

Dow 40,000

The Dow Jones Industrial Average (DJIA or “the Dow”) crossed the 40,000 level in mid-May. This was perhaps an inevitability, given that stocks have always reached new highs, given enough time. Nonetheless, investors take notice of such milestones, which provides an opportunity to reflect on markets.

We noted in our [February Investment Guide](#) that the Dow is just one of several indices used to measure the stock market. The S&P 500 Index is a more useful market gauge for most investors, but the Dow is still broadly cited. It is a venerable index created in 1896, comprised of 30 stocks selected by a committee intended to reflect a spectrum of major U.S. industries. As a price-weighted index, it is a simple average of the 30 stock prices. This contrasts with the S&P 500 and other major indices, which are market capitalization weighted. Despite the oddities of its construction, the Dow has served well as a means of gauging the U.S. stock market over time.

The table below shows how long it took the Dow (based on daily valuation) to get from one major threshold to the next. This obscures the massive fluctuations that investors experienced between each level. The most recent threshold of 40,000 comes less than three years after the 35,000 level was notched.

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Rates of Interest

As of May 31, 2024

Government Obligations¹

Fed Funds Rate	5.33%
3-Month Treas. Bill	5.26%
10-Yr. Treas. Note	4.55%
30-Yr. Treas. Bond	4.69%
10-Yr. TIPS	2.19%
Muni Bonds - Nat'l 10-Yr.	3.00%

Mortgage Rates²

15-Yr Fixed	6.36%
30-Yr Fixed	7.03%

Banking³

Savings	0.45%
Money Market	0.68%
12-month CD	1.80%

[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).

DJIA Level	Date Reached	Years Since Previous Threshold	Gains From Previous Threshold
1,000	Nov. 14, 1972		
5,000	Nov. 21, 1995	23.0	400.0%
10,000	Mar. 09, 1999	3.3	100.0%
15,000	May. 07, 2013	14.2	50.0%
20,000	Jan. 25, 2017	3.7	33.3%
25,000	Jan. 04, 2018	0.9	25.0%
30,000	Nov. 24, 2020	2.9	20.0%
35,000	Jul. 23, 2021	0.7	16.7%
40,000	May. 17, 2024	2.8	14.3%

Source: Bromberg, Michael. “The Dow Closed Above 40,000 -- Here’s How Long It Took To Get There.” Investopedia. May 17, 2024.

The table also provides the percentage gain from one threshold to the next. As the level of the Dow rises, the percentage gain needed to cross the subsequent threshold decreases. To get from 5,000 to 10,000 required a 100 percent gain in

the market, but the increase from 35,000 to 40,000 required just a 14.3 percent gain. As such, major thresholds may be breached with greater regularity as the level rises.

At the end of the day, the increase to Dow 40,000 from

39,999 means little. But for many it's nonetheless gratifying to see the market push through a big, round number. It gives us an opportunity to reflect on market growth over time and consider the importance of compounding our investment returns.

LUCK OF THE DRAW: SEQUENCE OF RETURNS

Prospective clients often ask: "What returns can I expect?" It is a valid question, as people naturally seek insight into the potential growth of their investments over time.

Unfortunately, predicting an investor's returns over various timeframes – whether it is one year, five years, or twenty years – is rife with uncertainty. Even if we could accurately predict long-term returns, the critical *sequence* of those returns remains elusive.

In this article, we demonstrate how the timing of returns impacts investors' future wealth. While this factor lies beyond anyone's control, we explain a method by which investors can incorporate this uncertainty into a robust financial plan.¹

We begin by exploring the theoretical importance of the

sequence of returns through a contrived depiction. Then we delve into actual historical data to illustrate investment outcomes for two hypothetical investors who lived in different periods.

Finally, we explain how present-day investors can use Monte Carlo simulation forecasting to make prudent financial decisions despite this inherent uncertainty.

Sequence of Returns

The risk linked to the sequence of returns can be illustrated through an example that uses fabricated returns. Table 1 presents the outcomes for two workers, each of whom saves \$10,000 per year for 10 years.

The middle column of Table 1 shows a worker experiencing robust investment returns in the initial years of the decade, followed

by lackluster returns towards the decade's close. Conversely, the far-right column shows another worker who endures poor returns early on, only to enjoy prosperous returns later in the decade.

Despite both workers experiencing identical average annualized returns of 6.4 percent, the first worker ends up with an ending balance of \$110,463, while the second worker reaches \$180,747. The difference of over \$70,000 is solely attributable to the *sequence* of returns that they happened to encounter.

This example illuminates the impact that the timing of returns can have on an investor's ending wealth. Even if we somehow knew the average return in advance and saved regularly, we still cannot predict with any accuracy what future wealth will be.

		Early return high, late returns low		Early returns low, late returns high	
Year	Beginning of Year Deposit	Investment Return	Investor's Balance	Investment Return	Investor's Balance
1	10,000	20%	12,000	-10%	9,000
2	10,000	20%	26,400	-10%	18,100
3	10,000	15%	41,860	0%	28,100
4	10,000	15%	59,639	0%	38,100
5	10,000	10%	76,603	10%	51,910
6	10,000	10%	95,263	10%	67,101
7	10,000	0%	105,263	15%	87,166
8	10,000	0%	115,263	15%	110,241
9	10,000	-10%	112,737	20%	142,289
10	10,000	-10%	110,463	20%	180,747
Annualized Performance		6.4%		6.4%	

Readers should not conclude from this depiction that returns revert to the mean. Market returns from year to year are independent of one another. Young investors experiencing lower returns earlier in life should not expect that they have a higher chance of earning higher returns in later years, or vice versa. Investors in later career stages should similarly accept that extended periods of below and above average returns are not unusual.

Sequence of Returns in Action

The preceding example was contrived to make a point, so it may seem extreme. However, actual market data reveals how two hypothetical investors, following similar strategies and experiencing comparable long-term returns, can end up with quite different outcomes based solely on when they were born.

Consider the lives of two investors: Art and his daughter, Barbara. Art embarked on his savings journey in 1945. He adopted a straightforward portfolio and diligently invested at regular

intervals² beginning with a \$100 position in January 1945. Each month thereafter, he increased his savings each month to keep pace with inflation.³ Art continued this disciplined approach for exactly 30 years. At that point he transitioned to spending. His first monthly withdrawal was \$1,024 per month in January 1975.⁴ His spending in retirement also increased with inflation, peaking at \$3,742 in his final month of retirement, December 2004, when he passed away, exactly 30 years after he retired.

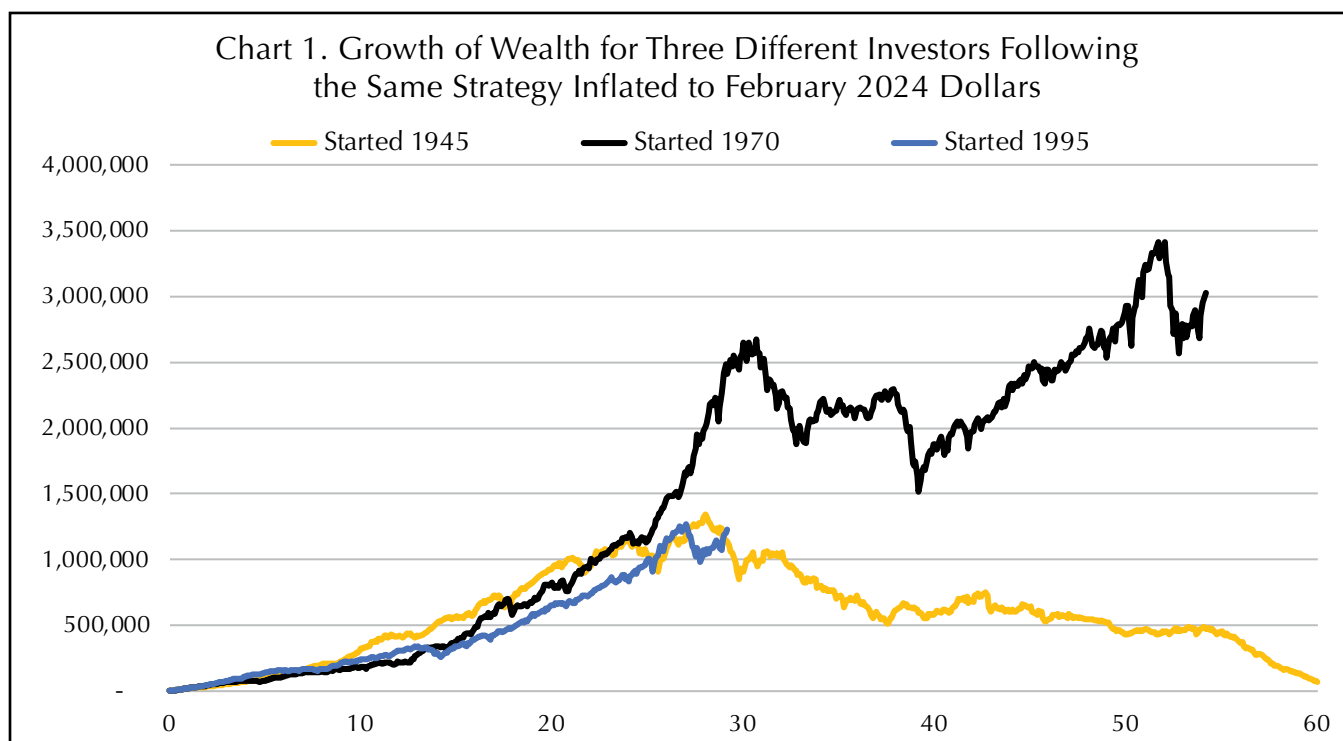
Barbara followed in her father's footsteps. She also began a career and started saving while she was young, in January 1970. Her initial investment was \$212 (the inflation-adjusted equivalent of Art's \$100 per month when he started in 1945). Otherwise, her plan mirrored Art's. She adopted a 60/40 portfolio allocation and increased her monthly savings to keep up with inflation over the next 30 years. At retirement, she too planned to spend 3.5 times her monthly savings amount each month, adjusted for inflation, for the rest of her life.

Art and Barbara followed a remarkably similar financial path—they saved the same inflation-adjusted amount each month, worked for three decades, spent equivalent inflation-adjusted sums in retirement, and maintained identical portfolio allocations. As it happens, they achieved quite similar average annual market returns of 9.76 percent and 9.36 percent.

However, a critical distinction emerged in their market experiences. Barbara encountered excellent relative returns during the latter part of her career in the late 1990s, when her portfolio had grown substantially. Art's portfolio had also grown as he approached his retirement in 1975. But as he transitioned into retirement market returns were sharply negative and price inflation spiked. The former reduced his nest egg, while the latter triggered higher spending from his portfolio. These factors had a negative impact on his portfolio just when his balance was peaking.

Chart 1 illustrates the inflation-adjusted hypothetical

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account balances for Art and Barbara over their respective periods. We add a third hypothetical investor whose nearly 30-year financial journey spans 1995 through 2023.

Art had a reasonably good investment experience and enjoyed a comfortable lifestyle after he stopped working; he spent the equivalent of \$6,102 per month (in today's dollars) throughout his 30-year retirement.

In contrast, Barbara's investment wealth far surpassed Art's. Now, 24 years into retirement, she is spending \$6,102 per month (the same as Art's retirement spending), yet her portfolio remains valued at over \$3 million.

Did Art make any foolish moves? Did Barbara do anything particularly clever? The answer to both is no. They each followed a simple saving and investment strategy and stuck with it for a long time. On average, they experienced nearly identical annualized investment returns over

their lifetimes.

And yet, with just six years remaining in her projected retirement, Barbara boasts a portfolio exceeding \$3 million. The *sequence* of returns has caused a substantial and unforeseeable disparity in outcomes.

Even when holding total returns constant, market history demonstrates that an investor's financial fate depends significantly on the pattern of market returns they will experience during their life span. While this element is beyond an investor's control, we can utilize a statistical tool that helps investors to make better-informed decisions in the face of this reality.

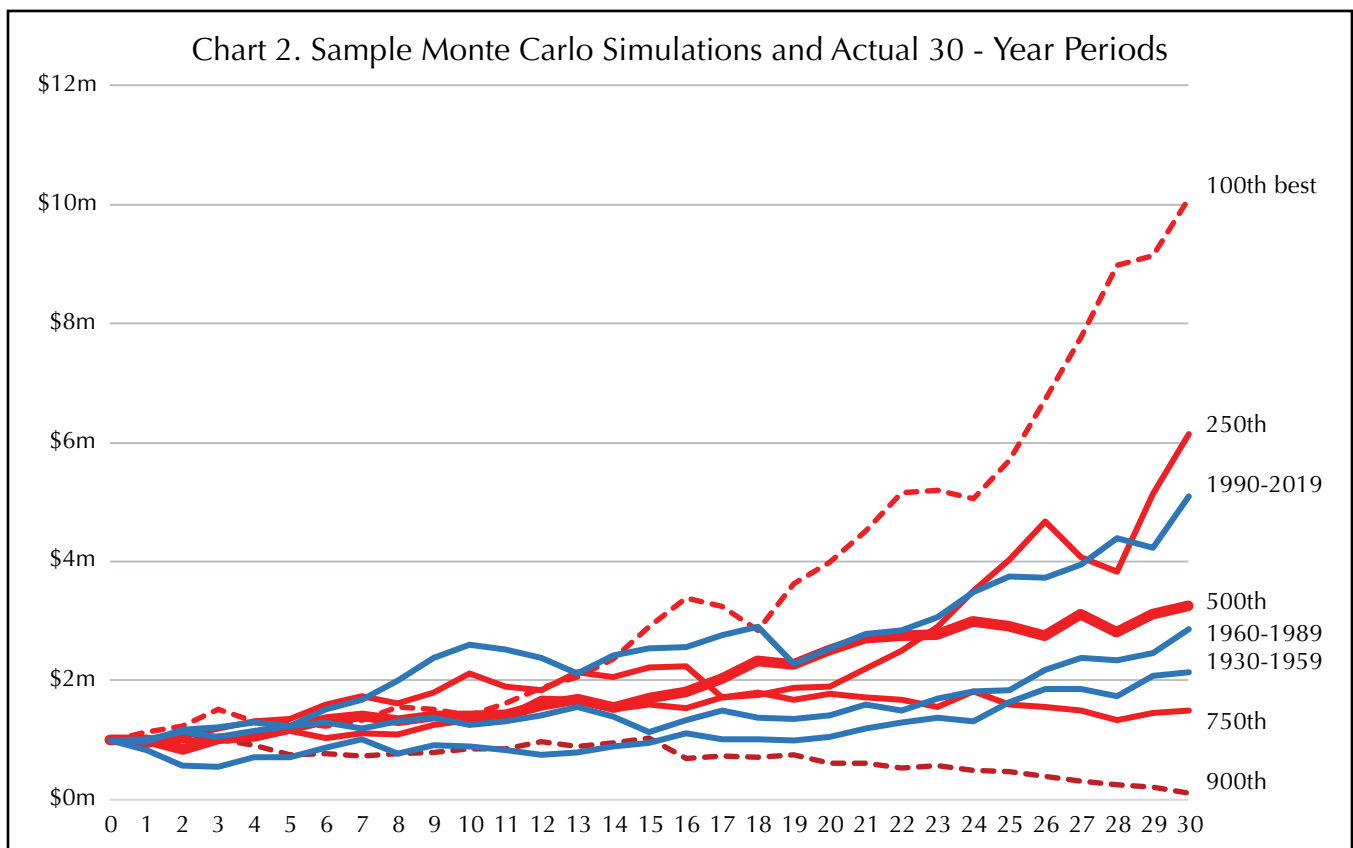
The Limits of History

We have 98 years of monthly stock market returns at our disposal. One might be tempted to believe that this provides ample data for managing the risk associated with sequential returns. But this span includes only three

distinct 30-year trials that are statistically independent – an insufficient sample size for drawing statistically reliable conclusions.

However, we know from observation that monthly market returns in any given month tell us nothing about returns in the following month; the market, like a roulette wheel, has no memory. This independence of returns allows a software program to randomize monthly returns and project not just three, but thousands of independent hypothetical sequences. This can be accomplished through a technique known as Monte Carlo simulation.

The exercise begins by inputting expected annual returns and volatility for different asset classes, such as U.S. stocks and bonds. We then integrate many other important assumptions unique to each investor - such as contributions, withdrawals, inflation, income, housing wealth, and more. Some of these are within investors' control, while



some are not.

With these inputs we can generate thousands of hypothetical outcomes. Such modeling is a valuable tool for investors. It provides a framework for crucial decisions, especially regarding portfolio allocation, household budgeting, and targeting a realistic retirement date.

In Chart 2, we present a glimpse into a selection of sample potential outcomes. In these hypothetical scenarios, we assume a starting balance of \$1 million, annual withdrawals of \$40,000 (adjusted for historical annual inflation of 2.93 percent) over the next 30 years, and historical average returns and volatility characteristic of a 60/40 portfolio. Although we have conducted 1,000 simulations, for clarity we highlight only five to show a range of outcomes. The five lines shown are the simulations with ending wealth outcomes that rank 100th, 250th, 500th, 750th, and 900th (also known as the 10th, 25th, 50th, 75th, and 90th percentiles of outcomes). The 50th percentile, or median outcome, is shown in bold.

The simulations depict a vast spectrum of potential outcomes. In a highly favorable scenario, ranked at the 100th position out of 1,000 trials, the final portfolio value exceeds \$10 million, whereas the 900th best scenario barely surpasses \$100,000. These

“extremes” are indicated by the dashed red lines.

Additionally, we have overlaid the three *actual* 30-year return streams that occurred between 1930 to 2019. These are represented by solid blue lines, each denoted by its corresponding period. Each of these historical periods falls well within the range of the possible outcomes predicted.

This comparison reaffirms the lesson from Art and Barbara. There is an enormous disparity in possible outcomes, even with a reasonably consistent estimate of annual returns. Much of this variability is attributable to sequence of return risk.

Monte Carlo as a Tool

Even if we could accurately predict long-term average returns, the unpredictable nature of the sequence of returns poses a significant challenge in forecasting wealth growth. While luck plays a role, it is important to control what you can. Uncertainty should not deter you from planning -- “plans are no particular value, but planning is indispensable.”⁵ Tools like Monte Carlo simulation can provide a reassuring framework, helping to navigate the complexities of financial planning with greater confidence.

When conducting Monte Carlo simulations for our clients, we delve deep into the realm of long-term financial sustainability by analyzing the impact of variables within their control. For example, we scrutinize how tweaking the projected retirement age can influence the range of possible outcomes. We explore the ripple effects of alternative spending levels and how inflation can dramatically affect future purchasing power. Assumptions regarding retirement age, spending and other inputs can be changed, and the investor can observe the change in the range of potential outcomes.

In our experience, Monte Carlo simulation is a helpful tool, particularly for workers approaching retirement or those recently retired. Crafting an optimal strategy is one of the paramount challenges in preparing a financial blueprint. These simulations can be recreated annually, or at any time. This allows us to change assumptions to accommodate changes in personal and financial circumstances. It is prudent to periodically revisit retirement spending and reassess expectations, especially if there are sharp shifts in capital markets.

If you have questions about retirement planning and would like to learn more about our wealth management services, please contact us.

1. For a more in depth explanation of this topic, see [“How Much Money Will I Make?” May 31, 2008, Investment Guide](#), or contact us to obtain a copy.
2. Historical returns are constructed using a portfolio of 60% S&P 500 and 40% five-year U.S. Treasury bills, rebalanced monthly. These returns assume all dividends and interest are re-invested, and do not include management or transaction fees. Returns are hypothetical and are meant only for illustrative purposes. Past returns are not a predictor of future results.
3. \$100 in January 1945 is equivalent to \$1,743 in February 2024 if we are using the U.S. Consumer Price Index for all Urban Consumers (CPI-U).
4. This is 3.5 times the inflation-adjusted equivalent of \$100 in 1945.
5. Attributable to Dwight D. Eisenhower

THE SHIFT TO T+1 SETTLEMENT

Beginning May 28th, the settlement cycle for trading ETFs, stocks, and certain other securities moved from two days to one. We believe this shortened settlement cycle will expedite and streamline trading operations and cash management. For household

investors we see limited, if any downside.

The T+2 standard, in place since 2017 after the Securities and Exchange Commission (SEC) shortened settlement from three days, meant a two-day gap between initiating a transaction

and its final settlement for many securities. This delay affected the timing of sales relative to planned cash withdrawals; investors had to sell positions at least two days prior to the day they needed cash.

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Now, with the settlement cycle shortened to one day (T+1), trade efficiency is enhanced. For most securities utilized by household investors, cash should be available the very next day following the sale. This enhanced liquidity has the potential to benefit all market participants.

According to the Financial Industry Regulatory Authority (FINRA), impacted securities

will include stocks, bonds, exchange-traded funds (ETFs), select mutual funds, municipal securities, Real Estate Investment Trusts (REITs), and master-limited partnerships (MLPs) traded on U.S. exchanges.

The move to T+1 settlement fits in with the ongoing trend of automation and digitization in finance. Thanks to advancements in technology and stronger infra-

structure, we are well-equipped to handle the operational implication of shorter settlement cycles. Automated processes streamline transaction flows, reducing errors and delays while boosting overall efficiency. To dive deeper into the T+1 settlement change, visit [Schwab's article regarding this adjustment.](#)¹

1. "8 Things to Know About T+1 Settlement." Charles Schwab website. May 16, 2024.

THE HIGH-YIELD DOW INVESTMENT STRATEGY

HYD Model Portfolio						
As of May 15, 2024	Rank	Yield (%)	Price (\$)	Status	Percent of Portfolio	
					Value (%)	No. Shares (%) ¹
Verizon	1	6.57	40.49	Holding**	26.64	30.17
Dow, Inc.	2	4.74	59.06	Holding**	22.54	17.51
Chevron	3	4.00	163.05	Buying	4.63	1.30
IBM	4	3.97	168.26	Buying	5.03	1.37
3M Company	9	2.77	101.24	Holding	21.52	9.75
Intel	19	1.60	31.27	Selling	4.39	6.45
Walgreen Boots	NA	5.45	17.89	Selling	12.17	31.20
Solventum	NA	NA	62.44	Selling	3.07	2.25
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. ¹Because the percentage of each issue in the portfolio by value reflects the prices shown in the table (closing prices on the date indicated), we are also showing the number of shares of each stock as a percentage of the total number of shares in the entire portfolio.
Subscribers can find a full description of the strategy and methodology in the "Subscribers Only" (Log in required) section of our website: www.americaninvestment.com.

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 (\$)					Recent Benchmark Returns							
	5/15/24	Mo. Earlier	Yr. Earlier	Prem. (%)	Data through May 31, 2024							
Gold, London p.m. fixing	2,357.50	2,344.20	2,015.30		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)	
Silver, London Spot Price	28.82	28.44	23.89		1-month	4.72%	3.82%	0.56%	3.89%	1.70%	0.39%	1.80%
Crude Oil, W. Texas Int. Spot	81.39	85.41	71.07			↑	↑	↑	↑	↑	↑	↑
Coin Prices (\$)¹					3-month	3.35%	4.48%	3.52%	-0.03%	0.04%	0.87%	13.84%
American Eagle (1.00)	2,458	2,444	2,101	4.25		↑	↑	↑	↓	↑	↑	↑
Austrian 100-Corona (0.9802)	2,311	2,298	1,975	0.00	1 year	27.58%	18.48%	12.39%	7.16%	1.31%	4.57%	18.58%
British Sovereign (0.2354)	555	552	474	0.00		↑	↑	↑	↑	↑	↑	↑
Canadian Maple Leaf (1.00)	2,403	2,389	2,060	1.91	5 year (annualized)	15.00%	8.15%	3.55%	0.82%	-0.17%	1.31%	12.26%
Mexican 50-Peso (1.2057)	2,842	2,826	2,430	0.00		↑	↑	↑	↑	↓	↑	↑
Mexican Ounce (1.00)	2,376	2,362	2,033	0.76	15 year (annualized)	14.29%	6.73%	4.53%	8.09%	2.48%	1.77%	5.91%
S. African Krugerrand (1.00)	2,403	2,389	2,060	1.91		↑	↑	↑	↑	↑	↑	↑
U.S. Double Eagle-\$20 (0.9675)					Best and worst one-year returns, Jan. 2001 - May. 2024							
St. Gaudens (MS-60)	2,243	2,007	2,080	n/a	Best	62.5%	57.2%	91.6%	85.7%	13.8%	7.1%	54.6%
Liberty (Type II-AU50)	2,266	2,028	2,028	n/a	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
Liberty (Type III-AU50)	2,240	2,002	2,007	n/a	Worst	-43.5%	-50.3%	-56.6%	-59.5%	-15.7%	-4.0%	-28.0%
U.S. Silver Coins (\$1,000 face value, circulated)					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
90% Silver Circ. (715 oz.)	19,574	17,053	20,914	n/a								
40% Silver Circ. (295 oz.)	7,905	6,722	6,692	n/a								
¹Note: Premium reflects percentage difference between coin price and value of metal in a coin. The weight in troy ounces of the precious metal in coins is indicated in parentheses. Premiums will vary; these indicated premiums are provided in The CDN Monthly Greysheet.												

THE DOW JONES INDUSTRIALS RANKED BY YIELD*

Ticker Symbol	Market Prices (\$)			12-Month (\$)		Amount (\$)	Annual Dividend (\$)	Yield† (%)	
	5/15/24	4/15/24	5/15/23	High	Low				
Verizon	VZ	40.49	40.11	36.77	43.42	30.14	0.6650	2.660	6.57
Dow Chemical	DOW	59.06	57.32	52.26	60.69	47.26	0.7000	2.800	4.74
Chevron	CVX	163.05	157.59	157.20	171.70	139.62	1.6300	6.520	4.00
IBM	IBM	168.26	181.25	123.36	199.18	123.47	1.6700	6.680	3.97
Johnson & Johnson	JNJ	152.67	147.59	159.55	175.97	143.13	1.2400	4.960	3.25
Cisco	CSCO	49.67	48.24	47.10	58.19	45.70	0.4000	1.600	3.22
Coca-Cola	KO	63.13	58.14	63.94	63.76	51.55	0.4850	1.940	3.07
Amgen	AMGN	319.04	265.51	233.53	329.72	211.71	2.2500	9.000	2.82
3M Company	MMM	101.24	91.30	100.49	101.74	71.36	0.7000	2.800	2.77
Home Depot, Inc.	HD	348.67	337.93	288.54	396.87	274.26	2.2500	9.000	2.58
McDonald's	MCD	273.87	266.23	295.90	302.39	245.73	1.6700	6.680	2.44
Proctor and Gamble	PG	166.51	155.45	156.01	167.65	141.45	1.0065	4.026	2.42
Goldman Sachs	GS	466.09	400.88	322.07	466.19	289.36	2.7500	11.000	2.36
Merck	MRK	131.73	126.19	116.37	133.10	99.14	0.7700	3.080	2.34
J P Morgan	JPM	202.11	182.89	135.23	202.69	134.40	1.1500	4.600	2.28
Honeywell	HON	205.06	194.04	194.31	210.87	174.88	1.0800	4.320	2.11
Travelers	TRV	214.35	221.06	182.81	232.75	157.33	1.0500	4.200	1.96
Nike	NKE	91.67	93.10	119.83	123.39	88.66	0.3700	1.480	1.61
Intel Corp	INTC	31.27	36.31	29.80	51.28	26.86	0.1250	0.500	1.60
Unitedhealth Group	UNH	517.55	445.63	486.86	554.70	436.38	1.8800	7.520	1.45
Caterpillar	CAT	360.04	363.91	211.29	382.01	205.60	1.3000	5.200	1.44
Wal-Mart Stores	WMT	59.83	59.93	151.88	61.66	48.34	0.2075	0.830	1.39
American Express	AXP	241.70	218.40	150.00	243.54	140.91	0.7000	2.800	1.16
Walt Disney	DIS	102.77	112.95	92.86	123.74	78.73	0.4500	0.900	0.88
Visa Inc.	V	281.50	271.28	232.81	290.96	216.14	0.5200	2.080	0.74
Microsoft Corp.	MSFT	423.08	413.64	309.46	430.82	309.45	0.7500	3.000	0.71
Salesforce	CRM	287.54	272.90	203.33	318.71	193.68	0.4000	1.600	0.56
Apple	AAPL	189.72	172.69	172.07	199.62	164.08	0.2500	1.000	0.53
Amazon	AMZN	185.99	183.62	0.00	191.70	113.78	no dividend		0.00
Boeing	BA	176.99	167.82	202.77	267.54	159.70	no dividend		0.00

† Based on indicated dividends and market price as of 5/15/24. Extra dividends are not included in annual yields. All data adjusted for splits and spin-offs. 12-month data begins 5/15/23.

ASSET CLASS INVESTMENT VEHICLES

Data as of May 31, 2024

Fixed Income

	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)
								1-Year	3-Year	5-Year	10-Year		
Short-Term Bonds	Vanguard Short-Term Bond Adm	2.66 yrs	2696	0.07	64		2.89	3.25	-0.53	0.97	1.28	0.81	
Short-Term Bonds	SPDR Portfolio Short Term Corp Bd ETF	1.83 yrs	1454	0.04	47		4.48	5.20	0.97	1.89	1.81	1.13	
Short-Term Bonds	iShares 1-3 Year Treasury Bond ETF	1.85 yrs	102	0.15	55		3.42	3.21	-0.03	0.88	0.93	0.77	
Core Bonds	Vanguard Total Bond Market Adm	6.09 yrs	17721	0.05	36		3.42	1.42	-3.06	-0.16	1.25	1.11	
Core Bonds	iShares Core US Aggregate Bond ETF	5.99 yrs	11033	0.03	89		3.41	1.30	-3.07	-0.22	1.21	1.05	
Core Bonds	DFA Core Fixed Income	5.50 yrs	896	0.19	24		3.25	3.22	-2.50	0.52	1.72	1.14	
Tax-Exempt	Vanguard Ltd-Term Tax-Exempt Inv	2.38 yrs	6948	0.17	55		2.55	3.16	0.31	1.24	1.37	0.00	
Tax-Exempt	Vanguard Intern-Term Tx-Ex Inv	5.39 yrs	13227	0.17	43		2.90	2.86	-0.81	1.12	2.09	0.01	
Inflation-Protected	iShares TIPS Bond ETF	6.55 yrs	51	0.19	18	TIP	2.81	1.36	-1.51	1.88	1.71	1.81	
Inflation-Protected	Vanguard Inflation-Protected Securities Inv	6.72 yrs	50	0.20	34	VIPSX	4.02	1.41	-1.52	1.88	1.68	2.26	
Inflation-Protected	Vanguard Shrt-Term Infl-Prot Sec Idx Adm	2.37 yrs	28	0.06	28	VTAPX	2.79	4.52	1.93	3.12	1.95	1.86	
International	Vanguard Total International Bond Adm	7.27 yrs	6839	0.11	29	BNDX	4.71	3.75	-2.06	-0.21	1.92	1.30	

Real Estate (REITs)

U.S. REITs	Vanguard REIT Adm	21.71 B	162	0.12	9	VNQL	4.15	8.45	-2.35	2.91	5.22	1.49
U.S. REITs	SPDR Dow Jones REIT	20.44 B	106	0.25	5	RWR	3.83	9.47	-0.52	2.26	4.73	1.41
Int'l REITs	Vanguard Global ex-US Real Estate Adm (2)	5.32 B	690	0.12	5	VNQL	3.81	9.77	-7.55	-2.49	0.78	1.34
Int'l REITs	iShares International Developed Property	5.71 B	383	0.48	6	WPS	2.82	9.25	-7.96	-2.42	0.56	1.02
Global (incl. U.S.)	SPDR Dow Jones Global Real Estate ETF	14.13 B	252	0.50	5	RWO	3.66	7.34	-3.47	0.12	2.39	1.40

U.S. Stocks

Large Cap (blend)	Vanguard S&P 500 Adm	268.36 B	507	0.04	2	VOO	1.32	28.14	9.52	15.76	12.65	0.37
Large Cap (blend)	DFA US Equity ETF	197.68 B	583	0.13	8	DFUS	1.16	29.60	8.96	15.60	n/a	1.23
Large Cap Value	Vanguard Value Adm	118.86 B	345	0.05	10	VTV	2.38	22.68	7.49	11.99	10.06	0.60
Large Cap Value	DFA US Marketwide Value	80.40 B	334	0.22		DFLVX	1.81	25.89	6.09	11.63	8.82	1.20
Small Cap (blend)	iShares Core S&P Small-Cap ETF	2.47 B	609	0.06	19	IJR	1.29	20.31	0.54	10.06	8.95	0.50
Small Cap (blend)	DFA US Small Cap	3.50 B	1967	0.27	20	DFAS	1.09	23.66	3.61	11.88	8.65	1.22
Small Cap Value	Vanguard Small Cap Value Adm	5.97 B	863	0.07	16	VSIAX	2.05	26.59	4.40	11.15	8.60	0.56
Small Cap Value	iShares Micro-Cap	0.59 B	1470	0.60	35	IWC	1.14	15.69	-6.70	7.15	6.18	0.37
Small Cap Value	DFA U.S. Small Cap Value	3.17 B	965	0.31	25	DFSVX	1.45	30.94	7.29	14.50	8.43	1.82
Marketwide	Vanguard Total Stock Market Adm	166.16 B	3720	0.04	2	VTSAX	1.35	27.61	7.70	14.90	12.03	0.37
Marketwide	DFA US Core Equity Market ETF	103.82 B	2629	0.15	8	DFEOX	1.31	28.87	8.52	15.24	11.62	0.88

Foreign Stocks

Developed Markets	Vanguard FTSE Developed Markets Adm	33.62 B	4004	0.08	3	VTMGX	3.21	17.75	2.07	8.17	4.82	0.83
Developed Markets	DFA International Core Equity	14.86 B	5212	0.23	9	DFIEF	3.14	20.07	2.98	8.86	5.00	1.14
Emerging Markets	Vanguard Emerging Markets Stock Adm	22.98 B	4872	0.14	5	VEMAX	3.33	14.15	-3.97	4.38	3.08	1.15
Emerging Markets	DFA Emerging Markets Core Equity	10.56 B	7092	0.39	11	DFCEX	3.38	17.12	-0.83	6.56	4.09	1.27

Gold-Related Funds

Gold ETFs	SPDR Gold Minishares			0.10		GLDM	0.00	18.43	6.81	12.08	n/a	0.00
Gold ETFs	GraniteShares Gold Trust			0.17		BAR	0.00	18.37	6.73	12.05	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) VGRIL 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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