all equity asset classes while developed markets stocks fared the worst.

Global REITs were hit hard in the face of higher interest rates returning -6.49 percent. Gold returns fell; the metal lost favor as a safe-haven relative to the alternative of buying short term US Treasuries with rising payouts. At more than $1,800 per ounce, the gold price remains close to its all-time high of $2,072 reached in August 2020.

## YEAR-END TAX CONSIDERATIONS

As 2023 draws to a close, households should once again turn their attention to taxes. Generally, it is not useful to dwell on one-year calendar returns or year-to-date returns. But, because the federal tax code imposes taxes on short and long-term capital gains, prudent investors will assess these measures annually.

In this article we focus primarily on opportunities for year-end tax loss harvesting, with an eye to returns among asset classes this year. We also review longer term tax management concerns, including asset location (tax deferred versus taxable accounts), estate planning, Roth conversions, and charitable giving.

### Know Your Rate

Before making any year-end portfolio rebalancing decisions, it is important to estimate your marginal income tax rate. This is the effective rate you would pay on each additional dollar of taxable income. Be aware that this estimate is complicated by a variety of deductions, exemptions, and tax credits. However, tax software, a tax professional, or a financial planner can likely assist with the calculation.

Short-term capital gains (gains realized on investments held one year or less) are treated as ordinary income, so they are taxed at your marginal income tax rate. Qualified dividends and long-term capital gains (gains realized on investments held longer than one year) use a different schedule based on one's filing status and taxable income. This is summarized in the table nearby.

While most taxpayers incur a long-term capital gains levy of 15 percent, those in the highest tax brackets encounter a 20 percent rate. Investors in higher tax brackets might also face the net income investment tax (NIIT). The NIIT can impose an additional 3.8 percent tax on dividends, interest, and any net gains from the disposition of property such as common stocks or mutual funds. Note that the NIIT thresholds have not increased for inflation, so this levy will ensnare more and more earners as wages increase.

On the other end of the spectrum, investors with low income may have a zero percent capital gains tax rate. This may be the case for early retirees who are not yet claiming Social Security nor drawing from IRAs. Investors who fall in the zero percent tax bracket may choose to take gains this year to increase their cost basis without incurring taxes. We advise working with a financial advisor or tax professional to make this determination.

The tax code provides a strong incentive to both hold investments for longer than one year and to delay recognition of any gains until it's time to "spend down" assets (typically in retirement). Long-term investors might hold certain investments for decades, depending upon rebalancing trades and portfolio goals. One can thus defer capital gains taxation by simply doing nothing, but it is often impractical to "buy and hold" forever. After all, investors must eventually liquidate investments to meet their spending needs or to reposition their portfolios.

Fortunately, there are provisions within the tax code that can reduce or avoid taxable realized capital gains taxes now and in the future.

### Harvest Tax Losses

At year end it is especially important to review taxable accounts to consider whether to sell holdings with unrealized losses. Capital losses can be used to offset capital gains realized throughout the year. Furthermore, up to $3,000 in remaining tax losses may be deducted against ordinary income. Any unused losses can be carried forward indefinitely to offset future gains and/or taxable income.

Prudent capital gains management can substantially improve after-tax returns. Like any tax planning strategy, however, benefits must be weighed against costs. Investors with available losses should compare potential tax savings with any transaction costs associated with the trade.

Be cautious harvesting tax losses. Selling securities for the sole purpose of realizing losses may be shortsighted - the sale may alter your desired asset class exposure. If you sell a position that eliminates or reduces your exposure to an asset class, your portfolio may be under-diversified relative to your target allocation plan.

Unfortunately, the IRS doesn't allow you to avoid this risk by simply selling a security with a loss and immediately buying it back. Per the "wash sale" rule, losses on the sale of securities are *disallowed* if "substantially identical" securities are purchased within a 61 day window of the sale. The window starts 30 days prior to and ends 30 days after the sale. (The rule also applies to options to purchase such securities).

One can comply with the wash sale rule by waiting 30 days to repurchase the security, but this is risky. Prices can change a great deal in one month, so this can result in "selling low and buying high" if the price rebounds during the interim.

### Tax Swapping

Fortunately, there is a way to generate a loss for tax purposes without enduring 30 days of heightened portfolio risk. Investors can sell a security with tax losses and immediately purchase a *different* security that provides similar *asset class* exposure. If the two securities are not considered to be substantially identical, the loss is allowed. The key is to identify a replacement security with price changes that are highly correlated

(continued next page)

| Investment Taxes 2023 | | | | |
|---|---|---|---|---|
| Single | Married filing jointly | Married filing separately | Head of household | Tax rate |
| Long-term capital gains and qualified dividends tax (thresholds for taxable income) | | | | |
| Up to $44,625 | Up to $89,250 | Up to $44,625 | Up to $59,750 | 0% |
| $44,626 up to $492,300 | $89,251 up to $553,850 | $44,626 up to $276,900 | $59,751 up to $523,050 | 15% |
| More than $492,300 | More than $553,850 | More than $276,900 | More than $523,050 | 20% |
| Net investment income tax (thresholds for Modified Adjusted Gross Income (MAGI) | | | | |
| More than $200,000 | More than $250,000 | More than $125,000 | More than $200,000 | 3.8% * |
| *The 3.8% net investment income tax (NIIT, also known as the Medicare surtax) applies to the lesser of net investment income or MAGI exceeding the thresholds shown above. Municipal bond interest, qualified retirement plan withdrawals, and IRA withdrawals are not considered investment income. Source: IRS. | | | | |

with those of the security being sold.

Asset classes with potential losses this year include fixed income (bonds) and real estate investment trusts (REITs). As interest rates have continued to rise throughout the year, bonds and REITs have suffered more than stocks, in general. Although there may be stock funds with small losses, it is more likely to find losses among bond and REIT funds. Investors who want to capture these losses could choose to sell the position(s) with losses and reinvest proceeds in a comparable fund. Before investing, consult a tax professional to ensure that the substitute investment is not considered substantially identical.

We employ this swapping strategy for our clients when tax losses exceed certain thresholds. This helps to offset capital gains distributions, dividends, and even earned income.[1] A financial advisor or tax professional can provide a comprehensive tax assessment.

Year-end provides a good opportunity to review other techniques for minimizing investment-related taxes. Specifically, one might leverage the benefits of tax-efficient vehicles, asset location, and tax diversification.

## Tax Efficient Vehicles

While investors have thousands of investment products from which to choose, we recommend index-type funds. There is no statistically sound method to time the market or pick "winning securities." And there is no reliable way to proactively identify successful active managers. Funds that follow an indexed (or similarly structured strategy) often outperform actively managed funds.

Index funds are also tax efficient. These funds seek to replicate the performance of commercial indexes or market sectors. They do so largely by buying and holding the same constituent securities found in those indexes on a market-weighted basis. This requires minimal trading, so capital gain distributions generated from these funds often fall well below those of actively managed alternatives.

Exchange traded index funds (ETFs) can be even more efficient. In many cases, realized capital gain distributions can be avoided altogether.

Investors in high tax brackets can also allocate a portion of their fixed income holdings to municipal bonds. The interest earned from most municipal bonds is exempt from both regular income taxes and the Net Investment Income Tax (NIIT). A multitude of low-cost municipal bond mutual funds and ETFs are available to investors.

## Tax Location

Many households have access to tax-deferred accounts. Common types include IRAs, employer-sponsored defined contribution accounts such as 401(k) plans, and health savings accounts (HSAs).[2] When developing your allocation plan, be sure to account for your entire portfolio. This includes assets held in both taxable and tax deferred accounts. To the extent it is practical, you should concentrate the least tax-efficient holdings, such as taxable bonds and REITs, in your tax-deferred accounts. Conversely, tax-efficient assets such as municipal bonds should be left in taxable accounts.

For more on asset location, see our article Location, Location, Location (April 2017 *Investment Guide*).

## Watch Your Step-Up

Older investors who plan to bequeath assets to their heirs should keep in mind that under the current tax code, the cost basis of securities owned will "step-up" to market value upon death. This effectively eliminates any unrealized capital gain tax liability for heirs. We have encountered many senior investors who own stocks that have appreciated substantially over the years. From an estate planning perspective, it can be prudent to refrain from selling those shares, even if this means assuming greater risk exposure to a single stock. Whether this trade-off is worthwhile depends upon individual circumstances.

An additional, less utilized estate planning strategy is the "reverse gift," which takes advantage of the step-up in basis at death. Under a reverse gift transaction, a highly appreciated asset is gifted to a person that is likely to predecease the transferor. The recipient's estate then gifts the asset *back* to the original owner at death, either by will, trust, or other dispositive technique. The original owner then receives a step-up in basis for the original asset. Investors should be aware that the step-up in basis is granted only if *more than one year* elapses between the date of gift and the date of death.

1. Capital losses can offset up to $3,000 in earned income per year.
2. HSAs enjoy pre-tax contributions, tax free earnings, and tax-exempt withdrawals for qualified medical expenses.
3. To claim a tax-deductible donation, the taxpayer must itemize when filing his/her tax return. The donation must meet certain guidelines to qualify. The deductible amount can range from 20% to 60% of Adjusted Gross income (AGI).

## Tax Diversification

It is impossible to predict taxes on your future income. This poses a risk since the magnitude of this potential cost is unforeseeable. The taxes you pay in the future will depend on your circumstances at that time as well as changes in future tax law. Much like investment risk, however, *tax risk* can be managed effectively through diversification.

Tax diversification can be achieved through different account types. For example, because the effective tax rate you pay in retirement may be higher or lower than your current rate, it might be prudent to maintain several retirement vehicles. Traditional IRAs and 401(k) distributions are taxed as ordinary income. However, Roth IRAs and Roth 401(k)s allow tax-free distributions in retirement. Investors with a traditional IRA or 401(k) who have not established a corresponding Roth account should weigh the costs and benefits of doing so.

A comprehensive tax-assessment can determine whether Roth conversions are advantageous. For more on Roth conversions, see A New Opportunity for Roth Conversions (January 2018 *Investment Guide*) and A Roth Conversion, Is Now the Time? (August 2018 *Investment Guide*). Investors should consult an accountant or financial advisor before pursuing this option. Additional tax-advantaged vehicles include Health Savings Accounts and 529 Plans.

## Charitable Giving

For philanthropically minded investors, charitable giving presents an opportunity to reduce income taxes. Here we describe three widely utilized techniques.

1. Qualified Charitable Distributions (QCDs) are donations transferred directly from an IRA to a charity. QCDs pass to the charity tax-free and may satisfy all or part of your required minimum distribution.

2. Gifts of highly appreciated securities to a charity from a taxable account allows the investor to transfer all future appreciation to the recipient and may be tax-deductible.[3]

3. Charitable Remainder Unitrusts (CRUTs) transfer all future appreciation to the charity. The Trust secures an income stream for the life of a named beneficiary that generates an immediate tax deduction for the donor. Charitable Remainder Annuity Trusts (CRATs) and Charitable Lead Trusts (CLTs) may also be useful depending on the investor's objectives.

Charitable giving strategies are subject to limitations. Additional research and professional guidance is recommended.

We have considerable experience establishing and managing CRUTs and with other planned giving alternatives. We can convey the mechanics of these accounts to you, as a potential donor, or to a charitable organization you know. Contact us to learn more.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# TAX TIPS

Here we summarize an important update to IRS policy pertaining to catch-up contributions made to 401(k) plans and other employer retirement plans. We also review required minimum distribution rules for IRAs and qualified plans.

## The IRS Catches Up

The Secure 2.0 Act was passed into law in December last year. The Act contained many provisions. Perhaps most notable was a delay in the age at which required minimum distributions must begin. But the Act also included a subtle change that impacts catch-up contributions for higher-income taxpayers.

Americans over 50 are allowed to make additional catch-up contributions to retirement plans over the standard contribution limit. This year, for example, workers over age 50 can contribute an extra $7,500 into qualified plans such as 401(k)s.[1] This increases the maximum allowable contribution to $30,000.

Previously, catch-up contributions could be deposited in either a traditional 401(k) plan or a Roth 401(k) plan. Catch-up contributions into a traditional pre-tax 401(k) plan reduce current year adjusted gross income and therefore reduce taxes due. Roth contributions are not deductible but all distributions can be taken tax free in retirement.

Secure 2.0 stipulated that beginning December 31, 2023, taxpayers with income exceeding $145,000 would be allowed to make catch-up contributions into an after-tax Roth 401(k) plan only.

*The IRS recently announced, however, that implementation of this change will be delayed for two years, so the new "Roth-only" requirement will not be implemented until 2026.*

The restriction was intended to bolster Treasury revenue. While affected workers will confront higher taxable income, Roth plans still offer significant long-term tax benefits. Perhaps the biggest beneficiaries are the plan administrators, tax professionals, and financial planners whose job security is bolstered by the ever-changing tax code.

## RMD Reminder

Required Minimum Distributions (RMDs) from IRAs and employer plans must be completed by December 31st. The penalty for missing distributions is severe. Be sure to review potential distributions from both IRAs and inherited IRAs. If your inherited IRA is subject to the 10-year rule imposed in 2019, consider taking a distribution now in order to spread the tax burden over time.

As mentioned above, the Secure Act 2.0 increased the age at which your first distribution must be taken. If you turned 72 during 2023 can delay your first RMD until age 73. But if you began taking RMDs this year because you turned 72 last year, you must continue taking distributions based on the IRS tables. Several websites offer help in calculating RMDs. The Charles Schwab RMD calculator can be accessed here: https://www.schwab.com/ira/ira-calculators/rmd

1. The changes described also apply to 403(b) and 457(b) retirement plans.

## THE HIGH-YIELD DOW INVESTMENT STRATEGY

### HYD Model Portfolio

*As of October 15, 2023*

| | Rank | Yield (%) | Price ($) | Status | Percent of Portfolio Value (%) | Percent of Portfolio No. Shares (%)[1] |
|---|---|---|---|---|---|---|
| Verizon | 1 | 8.67 | 30.67 | Holding** | 22.76 | 29.25 |
| Walgreen Boots | 2 | 8.26 | 23.25 | Holding** | 19.06 | 32.31 |
| 3M Company | 3 | 6.77 | 88.68 | Buying | 13.79 | 6.13 |
| Dow, Inc. | 4 | 5.63 | 49.73 | Holding** | 22.46 | 17.81 |
| IBM | 5 | 4.80 | 138.46 | Selling | 11.73 | 3.34 |
| Intel | 23 | 1.39 | 35.97 | Holding | 10.18 | 11.16 |
| Cash (6-mo. T-Bill) | N/A | N/A | | | 0.02 | 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.

Over the long-term large cap value stocks have generated annualized returns above those of the overall stock market. This is explained by the inherent trade-off between risk and return. Value companies are in a distressed state and have a higher cost of capital relative to financially sound growth companies. A firm's cost of capital is also the investor's expected return; in order to invest in these shares, potential investors insist upon a lower stock price.

One way to identify lower priced shares is by ranking stocks based on their dividend yield. High-yielding stocks have higher expected returns versus lower yielding stocks because they bear greater risk. For larger accounts, especially those with an explicit need for investment income (such as certain trust accounts), we can incorporate our High Yield Dow (HYD) "4-for-18" strategy as part of a broader overall allocation strategy.

The HYD model is similar to an index approach because it relies on a "rules-based" selection strategy rather than subjective analysis. We began the strategy by incrementally "investing" a hypothetical sum of $1 million over 18 months. Specifically, one eighteenth of $1 million ($55,000) was invested equally in each of the 4 highest-yielding issues in the Dow Jones Industrial Average each month, beginning in July 1962. Once fully invested (January 1964) the model began a regular monthly process of considering for sale only those shares purchased 18 months earlier and replacing them with the shares of the four highest-yielding shares at that time. The model each month "purchases" shares that are relatively low in price (with a high dividend yield) and sells shares that are relatively high in price (with a low dividend yield), all the while garnering a relatively high level of dividend income.

This approach provides highly volatile returns that warrant only a limited allocation for most investors. In many situations it is prudent to further diversify this large cap value allocation by also investing in a large cap value index fund.

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. 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 ($)

| | *10/15/23* | *Mo. Earlier* | *Yr. Earlier* | *Prem. (%)* |
|---|---|---|---|---|
| Gold, London p.m. fixing | **1,909.20** | 1,927.70 | 1,649.30 | |
| Silver, London Spot Price | **22.08** | 23.06 | 18.77 | |
| Crude Oil, W. Texas Int. Spot | **87.67** | 90.83 | 86.10 | |
| **Coin Prices ($)[1]** | | | | |
| American Eagle (1.00) | **1,990** | 2,010 | 1,719 | 4.25 |
| Austrian 100-Corona (0.9802) | **1,871** | 1,890 | 1,617 | 0.00 |
| British Sovereign (0.2354) | **449** | 454 | 388 | 0.00 |
| Canadian Maple Leaf (1.00) | **1,954** | 1,973 | 1,694 | 2.36 |
| Mexican 50-Peso (1.2057) | **2,302** | 2,324 | 1,989 | 0.00 |
| Mexican Ounce (1.00) | **1,927** | 1,946 | 1,667 | 0.94 |
| S. African Krugerrand (1.00) | **1,954** | 1,973 | 1,694 | 2.36 |
| U.S. Double Eagle-$20 (0.9675) | | | | |
| St. Gaudens (MS-60) | **1,945** | 1,940 | 1,835 | n/a |
| Liberty (Type II-AU50) | **1,934** | 1,940 | 1,806 | n/a |
| Liberty (Type III-AU50) | **1,937** | 1,927 | 1,825 | n/a |
| U.S. Silver Coins ($1,000 face value, circulated) | | | | |
| 90% Silver Circ. (715 oz.) | **21,093** | 21,987 | 17,339 | n/a |
| 40% Silver Circ. (295 oz.) | **7,186** | 7,142 | 5,181 | 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 Benchmark Returns

Data through September 30, 2023

| | U.S. Stocks (Russell 3000 Index) | Developed Markets ex-US (MSCI World ex USA Index, net div.) | Emerging Markets (MSCI EM Index, net div.) | Global REITs (S&P Global REIT Index, net div.) | U.S. Bonds (Bloomberg U.S. Aggregate Bond Index) | Global Bonds ex-US (FTSE Non-USD World Government Bond Index 1-5 Years (hedged to USD)) | Gold (Gold Spot Price) |
|---|---|---|---|---|---|---|---|
| 1-month | -4.76% ↓ | -3.37% ↓ | -2.62% ↓ | -6.61% ↓ | -2.54% ↓ | -0.15% ↓ | -4.72% ↓ |
| 3-month | -3.25% ↓ | -4.10% ↓ | -2.93% ↓ | -6.49% ↓ | -3.23% ↓ | 0.94% ↑ | -3.68% ↓ |
| 1 year | 20.46% ↑ | 24.00% ↑ | 11.70% ↑ | 2.03% ↑ | 0.64% ↑ | 3.25% ↑ | 11.32% ↑ |
| 5 year (annualized) | 9.14% ↑ | 3.44% ↑ | 0.55% ↑ | 0.01% ↑ | 0.10% ↑ | 1.15% ↑ | 9.16% ↑ |
| 15 year (annualized) | 11.05% ↑ | 4.59% ↑ | 3.76% ↑ | 3.87% ↑ | 2.53% ↑ | 1.82% ↑ | 5.11% ↑ |
| **Best and worst one-year returns, Jan. 2001 - Sep. 2023** | | | | | | | |
| 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%** | **-15.7%** | **-4.0%** | **-28.0%** |
| During: | 03/2008-02/2009 | 03/2008-02/2009 | 12/2007-11/2008 | 03/2008-02/2009 | 11/2021-10/2022 | 10/2021-09/2022 | 12/2012-11/2013 |

# THE DOW JONES INDUSTRIALS RANKED BY YIELD*

| | *Ticker Symbol* | *Market Prices ($) 10/15/23* | *9/15/23* | *10/15/22* | *12-Month ($) High* | *Low* | *Latest Dividend Amount ($)* | *Record Date* | *Payable Date* | *Indicated Annual Dividend ($)* | *Yield† (%)* |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Verizon | VZ | 30.67 | 33.79 | 36.38 | 42.58 | 30.14 | 0.6650 | 10/10/23 | 11/1/23 | 2.660 | 8.67 |
| Walgreen's | WBA | 23.25 | 22.42 | 33.24 | 42.29 | 20.58 | 0.4800 | 8/21/23 | 9/12/23 | 1.920 | 8.26 |
| 3M Company | MMM | 88.68 | 101.06 | 113.63 | 133.91 | 86.33 | 1.5000 | 8/21/23 | 9/12/23 | 6.000 | 6.77 |
| Dow Chemical | DOW | 49.73 | 53.84 | 45.12 | 60.88 | 44.74 | 0.7000 | 11/30/23 | 12/8/23 | 2.800 | 5.63 |
| IBM | IBM | 138.46 | 145.99 | 120.04 | 153.21 | 119.84 | 1.6600 | 8/10/23 | 9/9/23 | 6.640 | 4.80 |
| Chevron | CVX | 164.06 | 166.50 | 160.14 | 189.68 | 149.74 | 1.5100 | 8/18/23 | 9/11/23 | 6.040 | 3.68 |
| Goldman Sachs | GS | 309.30 | 342.54 | 299.99 | 389.58 | 299.07 | 2.7500 | 11/30/23 | 12/28/23 | 11.000 | 3.56 |
| Coca-Cola | KO | 52.89 | 57.94 | 54.98 | 64.99 | 51.55 | 0.4600 | 12/1/23 | 12/15/23 | 1.840 | 3.48 |
| Johnson & Johnson | JNJ | 156.85 | 161.45 | 164.46 | 181.04 | 150.11 | 1.1900 | 11/21/23 | 12/5/23 | 4.760 | 3.03 |
| Amgen | AMGN | 284.10 | 260.72 | 251.34 | 296.67 | 211.71 | 2.1300 | 8/18/23 | 9/8/23 | 8.520 | 3.00 |
| Cisco | CSCO | 53.77 | 56.04 | 40.20 | 58.19 | 39.92 | 0.3900 | 10/4/23 | 10/25/23 | 1.560 | 2.90 |
| Home Depot, Inc. | HD | 291.92 | 321.40 | 276.43 | 347.25 | 267.87 | 2.0900 | 8/31/23 | 9/14/23 | 8.360 | 2.86 |
| Merck | MRK | 104.01 | 107.52 | 92.18 | 119.65 | 91.74 | 0.7300 | 9/15/23 | 10/6/23 | 2.920 | 2.81 |
| J P Morgan | JPM | 148.00 | 148.81 | 111.19 | 159.38 | 110.72 | 1.0000 | 10/6/23 | 10/31/23 | 4.000 | 2.70 |
| Proctor and Gamble | PG | 144.69 | 153.47 | 125.08 | 158.38 | 124.77 | 0.9407 | 10/20/23 | 11/15/23 | 3.763 | 2.60 |
| McDonald's | MCD | 248.31 | 278.23 | 243.16 | 299.35 | 242.41 | 1.5200 | 9/1/23 | 9/18/23 | 6.080 | 2.45 |
| Travelers | TRV | 164.21 | 164.80 | 163.30 | 194.51 | 159.21 | 1.0000 | 12/8/23 | 12/29/23 | 4.000 | 2.44 |
| Honeywell | HON | 183.56 | 193.04 | 174.16 | 220.96 | 173.83 | 1.0800 | 11/10/23 | 12/1/23 | 4.320 | 2.35 |
| Caterpillar | CAT | 267.94 | 279.15 | 178.19 | 293.88 | 177.53 | 1.3000 | 10/23/23 | 11/20/23 | 5.200 | 1.94 |
| American Express | AXP | 151.10 | 163.75 | 136.81 | 182.15 | 132.21 | 0.6000 | 7/7/23 | 8/10/23 | 2.400 | 1.59 |
| Wal-Mart Stores | WMT | 159.83 | 164.64 | 130.43 | 165.85 | 130.05 | 0.5700 | 12/8/23 | 1/2/24 | 2.280 | 1.43 |
| Unitedhealth Group | UNH | 539.40 | 486.70 | 513.13 | 558.10 | 445.68 | 1.8800 | 9/11/23 | 9/19/23 | 7.520 | 1.39 |
| Intel Corp | INTC | 35.97 | 37.88 | 25.91 | 40.07 | 24.73 | 0.1250 | 8/7/23 | 9/1/23 | 0.500 | 1.39 |
| Nike | NKE | 99.91 | 96.26 | 87.55 | 131.31 | 86.24 | 0.3400 | 9/5/23 | 10/2/23 | 1.360 | 1.36 |
| Microsoft Corp. | MSFT | 327.73 | 330.22 | 228.56 | 366.78 | 213.43 | 0.7500 | 11/16/23 | 12/14/23 | 3.000 | 0.92 |
| Visa Inc. | V | 237.67 | 241.07 | 182.62 | 250.06 | 182.07 | 0.4500 | 8/11/23 | 9/1/23 | 1.800 | 0.76 |
| Apple | AAPL | 178.85 | 175.01 | 138.38 | 198.23 | 124.17 | 0.2400 | 8/14/23 | 8/17/23 | 0.960 | 0.54 |
| Walt Disney | DIS | 84.35 | 85.58 | 94.45 | 118.18 | 78.73 | 0.0000 | No dividend | | 0.000 | 0.00 |
| Salesforce | CRM | 204.59 | 214.61 | 142.22 | 238.22 | 126.34 | 0.0000 | No dividend | | 0.000 | 0.00 |
| Boeing | BA | 184.91 | 208.11 | 133.15 | 243.10 | 131.37 | 0.0000 | No dividend | | 0.000 | 0.00 |

† Based on indicated dividends and market price as of 10/15/23. Extra dividends are not included in annual yields.
All data adjusted for splits and spin-offs. 12-month data begins 10/15/22.

## ASSET CLASS INVESTMENT VEHICLES

| Data as of October 20, 2023 | | Security Symbol(s) (1) Mutual Fund | ETF | Avg. Market Cap / Duration | Number of Holdings | Expense Ratio (%) | Turnover (%) | Price-to-Book Ratio | Trailing 12-Mo. Yield (%) | Annualized Returns (%) 1-Year | 3-Year | 5-Year | 10-Year | Tax Cost Ratio - 3 Years (%) (3) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Fixed Income** | | | | | | | | | | | | | | |
| Short-Term Bonds | Vanguard Short-Term Bond Adm | VBIRX | BSV | 2.66 yrs | 2667 | 0.07 | 41 | | 2.18 | 3.33 | -1.73 | 1.09 | 1.00 | 0.66 |
| Short-Term Bonds | SPDR Portfolio Short Term Corp Bd ETF | | SPSB | 1.81 yrs | 1343 | 0.04 | 56 | | 3.47 | 4.73 | -0.22 | 1.73 | 1.48 | 0.83 |
| Short-Term Bonds | iShares 1-3 Year Treasury Bond ETF | | SHY | 1.89 yrs | 71 | 0.15 | 73 | | 2.60 | 3.01 | -0.92 | 0.96 | 0.69 | 0.48 |
| Core Bonds | Vanguard Total Bond Market Adm | VBTLX | BND | 6.56 yrs | 17718 | 0.05 | 40 | | 3.10 | 1.40 | -5.71 | -0.08 | 0.87 | 0.99 |
| Core Bonds | iShares Core US Aggregate Bond ETF | | AGG | 6.30 yrs | 10384 | 0.03 | 104 | | 3.08 | 1.27 | -5.76 | -0.13 | 0.83 | 0.91 |
| Core Bonds | DFA Core Fixed Income | DFAPX | DFCF | 5.59 yrs | 956 | 0.19 | 25 | | 2.79 | 3.64 | -5.29 | 0.69 | 1.36 | 1.03 |
| Tax-Exempt | Vanguard Ltd-Term Tax-Exempt Inv | VMLTX | | 2.55 yrs | 8109 | 0.17 | 65 | | 2.22 | 2.17 | -0.52 | 1.21 | 1.18 | 0.00 |
| Tax-Exempt | Vanguard Interm-Term Tx-Ex Inv | VWITX | | 4.62 yrs | 12581 | 0.17 | 35 | | 2.79 | 1.68 | -1.87 | 1.26 | 2.03 | 0.01 |
| Inflation-Protected | iShares TIPS Bond ETF | | TIP | 6.75 yrs | 50 | 0.19 | 20 | | 2.45 | 0.38 | -2.36 | 2.06 | 1.50 | 1.78 |
| Inflation-Protected | Vanguard Inflation-Protected Securities Inv | VIPSX | | 6.85 yrs | 49 | 0.20 | 28 | | 4.97 | 0.21 | -2.37 | 2.00 | 1.44 | 2.16 |
| Inflation-Protected | Vanguard Shrt-Term Infl-Prot Sec Idx Adm | VTAPX | VTIP | 2.44 yrs | 25 | 0.06 | 26 | | 3.89 | 3.20 | 1.96 | 2.90 | 1.65 | 1.79 |
| International | Vanguard Total International Bond Adm | VTABX | BNDX | 7.49 yrs | 7022 | 0.11 | 27 | | 2.02 | 3.15 | -4.49 | -0.04 | 1.73 | 0.86 |
| **Real Estate (REITs)** | | | | | | | | | | | | | | |
| U.S. REITs | Vanguard REIT Adm | VGSLX | VNQ | 20.50 B | 168 | 0.12 | 7 | 2.00 | 4.74 | -2.37 | 0.34 | 2.19 | 4.47 | 1.51 |
| U.S. REITs | SPDR Dow Jones REIT | | RWR | 19.98 B | 114 | 0.25 | 10 | 1.89 | 4.09 | 0.35 | 3.98 | 1.14 | 4.01 | 1.46 |
| Int'l REITs | Vanguard Global ex-US Real Estate Adm (2) | VGRLX | VNQI | 4.53 B | 718 | 0.12 | 10 | 0.71 | 0.60 | 0.51 | -6.36 | -3.69 | -0.67 | 0.99 |
| Int'l REITs | iShares International Developed Property | | WPS | 4.77 B | 419 | 0.48 | 6 | 0.73 | 1.97 | 0.64 | -6.38 | -3.96 | -0.78 | 0.95 |
| Global (incl. U.S.) | SPDR Dow Jones Global Real Estate ETF | | RWO | 13.25 B | 265 | 0.50 | 11 | 1.37 | 3.91 | 0.37 | 0.59 | -1.02 | 1.55 | 1.39 |
| **U.S. Stocks** | | | | | | | | | | | | | | |
| Large Cap (blend) | Vanguard S&P 500 Adm | VFIAX | VOO | 208.56 B | 508 | 0.04 | 2 | 3.42 | 1.58 | 17.13 | 8.70 | 10.68 | 11.29 | 0.37 |
| Large Cap (blend) | DFA US Equity ETF | DUSQX | DFUS | 137.22 B | 661 | 0.13 | 7 | 3.17 | 1.33 | 16.06 | 8.47 | 10.28 | n/a | 0.93 |
| Large Cap Value | Vanguard Value Adm | VVIAX | VTV | 100.51 B | 343 | 0.05 | 5 | 2.19 | 2.66 | 8.15 | 10.69 | 7.55 | 9.16 | 0.59 |
| Large Cap Value | DFA US Marketwide Value | DFLVX | DFUV | 64.83 B | 359 | 0.21 | 10 | 1.66 | 2.04 | 7.45 | 11.08 | 5.92 | 7.80 | 1.03 |
| Small Cap (blend) | iShares Core S&P Small-Cap ETF | | IJR | 2.17 B | 609 | 0.06 | 19 | 1.51 | 1.65 | 1.14 | 7.48 | 4.12 | 7.12 | 0.48 |
| Small Cap (blend) | DFA US Small Cap | DFSTX | DFAS | 2.58 B | 2054 | 0.27 | 13 | 1.57 | 1.22 | 4.46 | 9.86 | 5.62 | 6.82 | 1.10 |
| Small Cap Value | Vanguard Small Cap Value Adm | VSIAX | VBR | 4.62 B | 851 | 0.07 | 13 | 1.38 | 2.37 | 4.72 | 10.92 | 5.51 | 7.25 | 0.54 |
| Small Cap Value | iShares Micro-Cap | | IWC | 0.49 B | 1586 | 0.60 | 35 | 1.27 | 1.35 | -9.92 | -0.23 | 0.41 | 3.96 | 0.35 |
| Small Cap Value | DFA U.S. Small Cap Value | DFSVX | DFSV | 2.36 B | 965 | 0.30 | 23 | 0.96 | 1.63 | 5.34 | 17.39 | 6.86 | 6.77 | 1.68 |
| Marketwide | Vanguard Total Stock Market Adm | VTSAX | VTI | 126.00 B | 3886 | 0.04 | 3 | 3.10 | 1.56 | 15.60 | 7.47 | 9.88 | 10.60 | 0.36 |
| Marketwide | DFA US Core Equity Market ETF | DFEOX | DFAU | 73.36 B | 2683 | 0.14 | 5 | 2.59 | 1.43 | 14.38 | 9.50 | 9.69 | 10.15 | 0.85 |
| **Foreign Stocks** | | | | | | | | | | | | | | |
| Developed Markets | Vanguard FTSE Developed Markets Adm | VTMGX | VEA | 28.62 B | 4057 | 0.07 | 4 | 1.43 | 3.16 | 17.58 | 3.43 | 3.79 | 3.27 | 0.78 |
| Developed Markets | DFA International Core Equity | DFIEX | DFIC | 12.10 B | 5224 | 0.24 | 11 | 1.21 | 2.83 | 18.32 | 5.03 | 3.80 | 3.53 | 1.03 |
| Emerging Markets | Vanguard Emerging Markets Stock Adm | VEMAX | VWO | 19.76 B | 4759 | 0.14 | 7 | 1.51 | 3.03 | 8.58 | -2.72 | 2.83 | 1.59 | 0.96 |
| Emerging Markets | DFA Emerging Markets Core Equity | DFCEX | DFAE | 9.85 B | 6815 | 0.40 | 14 | 1.16 | 3.00 | 14.53 | 2.24 | 4.07 | 2.54 | 1.09 |
| **Gold-Related Funds** | | | | | | | | | | | | | | |
| Gold ETFs | SPDR Gold Minishares | | GLDM | | | 0.10 | | | 0.00 | 21.55 | 1.06 | 9.87 | n/a | 0.00 |
| Gold ETFs | GraniteShares Gold Trust | | BAR | | | 0.17 | | | 0.00 | 21.57 | 1.03 | 9.86 | 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.