Spooky Season Myth Busting & Stock Picks

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AAII San Diego Chapter

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A Patient Prospector

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Nearly forty years ago, this senior in college parlayed a stint as a cold caller at the infamous Drexel Burnham Lambert into a part-time job with Al Frank while completing my major in computer science with a minor in business. The latter was more my passion and I had been bitten by the investment bug, even as the lone finance course I had in college taught me precious little about the stock market.

Al and I hit if off, as the legendary value investor had just purchased his first personal computers and I was tasked with bringing his pencil-and-paper operation into the computer age. Candidly, I thought my gig with Al would look good on the resume and my plan was to get a "real" job after I graduated a few months later.

"The stock market may not bring undreamed-of rewards, but if you are willing to get rich slowly, it is the place to make or maintain your fortune."
— Al Frank

Further, as there is no assurance that we will strike gold with the equities we select, we have the humility to admit that we are prospecting, which is the act of searching for something valuable. Of course, we believe that we are digging in areas with a higher propensity of stocks that will pan out!

Still, as Al told me long ago, it really is the stock *holding* more than the stock *picking* that is key, which is why the *Market Observations* we have been publishing the last few months offer so much historical perspective.

Al wrote in 1995 when the Dow Jones Industrial Average was less than 5000, "Common stocks—which represent ownership of corporations and 'should' reflect the value of those cor-

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"The stock market may not bring undreamed-of rewards, but if you are willing to get rich slowly, it is the place to make or maintain your fortune."

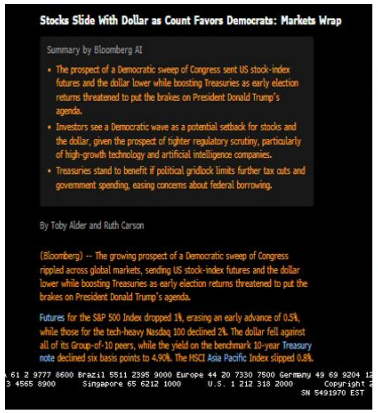
— Al Frank

Emotional Roller Coaster



Emotional Roller Coaster

Election Eve



Stocks Slide With Dollar as Count Favors Democrats: Markets Wrap

Summary by Bloomberg AI

- The prospect of a Democratic sweep of Congress sent US stock-index futures and the dollar lower while boosting Treasuries as early election returns threatened to put the brakes on President Donald Trump's agenda.
- Investors see a Democratic wave as a potential setback for stocks and the dollar, given the prospect of tighter regulatory scrutiny, particularly of high-growth technology and artificial intelligence companies.
- Treasuries stand to benefit if political gridlock limits further tax cuts and government spending, easing concerns about federal borrowing.

By Toby Alder and Ruth Carson

(Bloomberg) -- The growing prospect of a Democratic sweep of Congress rippled across global markets, sending US stock-index futures and the dollar lower while boosting Treasuries as early election returns threatened to put the brakes on President Donald Trump's agenda.

Futures for the S&P 500 Index dropped 1%, erasing an early advance of 0.5%, while those for the tech-heavy Nasdaq 100 declined 2%. The dollar fell against all of its Group-of-10 peers, while the yield on the benchmark 10-year Treasury note declined six basis points to 4.90%. The MSCI Asia Pacific Index slipped 0.8%.



THE WALL STREET JOURNAL.

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• LIVE 20 hours ago

Stock Futures' Declines Deepen After Strong Early Results for Democrats

By David Uberti, Reporter

Stock futures are dropping after early vote counts suggest a big night for Democrats. Contracts linked to the Nasdaq 100 are down 2.2%, near their session lows, while S&P 500 futures are also in the red, falling 1.3%. Futures on the Dow Jones Industrial Average are down 0.8%.

Bitcoin prices have also fallen as have Asian stock indexes such as Korea's Kospi index and Japan's Nikkei 225.

Changes in futures prices don't always reflect market moves after the opening bell.



CNBC MARKETS BUSINESS INVESTING TECH POLITICS & POLICY VIDEO INVESTING CLUB PRO

MARKETS

Stock futures fall as traders speculate Democrats headed for big wins in midterm elections: Live ...

Investors braced for the results of the 2026 U.S. midterm elections.

Sean Conlon 11/3/2026 3:00:35 PM PST

With the Dow Jones Industrial Average soaring more than 1500 points on Wednesday, *The New York Times* proclaimed, "An end to uncertainty boosts the markets," adding, "Stock markets gained on Wednesday, as it became clear that Democrats were set to seize control of Congress in a resounding midterm election victory that surpassed the party's most optimistic expectations." A market strategist in the story stated, "Markets hate uncertainty, and now with the election out of the way, we are seeing buyers step in across the board."

Next Day



THE WALL STREET JOURNAL.

THURSDAY, NOVEMBER 5, 2026 - VOL. CCLXXVIII NO. 108 WSJ.com ★★★★ $5.00

DJIA 53356.12 1569.40 3.03% NASDAQ 25736.51 1.4% STOXX 600 657.40 1.8% 10-YR. TREAS. 15/32, yield 4.891% OIL $88.12 $7.97 GOLD $4,061.30 $133.20 EURO $1.1231 YEN 158.41

What's News

Business & Finance

◆ Stocks surged after American voters dealt a resounding blow to key pillars of Trump's economic agenda, with the S&P 500, Dow and Nasdaq rising 1.6%, 3% and 1.4%, respectively. A1

◆ AstraZeneca offered roughly $10 billion to acquire Rhythm Pharmaceuticals, a deal that would expand its portfolio of rare-disease treatments. B1

◆ Pharmaceutical company leaders scorned the AI industry's optimism about the technology's capacity for drug discovery, saying the complexities of the search defy the hype. B1

◆ Novo Nordisk raised its guidance for the year after noting an improved outlook for its key obesity and diabetes drugs, particularly in markets outside the U.S. B2

◆ McDonald's reported higher quarterly profit and revenue as solid performance across much of its international business offset sluggish U.S. sales. B3

◆ Uber's revenue growth slowed further in the latest quarter on weakness in its core ride-hailing business. B4

◆ BMW again cut its annual guidance, warning that its core automotive segment could slide to a loss based on a closely watched profitability metric. B5

◆ Volvo said its global sales fell 16% year-to-year in the three months through October, hit by weaker demand in the U.S. and China. B5

◆ Alphabet's Google will invest $15 billion in Malaysia to expand infrastructure, develop local talent and support clean-energy and -water initiatives. B4

Worldwide

◆ Democrats won control of both chambers of Congress,

New Era in Washington

Democrats keep spotlight on the economy, winning control of the House and Senate in a stinging rebuke of Trump

New York Democrats Chuck Schumer, left, who is poised to be Senate majority leader, and Hakeem Jeffries, in line to be speaker of the House, celebrated the party's sweeping election victories on Wednesday and talked of delivering change.

Senate

Democrats* Win 20 50 seats Win 13 Republicans

54 46

34 not up 35 up for election 31 not up

*Includes two independents who caucus with the Democrats.

House

As of 10 p.m. ET Wednesday

Democrats Republicans

240 147

Net gain 30 218 seats for majority

Source: Associated Press

Democrats won control of both chambers of Congress, a majority of governorships and more in a massive midterm rebuke of President Trump and Republicans. In doing so, they pulled off a feat that has bedeviled them for years: uniting around a message, affordability.

By John McCormick, Sabrina Rodriguez and Ken Thomas

The party mostly managed to keep the spotlight on the economy as candidates drove home that the Republican president's policies are hurting pocket books. Centrist and far-left candidates alike drilled down on the economy and largely avoided being drawn into culture wars that Republicans promoted on the campaign trail and that have cost Democrats in recent elections.

High fuel and food prices were a top voter concern, with 89% saying the cost of living was a crucial or major factor in how they voted for Congress, according to the Voter Poll for the Associated Press and the major television and cable news networks.

Democrats also largely managed to pick high-quality candidates able to appeal even to independent voters in a number of critical races, including in states Republicans have dominated for decades such as Texas, Kansas and South Carolina.

The sizable Democratic win reverberated on Wednesday. Trump and Vice President JD Vance both blamed the president's war with Iran for the

Please turn to page A4

How Trump Lost The Midterms

Election Results Push the Dow Up More Than 1,500 Points

Emotional Roller Coaster

The Day After



THE WALL STREET JOURNAL.

DOW JONES | FRIDAY, NOVEMBER 6, 2026 - VOL. CCLXXXVIII NO. 109 | WSJ.com | ★★★★ $5.00

DJIA 51573.06 ▼ 1833.06 3.44% | NASDAQ 24315.00 ▼ 5.5% | STOXX 600 654.87 ▼ 0.4% | 10-YR. TREAS. 14/32, yield 4.836% | OIL $90.57 ▲ $2.40 | GOLD $4,102.50 ▲ $41.40 | EURO $1.1771 | YEN 157.68

What's News

Business & Finance

◆ **The new reality of AI** skeptics coming to power in Washington slammed U.S. stocks, erasing an estimated $2.5 trillion from the Nasdaq in the worst one-day value destruction in its history. The S&P 500 and Dow fell 4.4% and 3.4%, respectively. A1

◆ **Wall Street nemesis** Sen. Elizabeth Warren is set to lead the powerful Senate Banking Committee, giving her expansive authority over the financial industry. A1

◆ **The Bank of England** raised its key interest rate and signaled that it is unlikely to move as aggressively to tackle accelerating inflation as many investors had expected. A6

◆ **Goldman Sachs named** its largest class of new partners since 2010, with bankers in its asset and wealth-management division among the best represented. B1

◆ **China blocked SoftBank's** $5.4 billion acquisition of ABB's robotics unit, highlighting Beijing's determination to keep its edge in physical artificial intelligence. B1

◆ **Elevance Health sued** autism-therapy provider the Perfect Child, alleging that it paid the company $160 million due to misleading claims over the past five years. B2

◆ **Wendy's rejected** an unsolicited $1.4 billion bid led by Trian to buy the burger chain and adopted policies to protect itself from further hostile takeover attempts. B1

◆ **Six Flags' third-quarter** loss narrowed but the company warned that the recent fatal accident on a Georgia thrill ride would weigh on fourth-quarter growth. B3

Worldwide

◆ **The White House** delivered a warning to conserva-

Nasdaq Loses $2.5 Trillion in Tech Rout

Index closes in correction territory after its worst-ever one-day value drop

By David Uberti, Jack Pitcher and Hannah Erin Lang

The new reality of artificial-intelligence skeptics rising into power after the midterms slammed into Wall Street on Thursday, wiping out an estimated $2.5 trillion from the Nasdaq, the worst one-day value destruction in its history.

By Thursday afternoon, some $1 trillion of the Magnificent Seven group of tech giants' collective market value vanished. The PHLX Semiconductor index posted its worst day since the depths of the pandemic. The Nasdaq composite stumbled into correction territory after a decline of 5.8%. The Dow Jones Industrial Average fell 3.4% after a rise of nearly that much on Wednesday. The S&P 500 dropped 4.4%.

And the poster child of the AI boom, Nvidia, closed the session in the red—for 2026.

The selloff left few corners of the technology sector unscathed. Asian chip makers, Texas power producers, New Jersey compute providers, Silicon Valley software makers, contractors and data-center developers all tumbled.

Traders making highly leveraged bets got crushed, but so did those who doubted a pullback in AI stocks would get worse. It did, from the opening bell.

"It seems like the rug is getting pulled out from under it," said Jonathan Corpina, senior managing partner at Meridian Equity Partners. "The market continues to be extremely fragile with all this uncertainty in front of us."

It was only a few weeks ago when AI stocks were propelling the markets to record highs, with investors looking expectantly toward the planned initial public offerings of Anthropic and OpenAI.

Then, the pressure started to build. First, cracks began to show in risky corners of the AI trade where companies amassed piles of debt to grow. Underwhelming earnings by Amazon and Alphabet sent tremors across trading desks.

Now, the power shift in Washington, as well as the election of several governors who promised data-center restrictions, exposed the stock market's fragility. The years-long bull market left the U.S.

Please turn to page A2

Index performance, Thursday

◆ **Funds dump positions, cut staff** B1
◆ **Anthropic valuation draws doubts** B1
◆ **Heard on the Street: AI risks for retirement savings** B9

Bomb Threats Disrupt Air Travel Across Europe

GROUNDED: More than a dozen flights were diverted or otherwise affected by bomb threats Thursday in the latest wave of

Wall Street Dreads Warren's New Clout In Senate

By Corrie Driebusch And Dylan Tokar

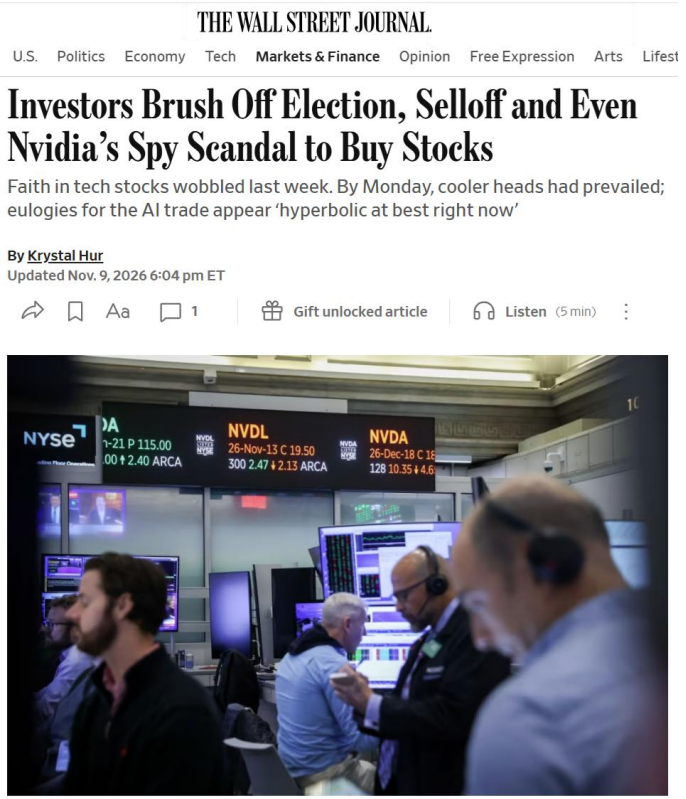
For nearly two decades, Sen. Elizabeth Warren has needled and probed Wall Street at every turn.

She has called the private-equity industry legal "looting" and written a bill that could make it easier to jail executives. She has called for criminal probes into banking executives for failing to catch blowups. She has sought to delay the biggest IPO of all time, SpaceX, and raised questions about Anthropic's existential risks to humanity. She has pledged to look into bankers' ties to Jeffrey Epstein and dealings with the Trump administration.

Now, the Massachusetts Democrat is about to take the controls of the powerful Senate Banking Committee, giving

Stocks were subjected to a doozie of a selloff on Thursday, with *The Wall Street Journal* writing, "The new reality of artificial intelligence skeptics rising into power after the midterms slammed into Wall Street on Thursday, wiping out an estimated $2.5 trillion from the Nasdaq, the worst one-day value destruction in its history."

The Next Trading Day



THE WALL STREET JOURNAL.

U.S. Politics Economy Tech **Markets & Finance** Opinion Free Expression Arts Lifest

Investors Brush Off Election, Selloff and Even Nvidia's Spy Scandal to Buy Stocks

Faith in tech stocks wobbled last week. By Monday, cooler heads had prevailed; eulogies for the AI trade appear 'hyperbolic at best right now'

By Krystal Hur

Updated Nov. 9, 2026 6:04 pm ET

Aa 1 Gift unlocked article Listen (5 min)

Major stock indexes rose Monday despite a steep drop in Nvidia shares. MICHAEL NAGLE/BLOOMBERG NEWS

Emotional Roller Coaster


WSJ

THE WALL STREET JOURNAL WEEKEND

Retiree Style That's Not Tired

OFF DUTY

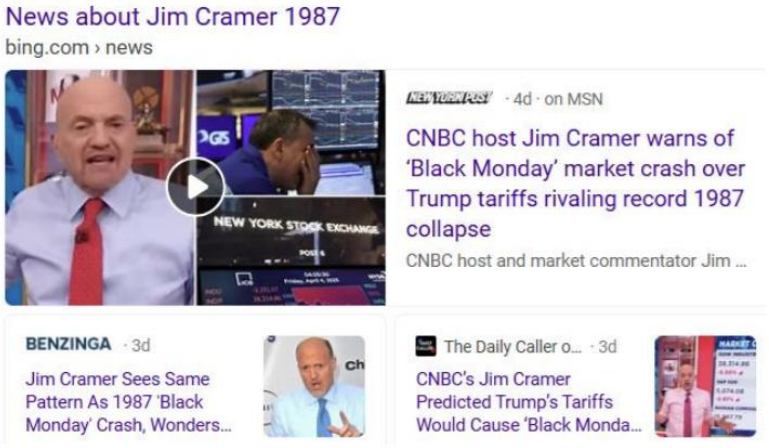
SATURDAY/SUNDAY, APRIL 5 - 6, 2025 - VOL. CCLXXXV NO. 79

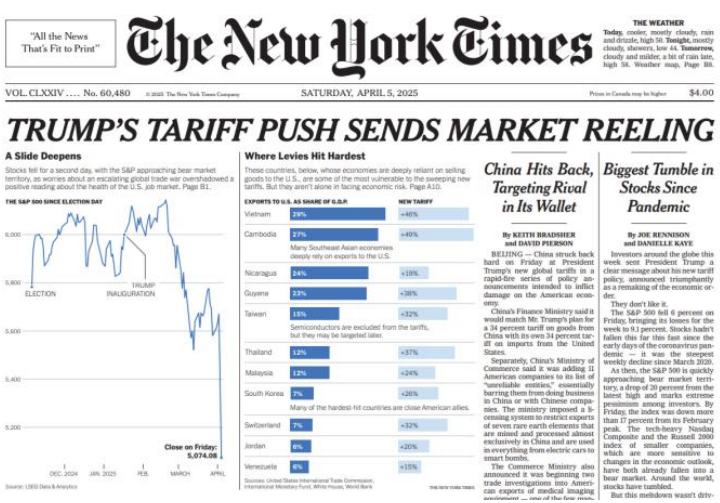
What's News

Market Carnage Worsens

Dow plunges 2,200, Nasdaq enters bear territory after China counters U.S. tariffs

March Hiring Topped Forecasts




"All the News That's Fit to Print"

The New York Times

VOL. CLXXIV .... No. 60,480 SATURDAY, APRIL 5, 2025 $4.00

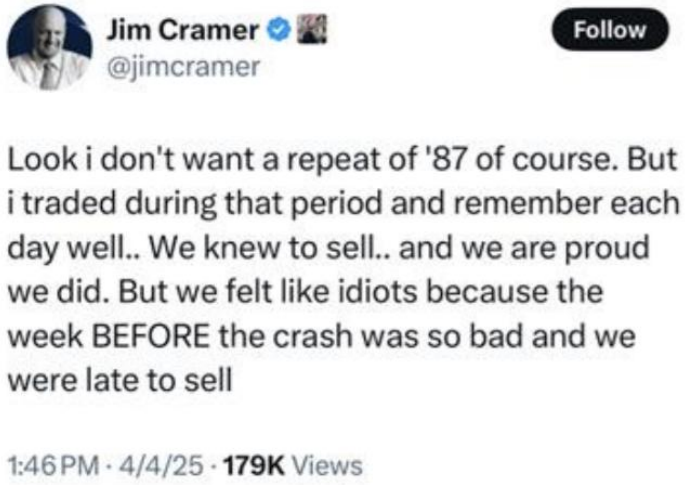
TRUMP'S TARIFF PUSH SENDS MARKET REELING

A Slide Deepens

Where Levies Hit Hardest

China Hits Back, Targeting Rival in Its Wallet

Biggest Tumble in Stocks Since Pandemic



Emotional Roller Coaster



Emotional Roller Coaster



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DOW JONES | Newspapers

THURSDAY, APRIL 10, 2025 - VOL. CCLXXV NO. 83 WSJ.com ★★★★ $5.00

DJIA 40608.45 ▲ 2962.86 7.87% NASDAQ 17124.97 ▲ 12.2% STOXX 600 469.89 ▼ 3.5% 10-YR. TREAS. ▼ 1 7/32, yield 4.410% OIL $62.35 ▲ $2.77 GOLD $3,056.50 ▲ $88.10 EURO $1.0950 YEN 147.79

What's News

Business & Finance

◆ **U.S. stocks soared** after Trump announced a 90-day pause on some tariffs and signaled a willingness to negotiate on trade. The S&P 500, Nasdaq and Dow rallied 9.5%, 12.2% and 7.9%, respectively. A1

◆ **The volatility in** financial markets threatened to derail Prada's talks to acquire Versace from fashion conglomerate Capri Holdings. B1

◆ **Fed officials highlighted** the risks of longer-lasting inflationary pressures from tariffs when they agreed to hold interest rates steady at their meeting last month. A7

◆ **Delta Air Lines** abandoned its full-year financial outlook, a move that could serve as a harbinger for reports from other carriers this month. B1

◆ **Formula One**, which Liberty Media bought in 2017, has been shopping a rights package at around $150 million to $180 million a year beginning with the 2026 season. B1

◆ **China's auto sales** rose sharply in March, assisted by government subsidies and relatively muted competition in pricing. B3

◆ **Volkswagen vehicle** deliveries rose in the first quarter after gains in North and South America as well as in Europe compensated for a steep decline in China. B3

◆ **7-Eleven's owner** projected a rise in annual profit as it continues efforts to stave off a takeover attempt by Couche-Tard, the Canadian owner of Circle K. B3

◆ **The European Commission** said it wanted to develop a network of AI gigafactories to help companies train the most-complex models. B4

World-Wide

◆ **Trump walked back** his steep levies on nearly 100 nations that had taken effect just hours earlier, a reversal that sent stocks soar-

Trump Backtracks, Pauses Many Tariffs

China levy boosted to 125% as duties on dozens of countries get a 90-day delay

By Gavin Bade And Annie Lowrey

WASHINGTON—President Trump on Wednesday walked back his steep levies on nearly 100 nations that had taken effect just hours earlier, a shocking reversal that sent stocks soaring despite his announcing simultaneously that he would raise tariffs on Chinese imports to 125%.

Trump said his 10%, baseline tariff on virtually all imports would stay in effect. But he paused for 90 days the higher, so-called reciprocal rates he had announced a week earlier on nations the administration views as bad actors on trade—except for China. In an early afternoon social-media post, Trump wrote that he had raised the tariff imposed on China to 125%, "effective immediately."

An administration official said that Canada and Mexico would remain exempt, for now, from the 10% baseline global tariff. While the U.S.'s neighbors are still subject to plans to impose 25% tariffs on most imports to the U.S., an exemption is still in place for these levies on autos and many other goods compliant with the U.S.-Mexico-Canada free-trade agreement.

Stock-market indexes rose sharply to claw back some of their losses of the past four trading days. The Dow Jones Industrial Average gained nearly 3,000 points Wednesday, or 7.9%; it had fallen by more than 4,500 points in the four days since Trump announced the wide "reciprocal" tariffs.

The S&P 500 rose 9.5% on Wednesday, while the Nasdaq Composite gained 12%.

The president said that he decided to pause the bulk of his reciprocal tariff program because of growing concern about the economy. "They were getting yippy," Trump said when asked why he enacted a temporary rollback. "They were getting a little bit yippy, a little bit afraid."

The tariff pause now opens up a 90-day sprint for trading partners to offer Trump deals to reduce their tariffs.

"Nothing is over yet," Trump said, adding that somebody needed to take steps to rebalance global trade in the U.S.'s favor. He said countries have come forward to make deals with the U.S.—including China.

On Wednesday, Beijing said it would raise levies on U.S. imports to 84%, from 34%.

The reversal on tariffs shocked even some allies close to Trump, who for days

Please turn to page A4

◆ **Fed officials flag risk of longer inflation**..... A7
◆ **Tariffs aren't the only obstacles to trade**..... A7

Index performance since April 2

After a week of daily declines following 'Liberation Day,' stocks rallied in the U.S. Wednesday when President Trump announced that he was putting a 90-day hold on most countries' reciprocal tariffs.

Stocks Roar Back With S&P 500 Climbing 9.5%

By Alexander Osipovich

U.S. stocks staged a historic rally on Wednesday after President Trump paused steep tariffs on most countries for 90 days and signaled a willingness to negotiate on trade, with the market adding a record $5.1 trillion in value.

The afternoon gains brought welcome relief from the turmoil triggered by Trump's own shocking announcement of sweeping tariffs a week ago. Still, in the same Truth Social post, he further escalated an economic conflict with China, the world's second-largest economy.

The stock market is still down from where it stood before the April 2 announcement. And the president's trade war, which has consumed Wall Street's attention for weeks, appeared far from over.

"I just don't believe this is an all-clear signal for markets," said Christopher Smart, managing partner of Arbroath Group, a geopolitical risk consulting firm. "There will still be a bumpy road ahead with a lot of uncertainty around tariffs."

All three major stock indexes ended the day with moves unseen since some of the most volatile stretches in recent decades.

The S&P 500 jumped 9.5%, its largest one-day percentage gain since the financial crisis of 2008. The Dow Jones Industrial Average surged more than 2,900 points, or 7.9%—its biggest daily increase ever in point terms and the biggest percentage gain since the coronavirus swept the globe in March 2020. The technology-heavy Nasdaq Composite soared 12%, its highest one-day jump since the dot-com era.

Stocks in Asia extended the gains early Thursday. In particular, Japan's Nikkei 225 Stock Average was up about 8% in the morning.

Some of the day's biggest U.S. winners were the Magnificent Seven tech stocks that were battered during the tariff selloff. Shares of Nvidia rallied 19%, increasing the chip maker's value by $439.9 billion,

Please turn to page A4

◆ **Heard on the Street: Fallout remains despite U-turn**... B11







Emotional Roller Coaster



From 01.03.1972 through 11.11.2026. Price return series. SOURCE: Value87 Investment Partners using data from Bloomberg Finance L.P.

Price return excludes dividends, advisory fees, transaction costs and taxes. Past performance does not guarantee future results.

“The fact that people will be full of greed, fear, or folly is predictable. The sequence is not predictable.”

- Warren Buffett

History Lessons



"History never repeats itself, but the kaleidoscopic combinations of the pictured present often seem to be constructed out of the broken fragments of antique legends."

- Mark Twain

History Lessons

Historical Returns Summary

Asset Class	Annualized Return (%)	Volatility (%)	Sharpe Ratio
Small Value	14.0	30.7	0.34
Large Value	12.1	26.2	0.33
U.S. Small Capitalization	12.0	37.9	0.23
U.S. Large Capitalization	10.0	19.4	0.34
Large Growth	9.9	20.0	0.32
Small Growth	8.6	31.0	0.17
U.S. Baa Corporate Bonds	6.6	7.7	0.42
Gold	5.6	21.5	0.10
U.S. 10-Year Bonds	4.5	7.9	0.14
U.S. Real Estate	4.2	6.2	0.13
U.S. 3-Month Bills	3.4	3.0	-0.01

From 12.31.1927 through 12.31.2025. Large Cap stocks are represented by the S&P 500 index. Small Cap stocks are represented by the smallest decile of the U.S. universe. Volatility is based on annual returns. SOURCE: Value87 Investment Partners using data from Professor Aswath Damodaran of NYU's Stern School and the Ken French and Eugene Fama Data Library

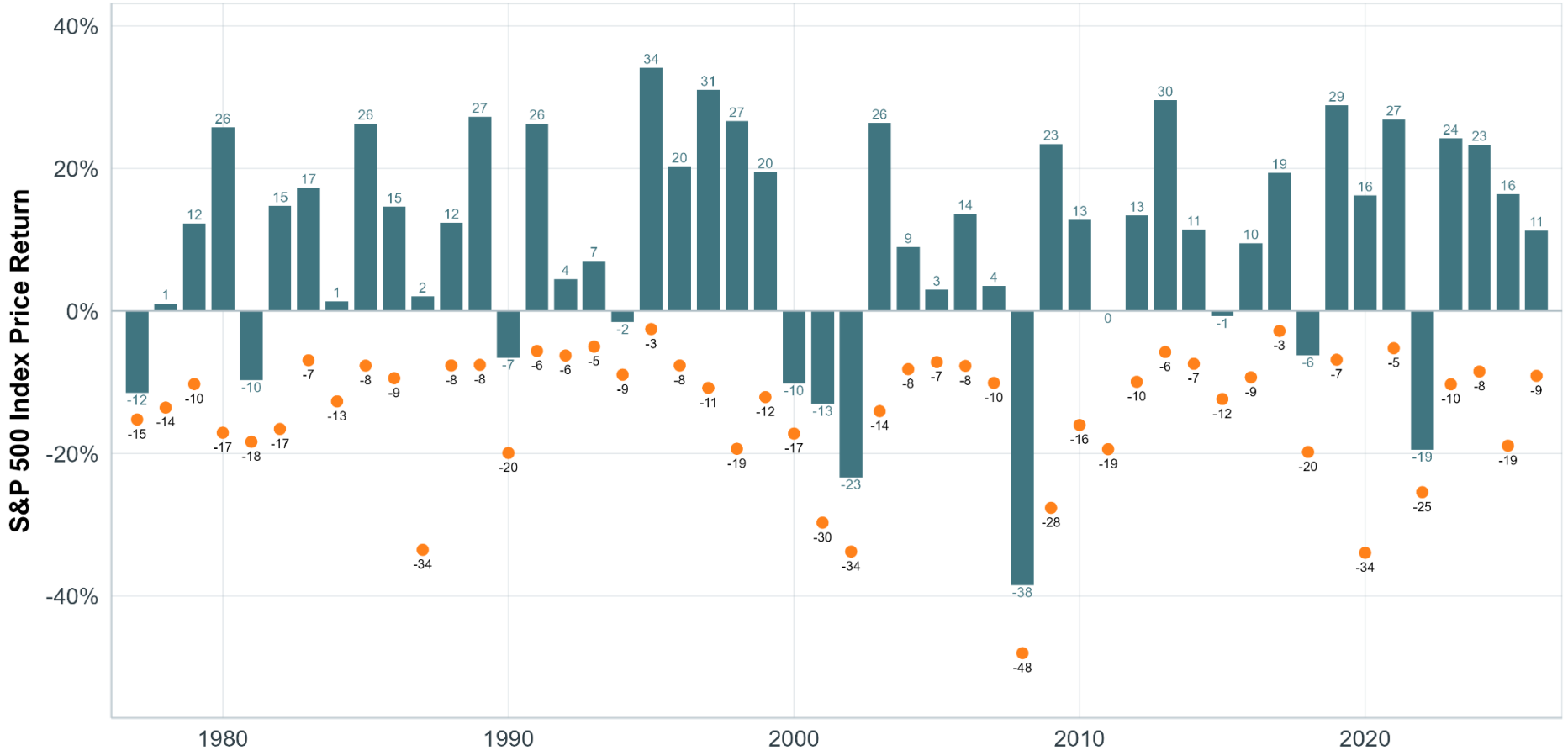
Global Crises & Subsequent S&P 500 Index Returns

Crisis Date	Crisis Event	S&P 500 Level	1-Year Subsequent Return	3-Year Subsequent Return	5-Year Subsequent Return	Return to Present
01.01.1973	**73–74 Market Crash**	119	-18%	-24%	-20%	6,297%
10.17.1973	**OPEC Oil Price Shock**	110	-35%	-8%	-7%	6,829%
11.01.1980	**Early 1980s Recession**	129	-4%	27%	47%	5,805%
12.31.1984	**Savings & Loan Crisis**	167	26%	48%	111%	4,456%
10.19.1987	**Black Monday**	225	24%	36%	83%	3,289%
06.01.1989	**1989 Rio Stock Crash**	322	13%	30%	42%	2,266%
10.13.1989	**Friday the 13th Mini-Crash**	334	-10%	22%	40%	2,184%
07.01.1990	**Recession / Gulf War**	360	5%	25%	52%	2,019%
06.13.1995	**Japanese Asset Bubble**	536	25%	105%	170%	1,321%
09.16.1992	**Black Wednesday**	420	9%	39%	119%	1,714%
07.02.1997	**1997 Asian Financial Crisis**	904	27%	61%	7%	743%
10.27.1997	**October Mini-Crash**	877	21%	56%	2%	769%
08.17.1998	**1998 Russian Financial Crisis**	1,084	24%	9%	-9%	603%
03.10.2000	**Dot-Com Bubble Burst**	1,395	-12%	-42%	-13%	446%
09.11.2001	**September 11**	1,039	-12%	8%	25%	634%
10.09.2002	**Stock Market Downturn**	777	34%	54%	100%	881%
02.27.2007	**Chinese Stock Bubble**	1,399	-1%	-21%	-2%	445%
10.11.2007	**2008 Financial Crisis**	1,554	-42%	-25%	-7%	390%
11.27.2009	**2009 Dubai Debt Standstill**	1,091	9%	29%	90%	598%
04.27.2010	**Euro Area Crisis**	1,184	15%	34%	78%	544%
05.06.2010	**2010 Flash Crash**	1,128	19%	43%	85%	575%
08.01.2011	**August 2011 Market Fall**	1,287	7%	50%	69%	492%
06.12.2015	**Chinese Market Crash**	2,094	0%	33%	52%	264%
08.18.2015	**U.S. Market Selloff**	2,097	4%	36%	61%	263%
09.20.2018	**Cryptocurrency & Stock Crash**	2,931	2%	49%	52%	160%
02.24.2020	**COVID-19 Market Crash**	3,226	20%	24%	86%	136%
01.03.2022	**2022 Market Decline**	4,797	-20%	22%	NA%	59%
04.04.2025	**Liberation Day**	5,074	30%	NA%	NA%	50%
	Average		**6%**	**27%**	**51%**	**NA%**

Data from 01.01.1973 through 11.11.2026. Price return series. Subsequent returns calculated from crisis date. Averages do not include missing values.SOURCE: Value87 Investment Partners using data from Bloomberg Finance L.P.

See Pages 75-76 for Asset Class details. The **Sharpe ratio** measures the risk-adjusted return of an investment or portfolio.

History Lessons



From 12.31.1976 through 11.11.2026. Price return. SOURCE: Value87 Investment Partners using data from Bloomberg Finance L.P.

Orange Dots are the maximum price drawdown for each calendar year while the Blue Bars show the price return for each year.

Price return excludes dividends, advisory fees, transaction costs and taxes. Past performance does not guarantee future results.

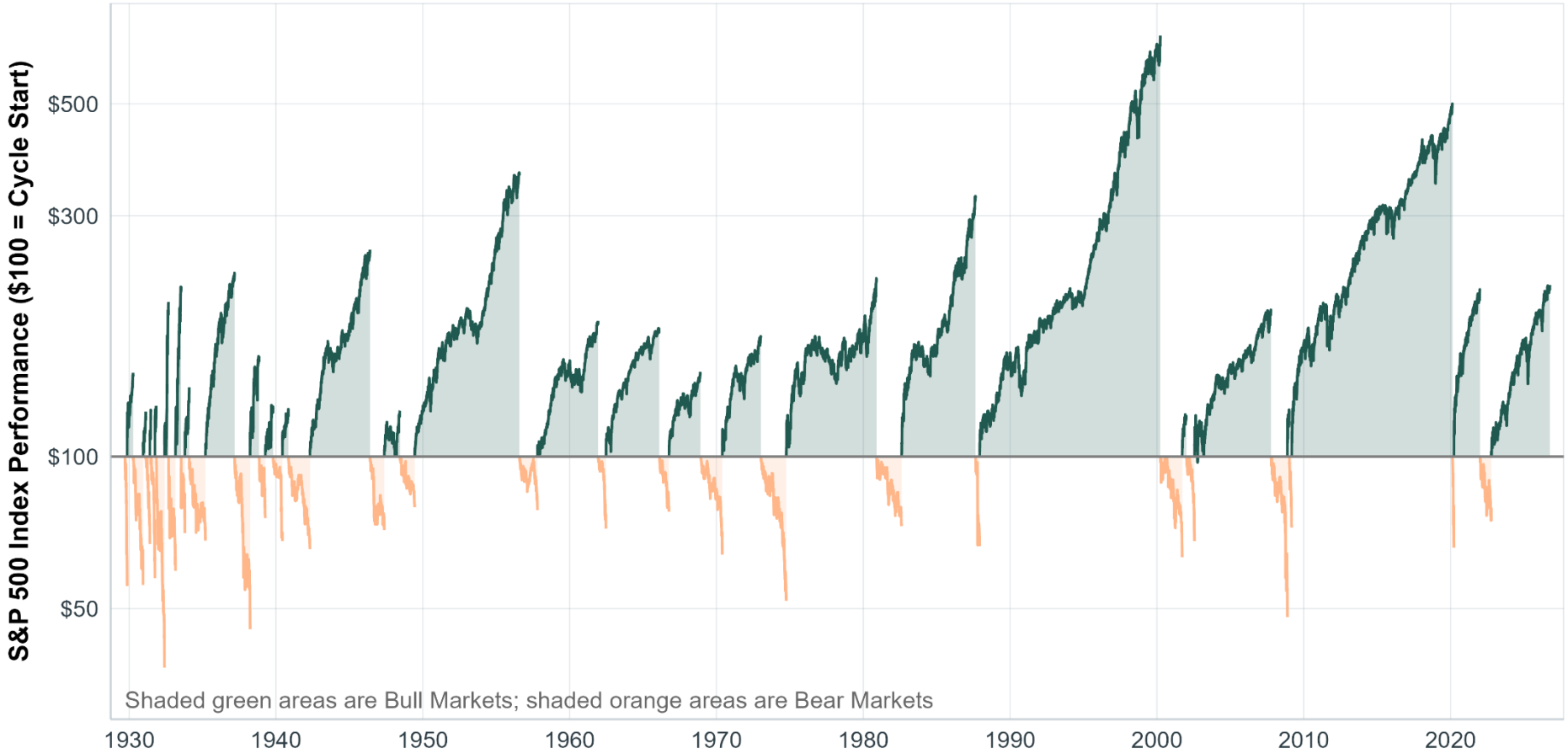
History Lessons

S&P 500 Index Market Cycles							
Cycle Category	Cycle Threshold	Average Cycle Return (%)	Average Duration (Days)	Number of Cycles	Cycle Frequency (Years)	Last Cycle Start	Last Cycle End
Advancing	**20%**	114.6%	1027	27	3.7	10.12.2022	10.06.2026
Advancing	**15%**	66.4%	572	47	2.1	04.08.2025	10.06.2026
Advancing	**10%**	35.2%	249	103	1.0	04.08.2025	10.06.2026
Advancing	**5%**	14.8%	73	331	0.3	03.30.2026	10.06.2026
Declining	**-5%**	-10.7%	36	332	0.3	10.06.2026	11.05.2026
Declining	**-10%**	-19.4%	100	103	1.0	02.19.2025	04.08.2025
Declining	**-15%**	-27.8%	183	47	2.1	02.19.2025	04.08.2025
Declining	**-20%**	-35.1%	286	27	3.7	01.03.2022	10.12.2022

From 12.30.1927 through 11.11.2026. Market cycles are identified using a peak-to-trough and trough-to-peak algorithm applied to S&P 500 index levels with regime changes confirmed only when price reversals exceed a symmetric threshold. Returns, durations and frequencies are computed ex post from these threshold-confirmed turning points. SOURCE: Value87 Investment Partners using data from Bloomberg Finance L.P.

Cumulative price return, which excludes dividends, advisory fees, transaction costs and taxes. Past performance does not guarantee future results.

History Lessons



From 09.16.1929 through 10.06.2026. Logarithmic scale. Price return series. Bull and Bear Markets were identified using a 20% movement threshold, where Bull Markets represent periods of 20% or greater gains from a trough and Bear Markets represent periods of 20% or greater declines from a peak, with each cycle indexed to $100 at its start date. SOURCE: Value87 Investment Partners using data from Bloomberg Finance L.P.

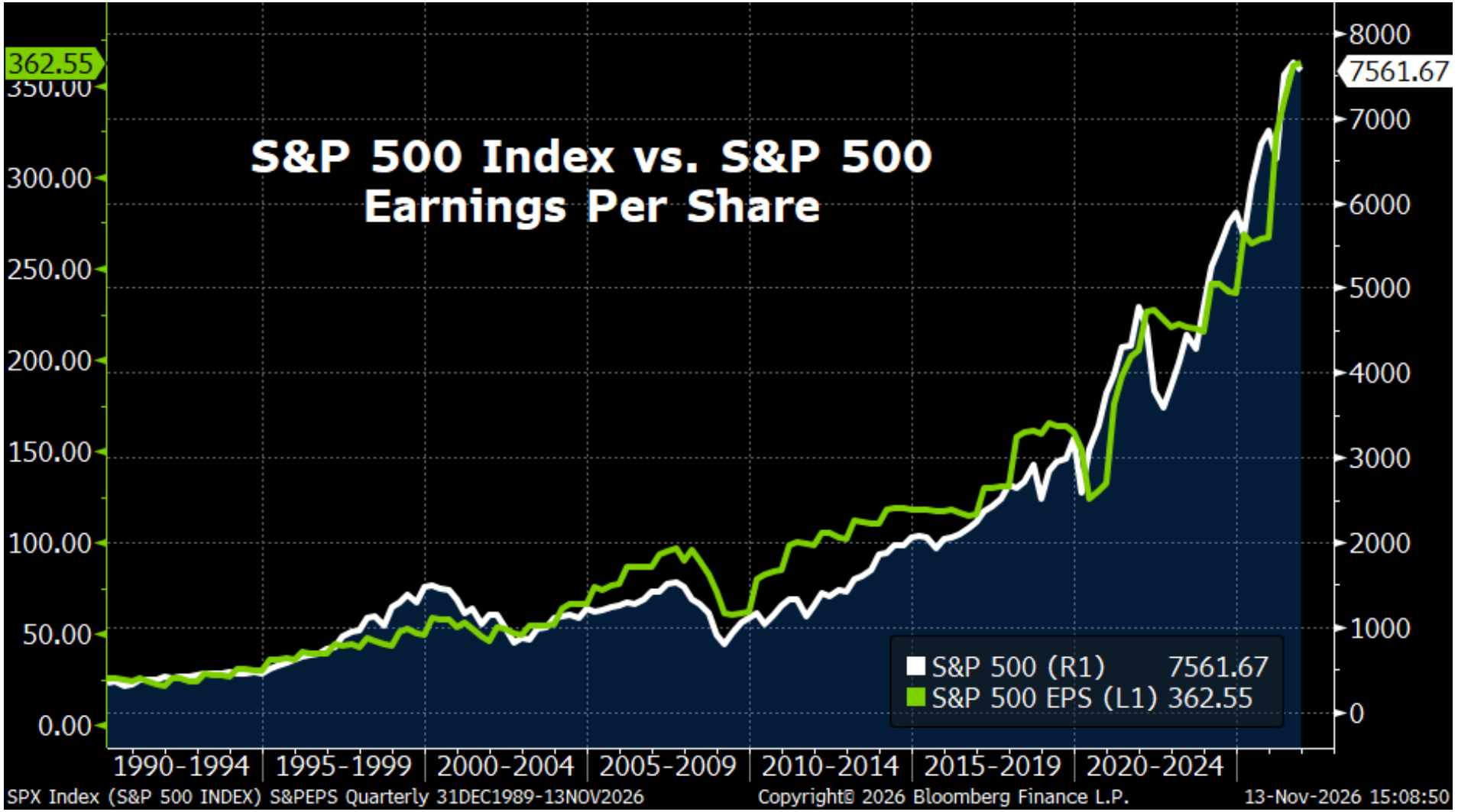
History Lessons

Frequency of Positive Returns - Large Company Stocks				
Rolling Investment Horizon	Count of Observations	Percent of Positive Periods	Average Unannualized Return (%)	Average Annualized Return (%)
1 Month	1210	62.8	1.0	NA
3 Months	1208	69.0	3.0	NA
6 Months	1205	72.0	6.1	NA
1 Year	1199	76.1	12.6	12.6
3 Years	1175	85.0	40.7	10.9
5 Years	1151	88.7	73.1	10.4
10 Years	1091	95.1	203.2	10.6
15 Years	1031	99.8	434.1	10.7
20 Years	971	100.0	814.7	10.8
30 Years	851	100.0	2390.4	11.1

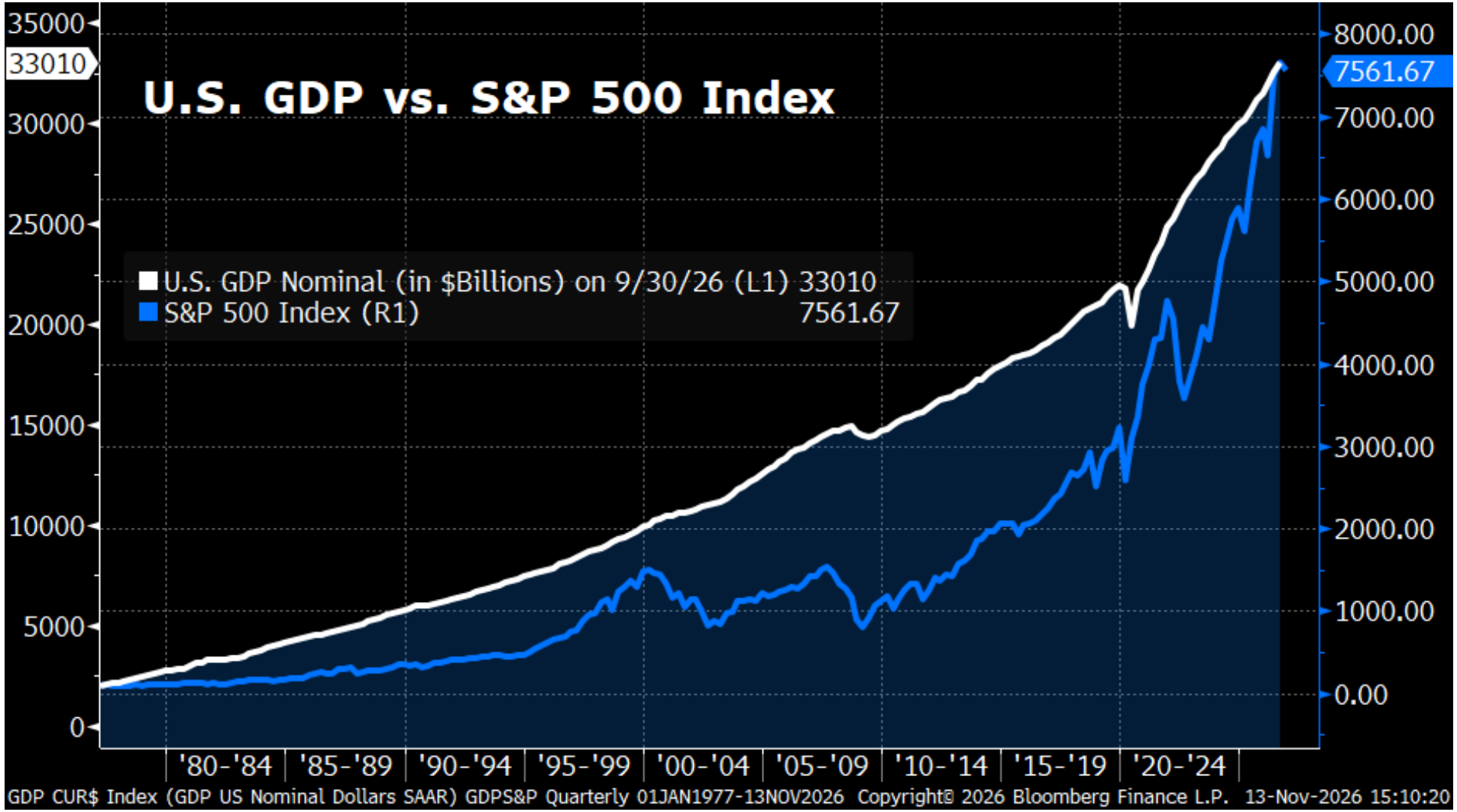
From 12.31.1925 through 09.30.2026. Large Company stocks are represented by the S&P 500 index. Rolling returns are calculated using overlapping monthly periods of 1, 3, and 6 months, and 1, 3, 5, 10, 15, 20, and 30 years. The probability of success represents the percentage of rolling periods with a positive return. SOURCE: Value87 Investment Partners using data from CFA Institute and Bloomberg Finance L.P.

Cumulative price return, which excludes dividends, advisory fees, transaction costs and taxes. Past performance does not guarantee future results.

History Lessons



History Lessons



"If you do not change direction, you may end up where you are heading."

- Lao Tzu

Spooky Season Myth Busting

“Fear cannot be banished, but it can be calm and without panic; it can be mitigated by reason and evaluation.”

- Vannevar Bush

Myth Busting: Washington

Myth Busting: Washington

Political Parties & Equity Returns

2-Year Period	President	Congress	Period	Capitol Hill Control	White House Control	2-Year Value FF TR	2- Year FF Div Payer TR	2-Year SBBI Large TR	2-Year SBBI Small TR
1932-1934	F. Roosevelt	71st	1932-1934	D	D	116.1%	79.1%	51.8%	194.2%
1934-1936	F. Roosevelt	72nd	1934-1936	D	D	151.5%	83.9%	97.8%	169.1%
1936-1938	F. Roosevelt	73rd	1936-1938	D	D	-31.3%	-14.2%	-14.8%	-54.7%
1938-1940	F. Roosevelt	74th	1938-1940	D	D	-16.5%	-4.1%	-10.2%	4.3%
1940-1942	F. Roosevelt	75th	1940-1942	D	D	30.8%	5.7%	6.4%	59.1%
1942-1944	F. Roosevelt	76th	1942-1944	D	D	143.8%	62.0%	50.8%	150.2%
1944-1946	F. Roosevelt / Truman	77th	1944-1946	D	D	47.2%	30.8%	25.4%	52.5%
1948-1950	Truman	78th	1948-1950	D	D	84.5%	58.5%	56.5%	76.7%
1950-1952	Truman	79th	1950-1952	D	D	28.3%	37.8%	46.8%	6.7%
1954-1956	Eisenhower	80th	1954-1956	D	R	33.1%	36.8%	40.2%	26.0%
1956-1958	Eisenhower	81st	1956-1958	D	R	38.9%	30.7%	27.9%	45.5%
1958-1960	Eisenhower	82nd	1958-1960	D	R	10.0%	15.0%	12.5%	16.2%
1960-1962	Kennedy	83rd	1960-1962	D	D	22.4%	17.2%	15.8%	16.3%
1962-1964	Kennedy / L. Johnson	84th	1962-1964	D	D	57.8%	44.9%	43.0%	47.4%
1964-1966	L. Johnson	85th	1964-1966	D	D	19.7%	2.0%	1.1%	48.2%
1966-1968	L. Johnson	86th	1966-1968	D	D	104.2%	43.9%	37.7%	107.3%
1968-1970	Nixon	87th	1968-1970	D	R	-14.0%	-6.6%	-4.8%	-27.1%
1970-1972	Nixon	88th	1970-1972	D	R	28.6%	34.9%	36.0%	0.4%
1972-1974	Nixon / Ford	89th	1972-1974	D	R	-34.0%	-36.3%	-37.2%	-26.2%
1974-1976	Ford	90th	1974-1976	D	R	139.5%	80.5%	69.9%	96.8%
1976-1978	Carter	91st	1976-1978	D	D	25.8%	5.0%	-1.1%	67.7%
1978-1980	Carter	92nd	1978-1980	D	D	55.9%	60.6%	56.8%	80.9%
1986-1988	Reagan	93rd	1986-1988	D	R	22.8%	21.9%	22.9%	6.0%
1988-1990	G.H.W. Bush	94th	1988-1990	D	R	-0.3%	23.5%	27.3%	-9.9%
1990-1992	G.H.W. Bush	95th	1990-1992	D	R	74.1%	45.8%	40.6%	73.5%
1992-1994	Clinton	96th	1992-1994	D	D	18.4%	10.1%	11.4%	21.7%
2006-2008	G.W. Bush	97th	2006-2008	D	R	-40.9%	-32.5%	-33.5%	-47.8%
2008-2010	Obama	98th	2008-2010	D	D	45.7%	42.1%	45.5%	88.8%
2020-2022	Biden	99th	2020-2022	D	D	38.4%	21.2%	5.4%	20.9%

Source: Value87 Investment Partners using data from House.gov and Professors Eugene F. Fama and Kenneth R. French and the CFA Institute Research Foundation

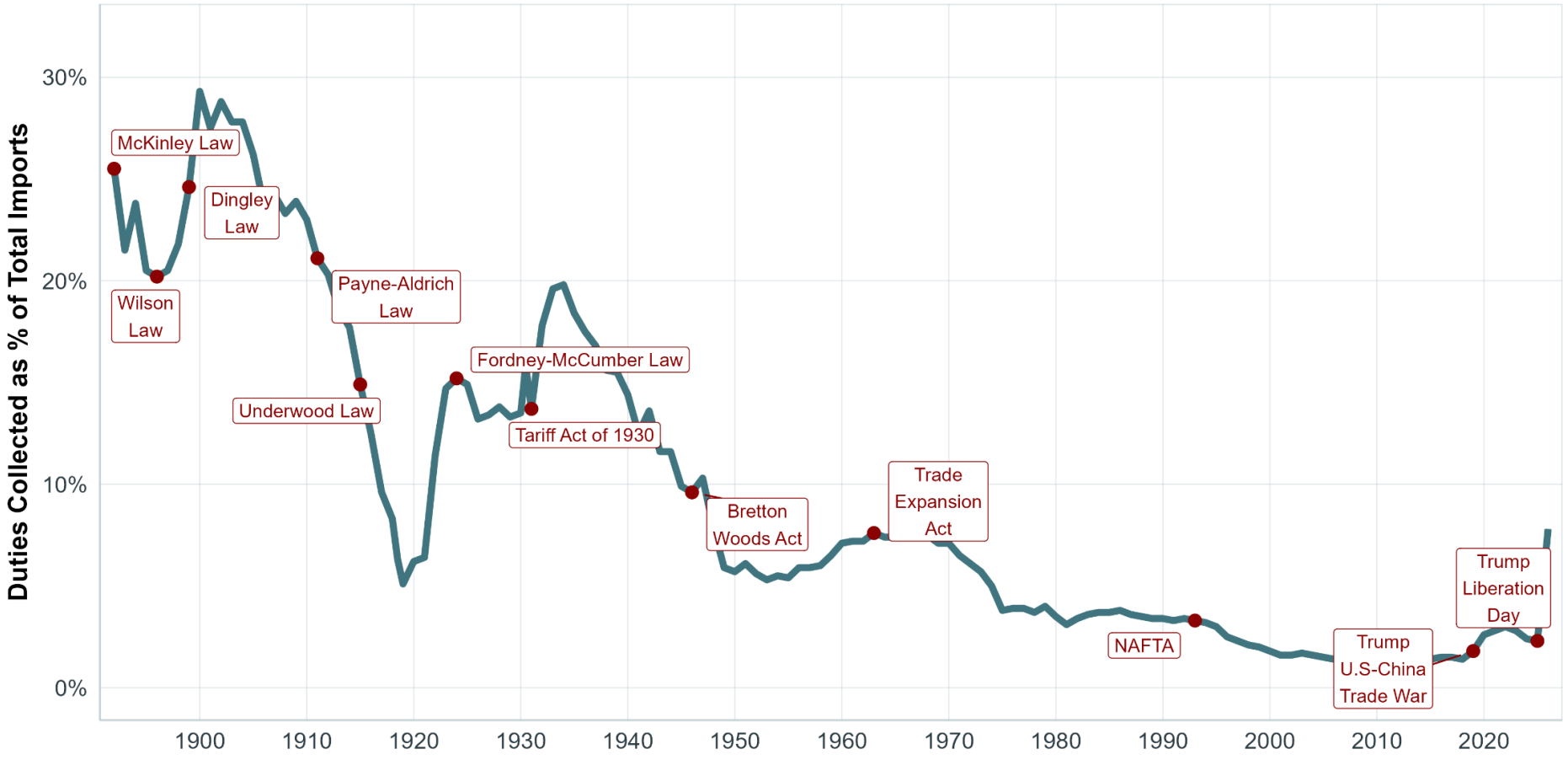
Political Parties & Equity Returns

Party Control	2-Year Value FF TR	2- Year FF Div Payer TR	2-Year SBBI Large TR	2-Year SBBI Small TR
	Value	Div Payers	Large	Small
All	35.8%	26.2%	25.2%	35.5%
Congress R	30.0%	26.1%	27.6%	24.2%
Congress D	41.4%	27.6%	25.1%	45.2%
Congress S	24.2%	22.1%	22.8%	16.9%
President R	22.3%	17.7%	17.3%	15.2%
President D	47.2%	33.4%	31.9%	52.7%

Source: Value87 Investment Partners using data from House.gov and Professors Eugene F. Fama and Kenneth R. French and the CFA Institute Research Foundation

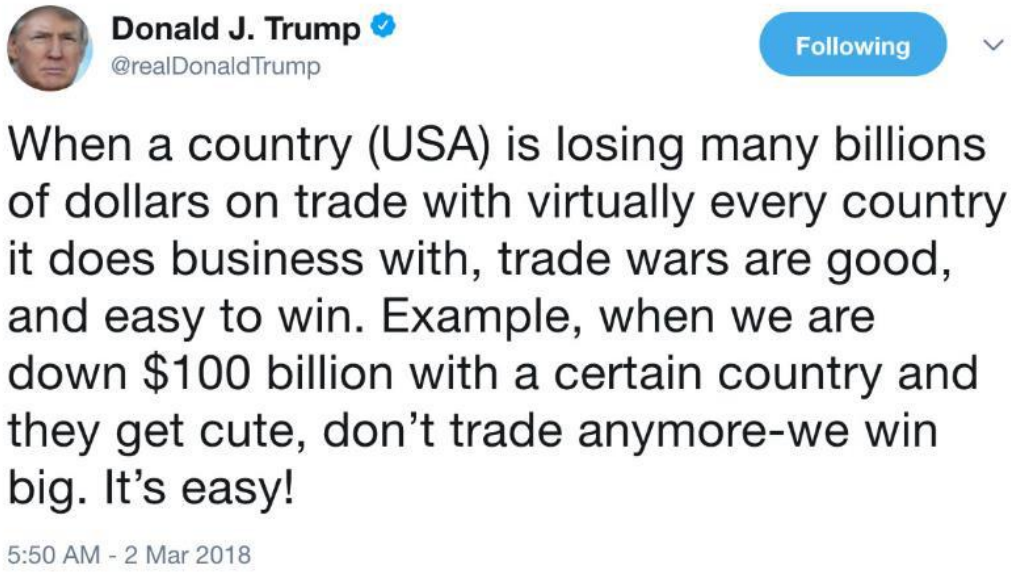
D=Democratic; R = Republicans; S=Split. Democrats won the House and the Senate in the 2026 Midterm Election. Results describe historical associations and do not establish that political party control caused investment returns. Other economic and market conditions affected results. Past performance is no guarantee of future returns.

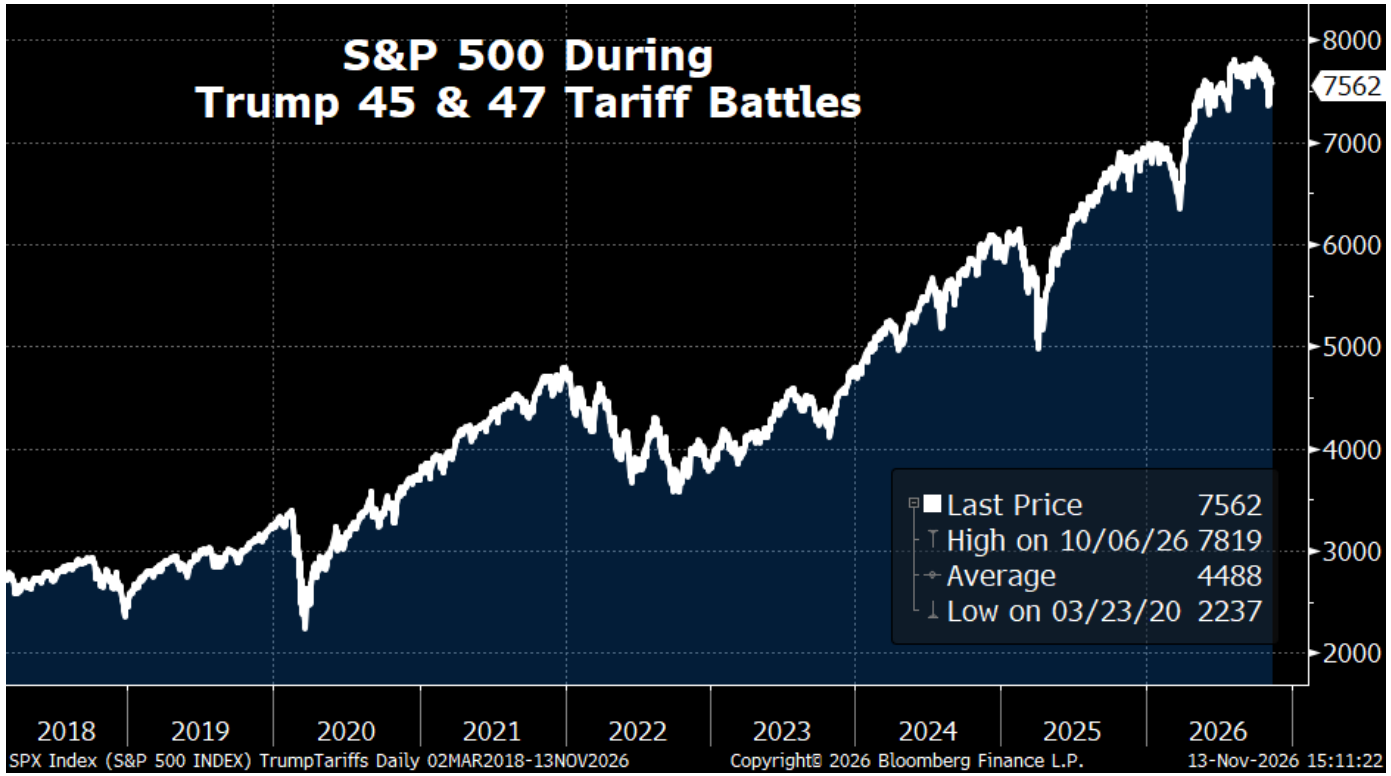
Myth Busting: Washington



From 12.31.1891 through 12.31.2025. SOURCE: Value87 Investment Partners using data from USITC DataWeb

Myth Busting: Washington





Myth Busting: Washington

Major Events in Russia - U.S. History									
Event	Date	S&P 500 Index	6 Months Before % Change	6 Months Later % Change	1 Year Later % Change	3 Years Later % Change	5 Years Later % Change	10 Years Later % Change	Since Event % Change
Korean War Begins	6/25/1950	19.14	15%	5%	11%	26%	114%	201%	39408%
Death of Stalin	3/5/1953	25.79	2%	-9%	3%	79%	61%	151%	29220%
Creation of the Warsaw Pact	5/14/1955	37.44	12%	21%	26%	15%	48%	141%	20097%
Sputnik & The Space Race	10/4/1957	42.79	-4%	-3%	18%	24%	33%	125%	17572%
The U-2 Incident	5/1/1960	54.37	-5%	-2%	20%	29%	64%	50%	13808%
Cuban Missile Crisis	10/16/1962	57.08	-16%	21%	28%	60%	67%	89%	13148%
Soviet Invasion of Czechoslovakia	8/20/1968	98.96	9%	2%	-4%	-1%	3%	6%	7541%
Soviet Invasion of Afghanistan	12/24/1979	107.66	5%	6%	26%	30%	54%	223%	6924%
U.S. Moscow Olympics Boycott	3/21/1980	102.31	-7%	26%	31%	47%	75%	232%	7291%
Downing of Korean Air Flight 007	9/1/1983	164.23	7%	-4%	1%	54%	59%	182%	4504%
Soviet LA Olympics Boycott	7/28/1984	151.19	-8%	17%	27%	109%	126%	200%	4901%
Chernoybl Disaster	4/26/1986	242.29	29%	-2%	16%	27%	56%	169%	3021%
Fall of Communism in Eastern Europe	8/19/1989	346.03	17%	-4%	-5%	21%	34%	283%	2085%
German Reunification	10/3/1990	311.4	-9%	22%	23%	48%	87%	361%	2328%
Dissolution of the Soviet Union	12/26/1991	404.84	8%	0%	9%	14%	86%	183%	1768%
Black Brent: Mistaken Nuclear War Scare	1/25/1995	467.44	3%	20%	32%	105%	202%	149%	1518%
Russo-Georgian War	8/7/2008	1266.07	-5%	-33%	-20%	-12%	34%	126%	497%
Putin Reelected	3/4/2012	1369.63	17%	3%	11%	53%	74%	216%	452%
Annexation of Crimea	3/21/2014	1866.52	9%	8%	13%	26%	53%	180%	305%
Skripal Poisoning & Diplomatic Expulsion	3/1/2018	2677.67	8%	8%	5%	46%	48%		182%
Escalation or Russo-Ukrainian War	2/24/2022	4288.7	-4%	-2%	-7%	40%			76%
		Average	3%	3%	8%	40%	83%	202%	

As of 11.13.2026. Price Return. Source: Value87 using data from Bloomberg Finance LP, usrussiarelations.org and state.gov

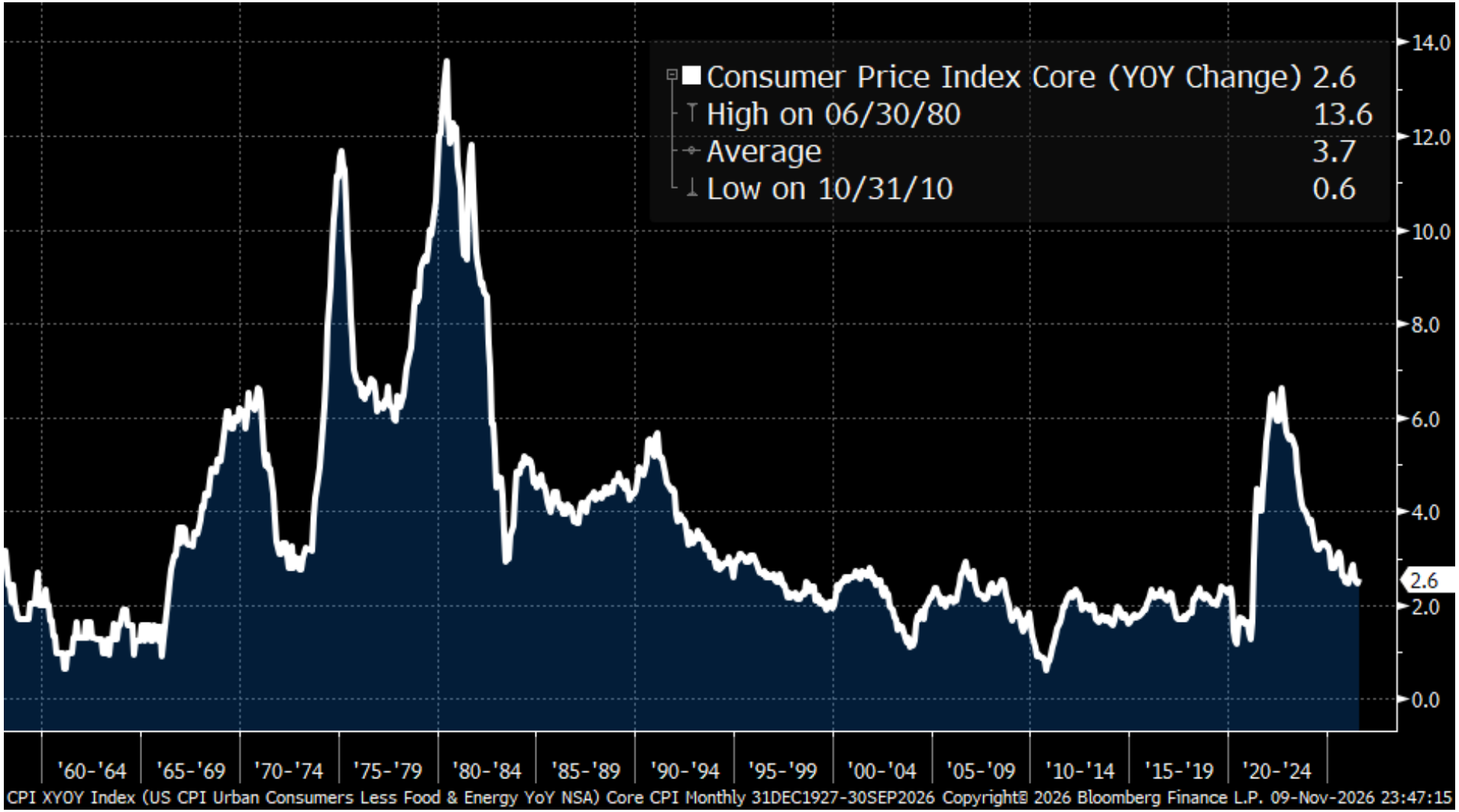
Myth Busting: Washington

U.S. Middle East Military Involvement									
Event	Date	S&P 500 Index	6 Months Before % Change	6 Months Later % Change	1 Year Later % Change	3 Years Later % Change	5 Years Later % Change	10 Years Later % Change	Since Event % Change
Lebanon - U.S. Combat Deployment (Multinational Force)	8/25/1982	117.58	4%	25%	37%	59%	186%	249%	6331%
iran Operation Praying Mantis	4/18/1988	259.21	15%	7%	18%	48%	73%	333%	2817%
Gulf War Operation Desert Storm	1/17/1991	327.97	-10%	18%	28%	44%	85%	305%	2206%
Iraq War - U.S.-Led Invasion	3/20/2003	875.67	4%	19%	27%	49%	48%	77%	764%
Syria - U.S. Intervention: Operation Inherent Resolve	9/22/2014	1994.29	7%	6%	-3%	25%	50%	186%	279%
Iraq Soleimani Assassination	1/3/2020	3234.85	8%	-3%	16%	18%	81%		134%
Yemen - U.S. Counterterrorism Operations (AQAP/ISIS)	12/7/2023	4585.59	7%	17%	33%	64%			65%
Yemen U.S. Strikes on Houthi Targets	3/1/2025	5954.5	5%	8%	16%				27%
Iran U.S. Strikes on Iranian Nuclear Sites	6/22/2025	5967.84	1%	15%	25%				27%
Iran - Operation Epic Fury (Joint U.S.-Israel War)	2/28/2026	6878.88	6%	12%					10%
		Average	5%	12%	22%	44%	87%	230%	

As of 11.13.2026. Price Return. Source: Value87 using data from Bloomberg Finance LP, congress.gov, usni.org and eurasiareview.com

Myth Busting: Inflation

Myth Busting - Inflation



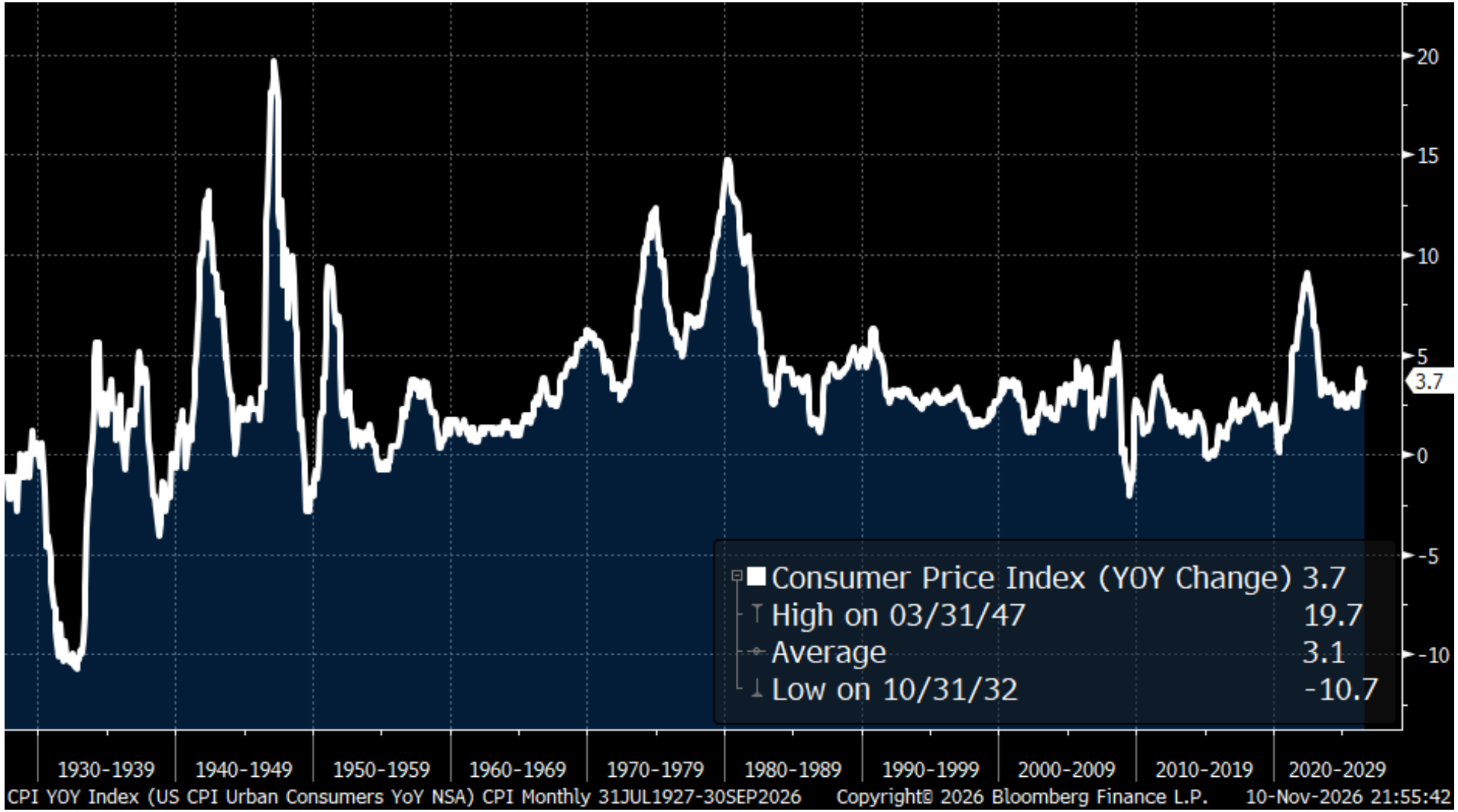
Myth Busting - Inflation

U.S. Inflation Rate (Core CPI) & Subsequent Returns					
Series	1-Year Forward Return	3-Year Forward Return	5-Year Forward Return	10-Year Forward Return	Number of Observations
U.S. Inflation Rate (Core CPI) Above Today (2.60%)					
Value	17.4	15.8	16.4	16.6	458
Growth	11.3	9.9	10.1	10.1	458
Dividend Payers	13.5	12.7	12.9	12.8	458
Non-Dividend Payers	12.0	10.2	10.4	10.6	458
U.S. Inflation Rate (Core CPI) Below Today (2.60%)					
Value	14.7	12.6	11.7	10.6	366
Growth	13.0	10.6	9.7	9.1	366
Dividend Payers	11.8	10.3	9.7	9.0	366
Non-Dividend Payers	14.7	11.3	10.1	9.2	366

From 01.31.1958 through 09.30.2026. Forward returns calculated using Fama-French three-factor monthly data. Returns represent average subsequent performance dependent on the year-over-year change of U.S. inflation (Core CPI). Returns are annualized for periods longer than one year. SOURCE: Value87 Investment Partners using data from the Ken French and Eugene Fama Data Library and Bloomberg Finance L.P.

Number of observations references the monthly inflation rate readings above or below the current level.

Myth Busting - Inflation



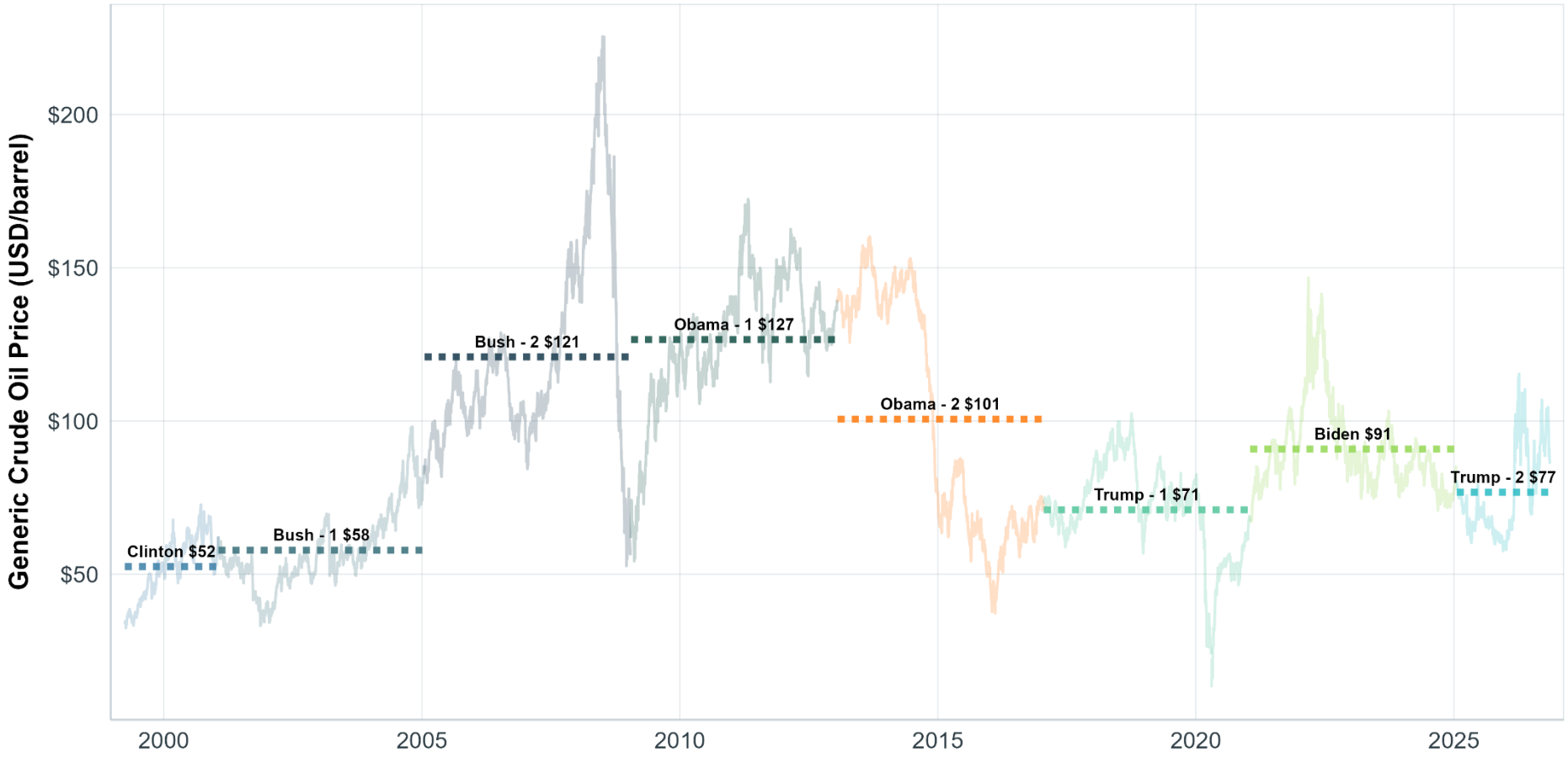
Myth Busting - Inflation

U.S. Inflation Rate (CPI) & Subsequent Returns					
Series	1-Year Forward Return	3-Year Forward Return	5-Year Forward Return	10-Year Forward Return	Number of Observations
U.S. Inflation Rate (CPI) Above Today (3.70%)					
Value	14.9	17.1	17.0	17.7	388
Growth	9.3	11.6	10.9	12.1	388
Dividend Payers	10.7	13.0	12.7	14.1	388
Non-Dividend Payers	11.7	13.3	11.9	13.0	388
U.S. Inflation Rate (CPI) Below Today (3.70%)					
Value	18.3	12.5	12.8	12.6	802
Growth	13.8	9.4	9.8	9.1	802
Dividend Payers	13.7	10.2	10.3	9.9	802
Non-Dividend Payers	15.2	9.1	9.5	8.9	802

From 07.31.1927 through 09.30.2026. Forward returns calculated using Fama-French three-factor monthly data. Returns represent average subsequent performance dependent on the year-over-year change of U.S. inflation (CPI). Returns are annualized for periods longer than one year.
SOURCE: Value87 Investment Partners using data from the Ken French and Eugene Fama Data Library and Bloomberg Finance L.P.

Number of observations references the monthly inflation rate readings above or below the current level.

Myth Busting - Inflation



From 03.31.1999 through 11.11.2026. Prices inflation-adjusted to October 2026 dollars using CPI Index. Annotations denote the presidential term and the corresponding average inflation-adjusted price. SOURCE: Value87 Investment Partners using data from Bloomberg Finance L.P.

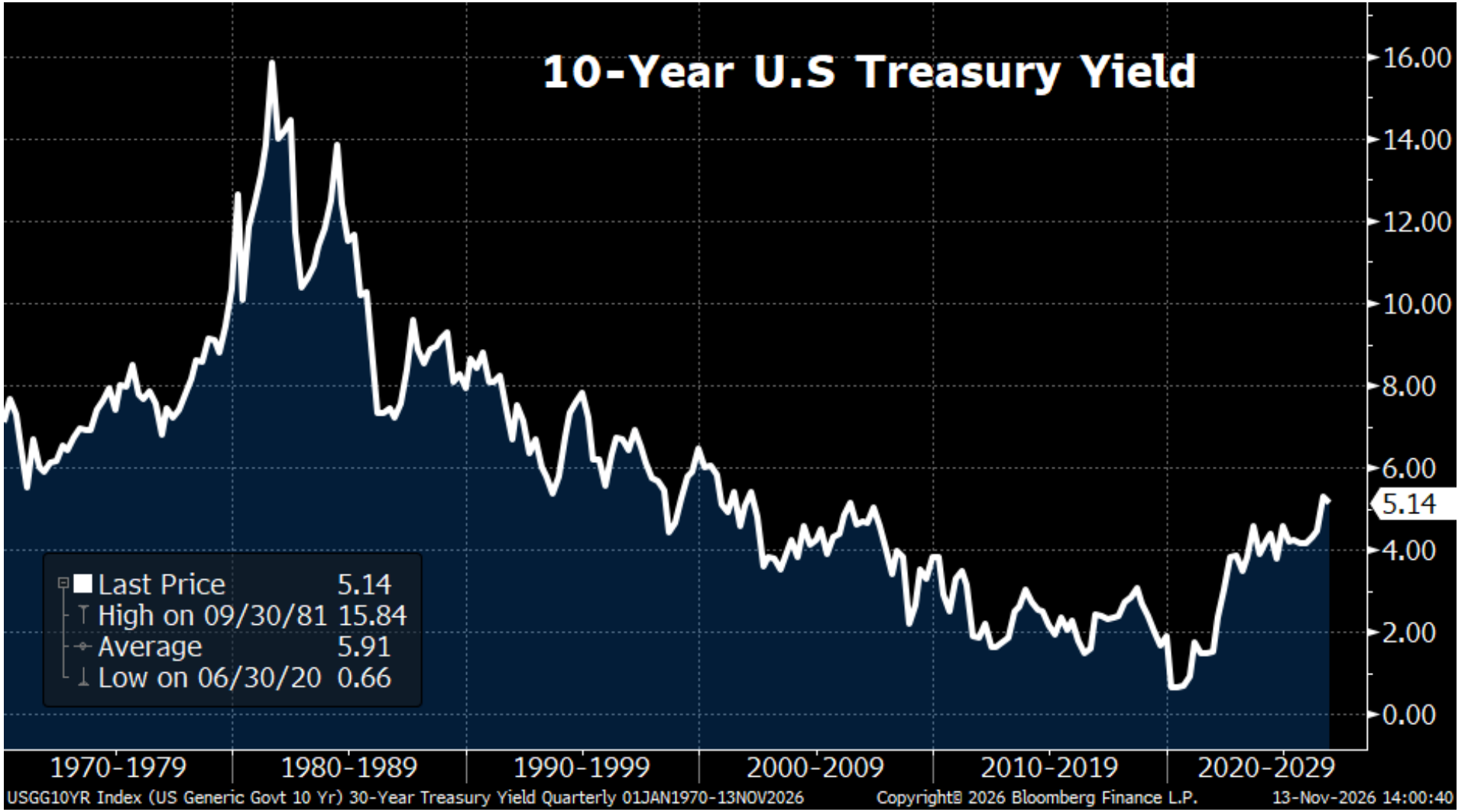
Myth Busting - Inflation

Major Oil Spikes & Subsequent Equity Returns							
Oil Shock Event	Crude Oil Peak Date	S&P 500 Index	1 Month Later TR	6 Months Later TR	1 Year Later TR	5 Years Later TR	TR Since Event
Arab Oil Embargo	01.31.1974	97	0%	-16%	-17%	30%	33099%
Iranian Revolution	04.30.1980	106	5%	21%	31%	117%	22289%
Iraq Invasion of Kuwait	10.09.1990	305	3%	25%	28%	120%	4926%
Russian Invades Ukraine	03.08.2022	4171	8%	-3%	-3%	?	94%
Operation Epic Fury	03.31.2026	6529	10%	18%	?	?	17%
		Average	5%	9%	10%	89%	

As of 11.13.2026. TR = Total Return. Source: Value87 using data from Bloomberg Finance LP and U.S. Energy Information Administration

Myth Busting: Interest Rates

Myth Busting – Interest Rates



Myth Busting – Interest Rates

10-Year U.S. Treasury Rate & Subsequent Returns					
Series	1-Year Forward Return	3-Year Forward Return	5-Year Forward Return	10-Year Forward Return	Number of Observations
10-Year U.S. Treasury Rate Above Today (4.99%)					
Value	16.7	15.8	15.7	15.5	292
Growth	10.6	9.6	9.6	9.9	292
Dividend Payers	12.5	12.0	11.9	11.8	292
Non-Dividend Payers	11.9	10.4	10.4	10.9	292
10-Year U.S. Treasury Rate Below Today (4.99%)					
Value	13.4	11.0	10.7	11.4	256
Growth	12.2	9.6	9.4	8.8	256
Dividend Payers	10.9	9.0	8.9	8.8	256
Non-Dividend Payers	14.6	11.2	10.6	10.0	256

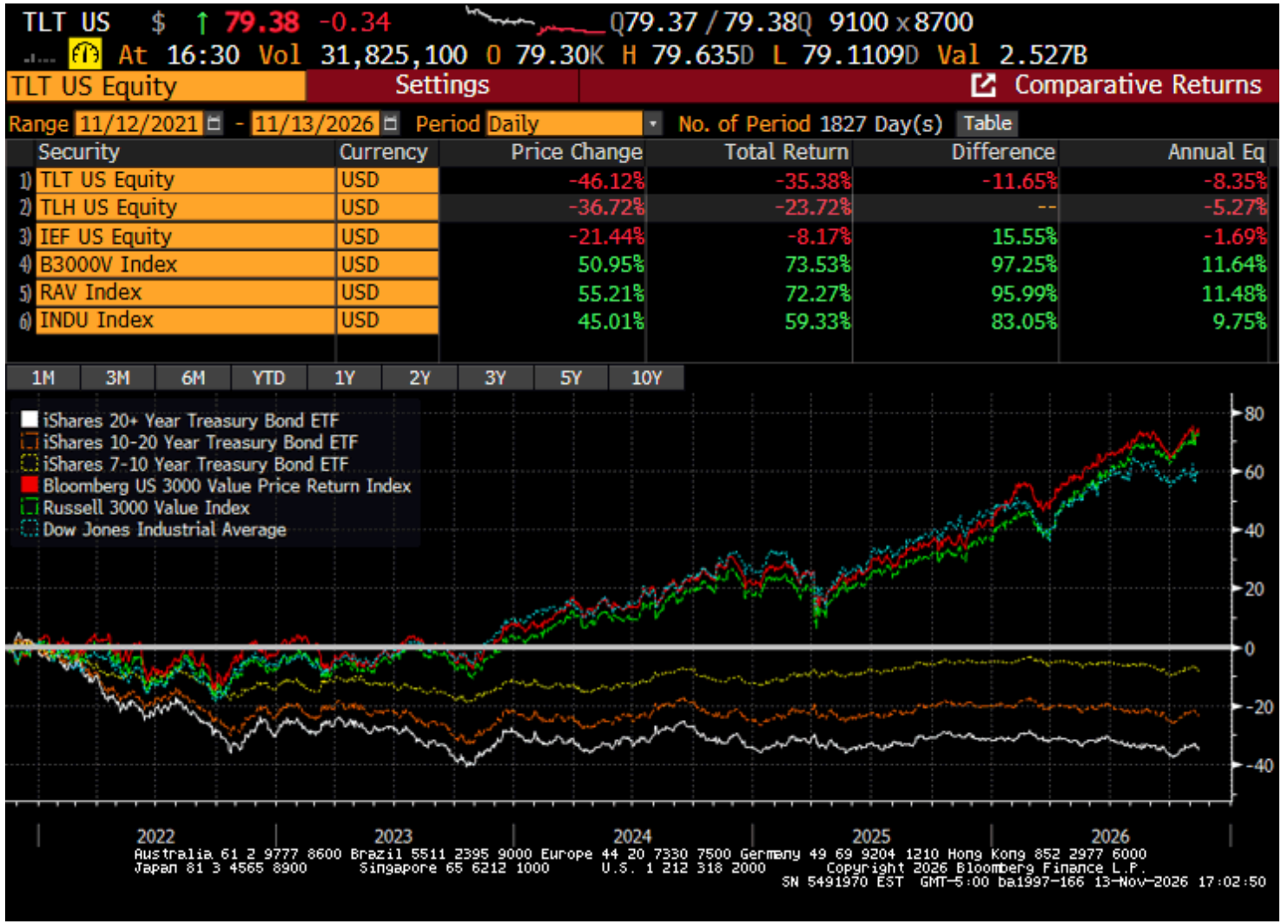
From 01.31.1962 through 09.30.2026. Forward returns calculated using Fama-French three-factor monthly data. Returns represent average subsequent performance dependent on the Ten-Year U.S. Treasury Rate. Returns are annualized for periods longer than one year. SOURCE: Value87 Investment Partners using data from the Ken French and Eugene Fama Data Library and Bloomberg Finance L.P.

Number of observations references the monthly interest rate readings above or below the current level.

Myth Busting – Interest Rates



Myth Busting – Interest Rates



Treasury bond ETFs and Equity indexes have different investment objectives and risks. The Treasury ETFs shown have different maturity and duration exposures, with longer duration funds more sensitive to interest-rate changes. Results reflect the selected historical period and do not establish that equities will outperform bonds in other periods. Indexes are unmanaged and cannot be invested in directly.

Myth Busting – Interest Rates

Major Interest Rate Spikes & Subsequent Equity Returns

Event	% Increase	Trough Date	Peak Date	TR Trough to Peak	1 Month Later TR	6 Months Later TR	1 Year Later TR	5 Years Later TR	TR Since Peak
1993–94 Fed Tightening	55%	10/15/1993	11/7/1994	2%	-2%	14%	30%	225%	2830%
1998–2000 Recovery/Hike	63%	10/5/1998	1/20/2000	49%	-7%	4%	-6%	-12%	752%
2003 Recovery Spike	48%	6/13/2003	9/2/2003	4%	0%	13%	11%	37%	1043%
2005–06 Reflation	35%	6/1/2005	6/28/2006	6%	3%	15%	23%	16%	791%
2009 Post-Crisis Reflation	94%	12/30/2008	4/5/2010	37%	-2%	-1%	14%	93%	762%
2010–11 QE2 Selloff	57%	10/7/2010	2/8/2011	15%	0%	-15%	4%	56%	660%
2013 Taper Tantrum	84%	5/2/2013	9/5/2013	4%	2%	14%	24%	93%	475%
2016 Trump Reflation	91%	7/8/2016	12/15/2016	7%	1%	9%	21%	128%	292%
2020 Post-COVID Reflation	93%	8/4/2020	11/11/2020	9%	3%	17%	32%	106%	130%
2021 Q1 Reflation	91%	1/4/2021	3/31/2021	8%	5%	9%	16%	77%	106%
2021 Q3–Q4 Pre-Hike	45%	8/3/2021	10/21/2021	3%	3%	-3%	-16%	83%	78%
2022 Hike Leg 1	113%	1/3/2022	6/14/2022	-22%	2%	8%	19%		115%
2022 Hike Leg 2	65%	8/1/2022	10/24/2022	-7%	6%	10%	14%		110%
2023 Spike	51%	4/6/2023	10/19/2023	5%	6%	17%	39%		84%
2026 Current (ongoing)	35%	2/27/2026	10/5/2026	14%	-5%				-3%
			Averages	9%	1%	8%	16%	82%	

As of 11.13.2026. TR = Total Return. Source: Value87 using data from Bloomberg Finance LP.

Myth Busting – Interest Rates

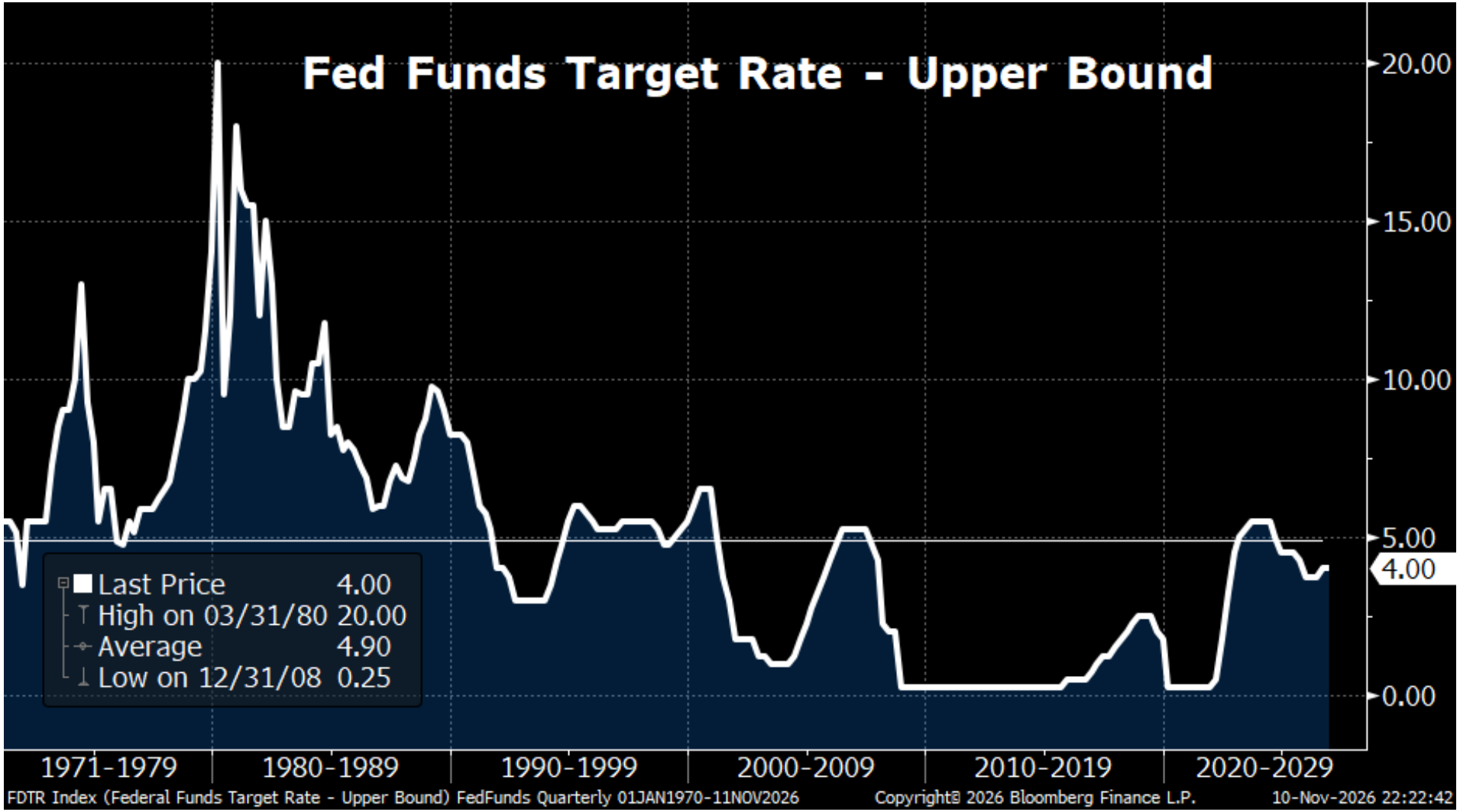
Largest Bond Fund Returns

#	Fund Name	Ticker	Type	AUM ($B)	YTD TR	1Y TR	3Y Ann. TR	5Y Ann. TR	7Y Ann. TR	10Y Ann. TR
1	Vanguard Total Bond Market II	VTBIX	Open-End Fund	392.2	-1.7%	-1.2%	4.2%	-0.4%	0.5%	1.4%
2	Vanguard Total Bond Market Index	VBTIX	Open-End Fund	233.2	-1.6%	-1.2%	4.3%	-0.4%	0.6%	1.5%
3	PIMCO Income Fund	PONAX	Open-End Fund	223.6	-1.5%	-0.6%	6.4%	2.7%	3.2%	3.8%
4	Vanguard Total Bond Market ETF	BND	ETF	165.4	-1.5%	-1.1%	4.3%	-0.4%	0.6%	1.5%
5	Vanguard Total International Bond	VTILX	Open-End Fund	151.1	-0.1%	-0.3%	3.9%	0.1%		
6	iShares Core U.S. Aggregate Bond	AGG	ETF	137.2	-1.5%	-1.1%	4.3%	-0.3%	0.6%	1.5%
7	iShares 0-3 Month Treasury Bond	SGOV	ETF	117.2	3.2%	3.8%	4.5%	3.9%		
8	Dodge & Cox Income Fund	DODIX	Open-End Fund	107.8	-2.0%	-1.5%	5.1%	0.8%	1.9%	2.6%
9	Bond Fund of America	ABNDX	Open-End Fund	96.9	-2.3%	-1.9%	4.0%	-0.6%	1.0%	1.6%
10	Strategic Advisers Fidelity Core Income	FIWGX	Open-End Fund	92.9	-1.1%	-0.8%	4.8%	0.1%	1.5%	
				Average:	**-1.0%**	**-0.6%**	**4.6%**	**0.6%**	**1.2%**	**2.0%**

Source: Value87 Investment Partners using data from Bloomberg as of 11.13.2026.

Myth Busting: Federal Reserve

Myth Busting - Fed



Myth Busting - Fed

For release at 2:00 p.m., EDT, September 16, 2026

Table 1. Economic projections of Federal Reserve Board members and Federal Reserve Bank presidents, under their individual assumptions of projected appropriate monetary policy, September 2026

Percent

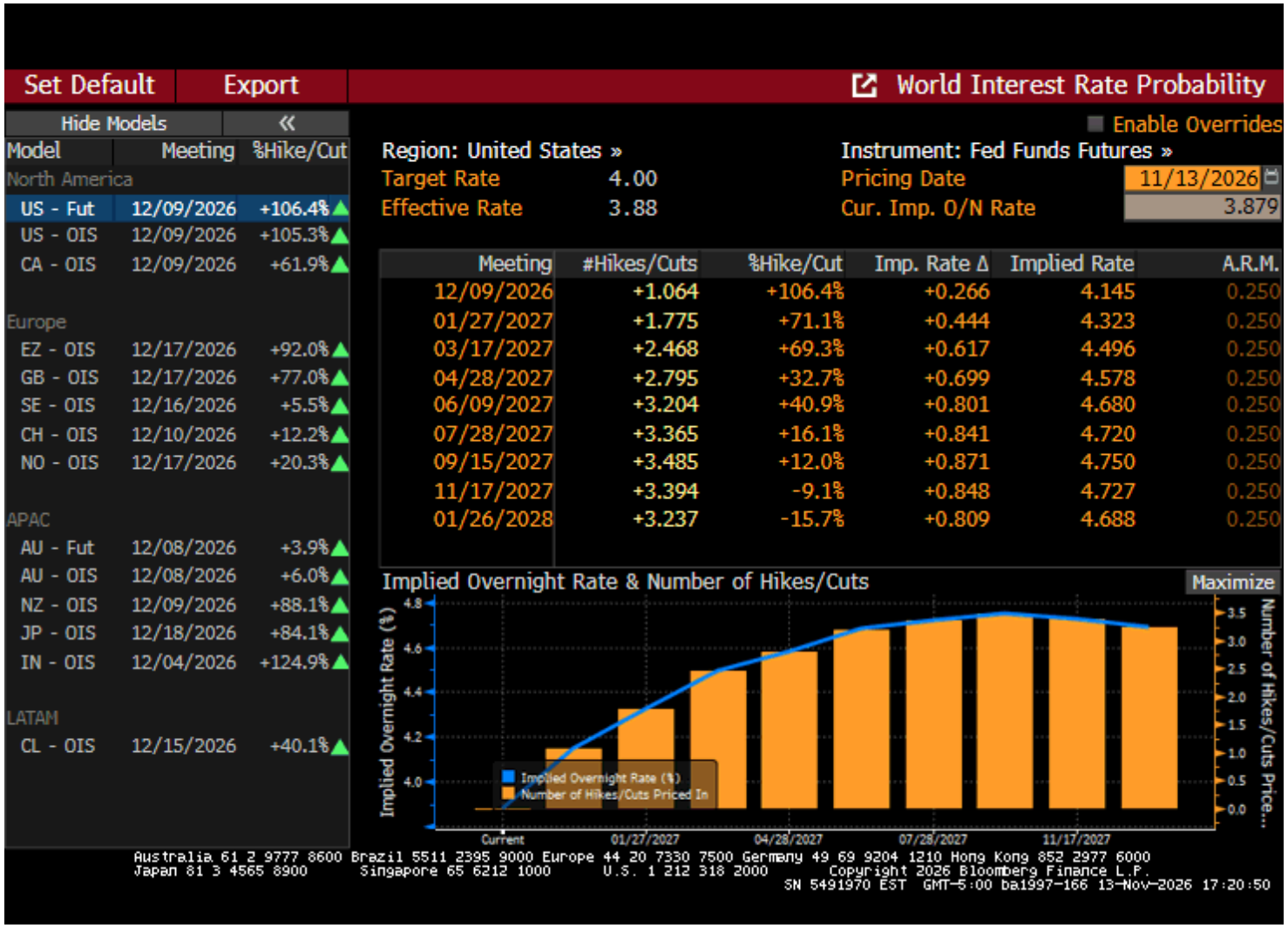
Variable	Median[1]					Central Tendency[2]					Range[3]				
	2026	2027	2028	2029	Longer run	2026	2027	2028	2029	Longer run	2026	2027	2028	2029	Longer run
Change in real GDP	2.3	2.4	2.2	2.1	2.0	2.2–2.4	2.2–2.6	2.1–2.3	2.0–2.2	2.0–2.2	2.1–2.6	2.0–2.9	1.8–2.6	1.8–2.4	1.7–2.5
June projection	2.2	2.3	2.2		2.0	2.0–2.3	2.0–2.4	2.0–2.3		1.8–2.0	1.8–2.6	1.9–2.9	1.8–2.6		1.7–2.5
Unemployment rate	4.1	4.1	4.1	4.1	4.2	4.1–4.2	4.0–4.2	4.0–4.2	4.0–4.3	4.0–4.3	4.0–4.3	4.0–4.5	3.9–4.4	3.8–4.4	3.8–4.4
June projection	4.3	4.3	4.2		4.2	4.3–4.4	4.2–4.5	4.1–4.3		4.0–4.3	4.3–4.6	4.0–4.6	4.0–4.4		3.8–4.5
PCE inflation	3.7	2.3	2.1	2.0	2.0	3.5–3.7	2.2–2.5	2.0–2.2	2.0	2.0	2.9–3.8	2.0–2.6	2.0–2.2	2.0	2.0
June projection	3.6	2.3	2.0		2.0	3.5–3.7	2.2–2.5	2.0–2.1		2.0	2.7–4.1	1.9–2.8	2.0–2.3		2.0
Core PCE inflation[4]	3.4	2.5	2.2	2.0		3.3–3.4	2.3–2.6	2.0–2.2	2.0		2.8–3.5	2.1–2.7	2.0–2.3	2.0–2.1	
June projection	3.3	2.5	2.1			3.2–3.5	2.3–2.6	2.0–2.2			2.6–3.5	2.0–3.0	2.0–2.4		
Memo: Projected appropriate policy path															
Federal funds rate	4.1	4.1	3.9	3.6	3.2	4.1–4.4	3.6–4.4	3.1–4.1	3.1–3.6	3.0–3.6	3.9–4.4	3.1–4.4	3.1–4.1	2.9–3.9	2.9–3.9
June projection	3.8	3.6	3.4		3.1	3.6–4.1	3.1–3.9	3.1–3.6		3.0–3.5	3.4–4.4	2.9–4.4	2.9–3.9		2.9–3.9

NOTE: Projections of change in real gross domestic product (GDP) and projections for both measures of inflation are percent changes from the fourth quarter of the previous year to the fourth quarter of the year indicated. PCE inflation and core PCE inflation are the percentage rates of change in, respectively, the price index for personal consumption expenditures (PCE) and the price index for PCE excluding food and energy. Projections for the unemployment rate are for the average civilian unemployment rate in the fourth quarter of the year indicated. Each participant's projections are based on his or her assessment of appropriate monetary policy. Longer-run projections represent each participant's assessment of the rate to which each variable would be expected to converge under appropriate monetary policy and in the absence of further shocks to the economy. The projections for the federal funds rate are the value of the midpoint of the projected appropriate target range for the federal funds rate or the projected appropriate target level for the federal funds rate at the end of the specified calendar year or over the longer run. The June projections were made in conjunction with the meeting of the Federal Open Market Committee on June 16–17, 2026. Eighteen participants submitted information in conjunction with the June 16–17, 2026, meeting; one of these 18 participants did not submit projections for 2028. Eighteen participants submitted information in conjunction with the September 15–16, 2026, meeting; one of these 18 participants did not submit projections for 2028 and 2029.

1. For each period, the median is the middle projection when the projections are arranged from lowest to highest. When the number of projections is even, the median is the average of the two middle projections.
2. The central tendency excludes the three highest and three lowest projections for each variable in each year.
3. The range for a variable in a given year includes all participants' projections, from lowest to highest, for that variable in that year.
4. Longer-run projections for core PCE inflation are not collected.

Source: federalreserve.gov

Myth Busting - Fed



Charts shows the probable number of 25-basis-point hikes in the Fed Funds rate estimated by the Fed Funds futures market for each scheduled FOMC Meeting as of the date listed.

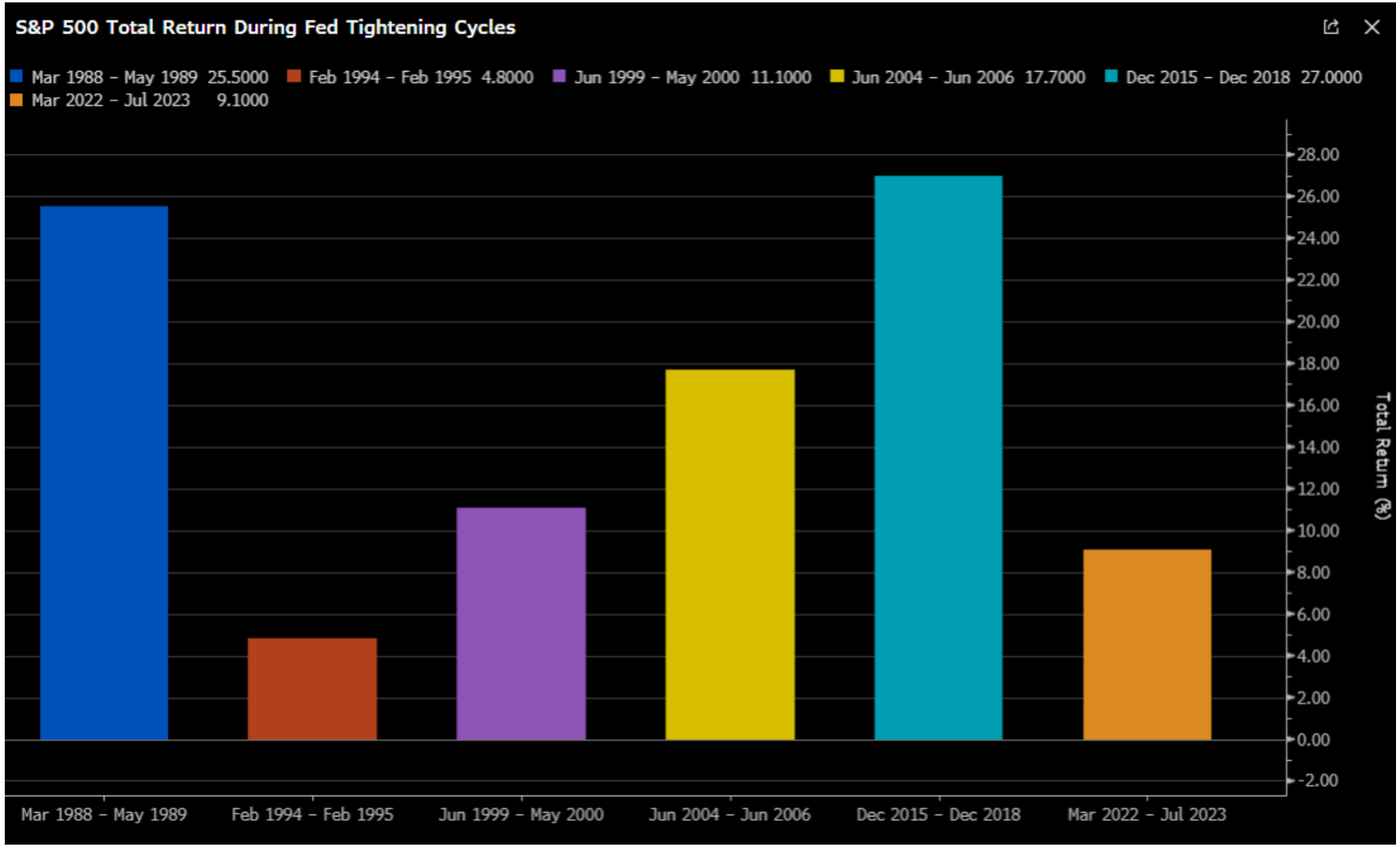
Myth Busting - Fed

Federal Funds Rate & Subsequent Returns					
Series	1-Year Forward Return	3-Year Forward Return	5-Year Forward Return	10-Year Forward Return	Number of Observations
Federal Funds Rate Above Today (4.00%)					
Value	15.7	15.8	15.8	15.2	285
Growth	11.2	9.8	9.8	10.3	285
Dividend Payers	12.6	11.6	11.9	12.1	285
Non-Dividend Payers	13.0	10.8	10.7	11.1	285
Federal Funds Rate Below Today (4.00%)					
Value	13.1	11.0	10.7	11.4	190
Growth	10.8	10.2	10.7	9.7	190
Dividend Payers	10.9	11.1	10.5	10.1	190
Non-Dividend Payers	12.7	11.9	12.8	11.3	190

From 03.31.1971 through 09.30.2026. Forward returns calculated using Fama-French monthly data. Returns represent average subsequent performance dependent on the Federal Funds rate regime. Returns are annualized for periods longer than one year. SOURCE: Value87 Investment Partners using data from the Ken French and Eugene Fama Data Library and Bloomberg Finance L.P.

Number of observations references the monthly Fed Funds rate above or below the current level.

Myth Busting - Fed



Source: Bloomberg Finance LP

Myth Busting - Fed

Volcker & The Great Inflation Equity Returns

Year	FF Value	FF Growth	FF Div Payers	FF Non Div	Inflation	Fed Funds Rate
1979	30.5%	32.3%	22.5%	60.5%	13.3%	14.0%
1980	19.5%	44.2%	30.8%	63.3%	12.4%	18.0%
1981	16.0%	-9.0%	-1.1%	-16.1%	8.9%	12.0%
1982	34.1%	20.8%	21.7%	13.6%	3.9%	8.5%
1983	37.5%	17.5%	22.8%	20.7%	3.8%	9.5%
1984	11.9%	-7.3%	5.1%	-18.3%	4.0%	8.3%
1985	32.5%	31.2%	33.7%	24.0%	3.8%	7.8%
1986	18.1%	8.6%	18.2%	2.2%	1.1%	6.0%
Annualized	24.7%	15.9%	18.7%	15.3%	6.3%	

Calendar-Year Total Returns. Equity returns represent nominal total returns of Fama/French research portfolios, not returns achieved by any client portfolio. Year-End Federal Funds Rate. Source: Value87 Investment Partners using data from Bloomberg Finance LP and Professors Eugene F. Fama and Kenneth R. French

Myth Busting: Valuations

Myth Busting - Valuations



The S&P 500 is unmanaged and cannot be invested in directly. The chart represents an index valuation metric and not investment returns.

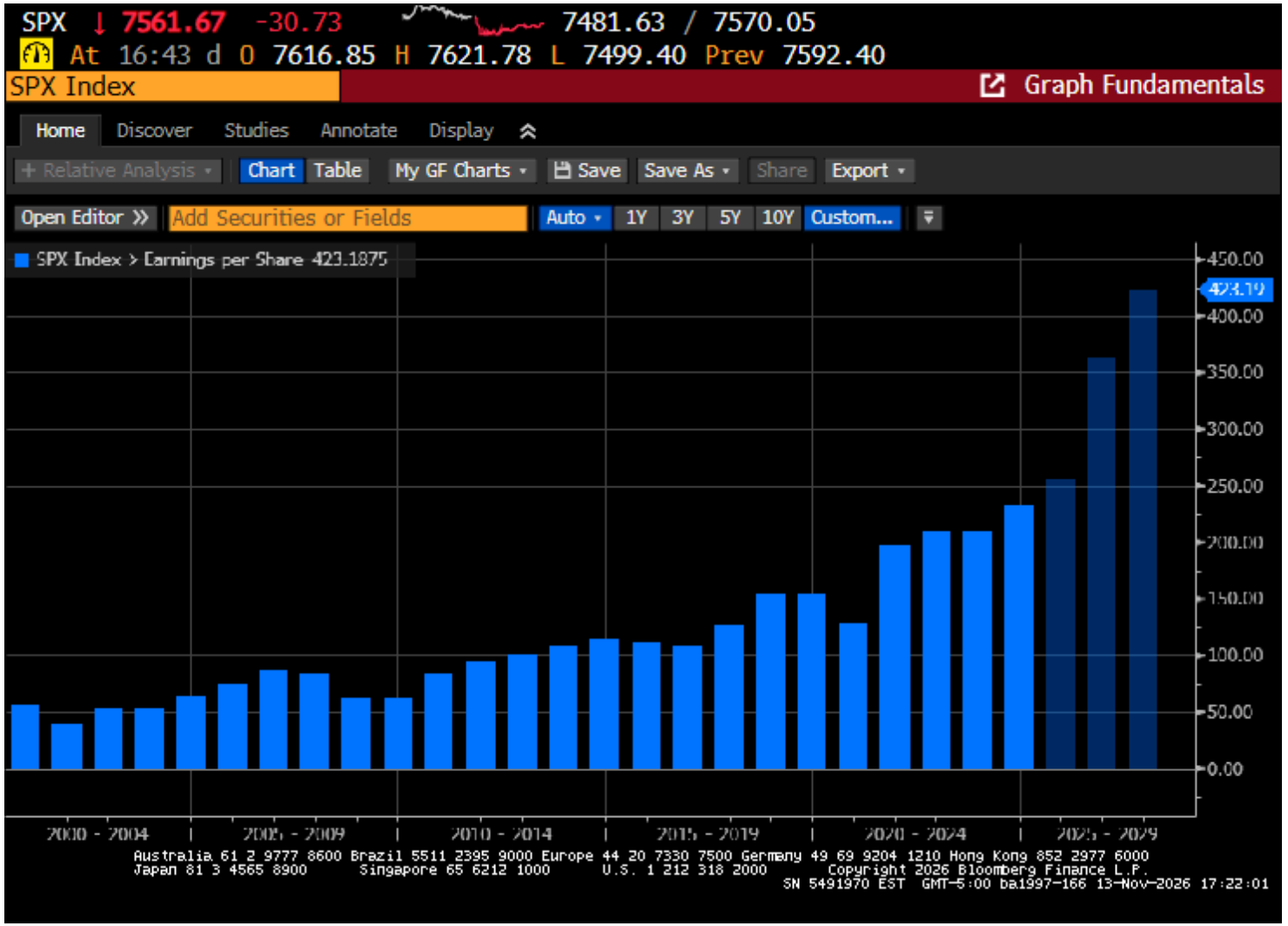
Myth Busting - Valuations

Broad Market Index Valuations					
Series Name	Trailing P/E Ratio	Forward P/E Ratio	Price to Book Ratio	Price to Sales Ratio	Forward Dividend Yield
Bloomberg 3000 Value	15.9	14.4	2.5	1.4	2.5
Bloomberg 3000	27.1	21.5	5.1	3.2	1.2
Bloomberg 3000 Growth	32.1	25.5	7.4	5.0	0.7
Bloomberg 2000 Value	24.9	19.7	1.6	0.8	3.3
Bloomberg 2000	60.8	43.4	2.3	1.3	2.2
Bloomberg 2000 Growth	NA	2416.6	3.9	2.4	1.0
Developed Markets ex U.S.	17.6	16.1	2.4	1.9	2.8
Emerging Markets	13.2	11.0	2.1	1.7	2.9
Europe 600	17.4	15.7	2.5	1.7	3.0

As of 11.12.2026. SOURCE: Value87 Investment Partners using data from Bloomberg Finance L.P.

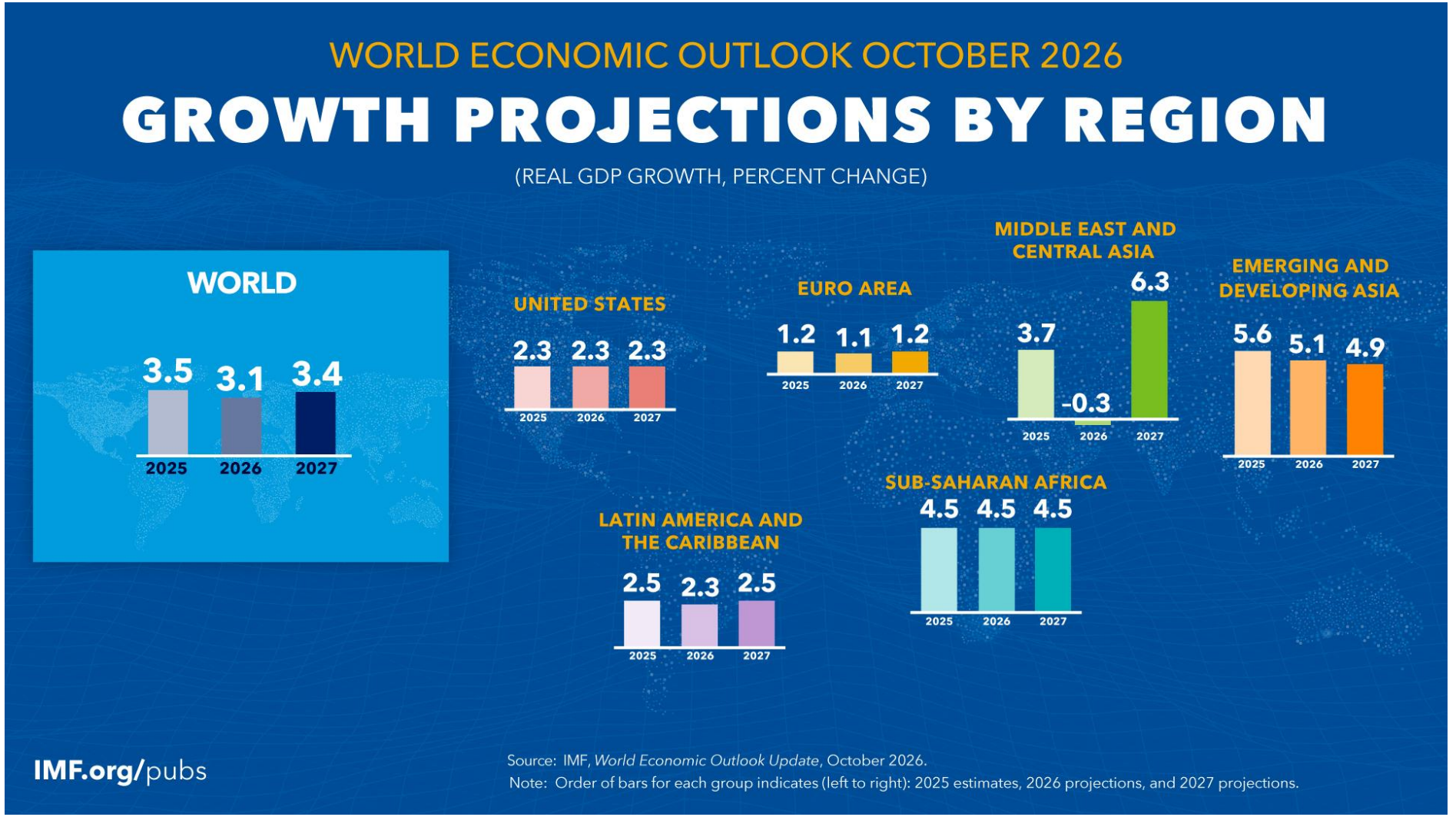
Indexes are unmanaged and cannot be invested in directly. Figures represent index valuation characteristics, not investment returns.

Myth Busting - Valuations

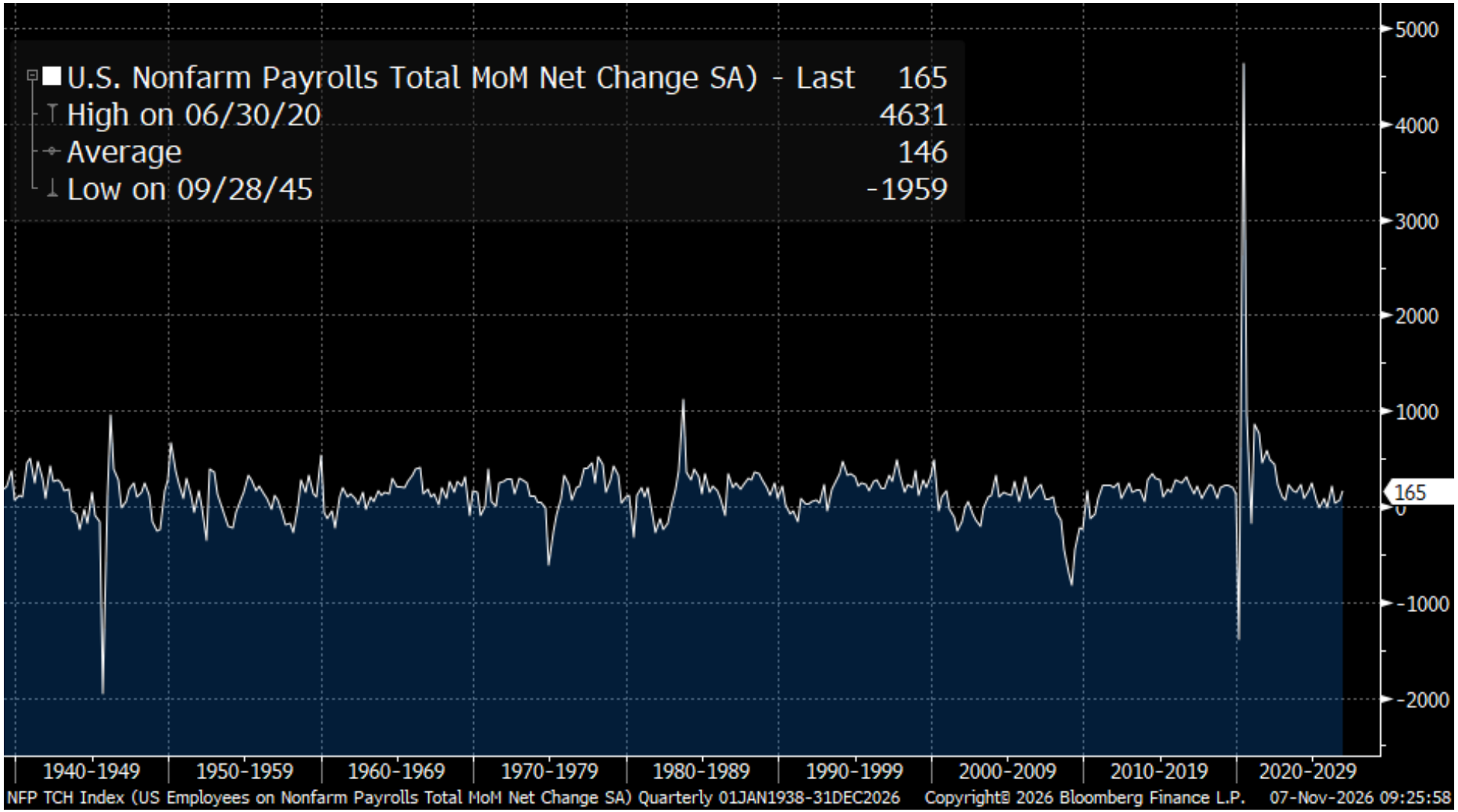


S&P 500 annual earnings per share, actual and estimated. Forecast years reflect consensus earnings estimates as of 11.13.26 and are subject to revision and may differ materially from actual results. Earnings growth does not assure rising stock prices or positive investment returns. The S&P 500 is an unmanaged index and cannot be invested in directly.

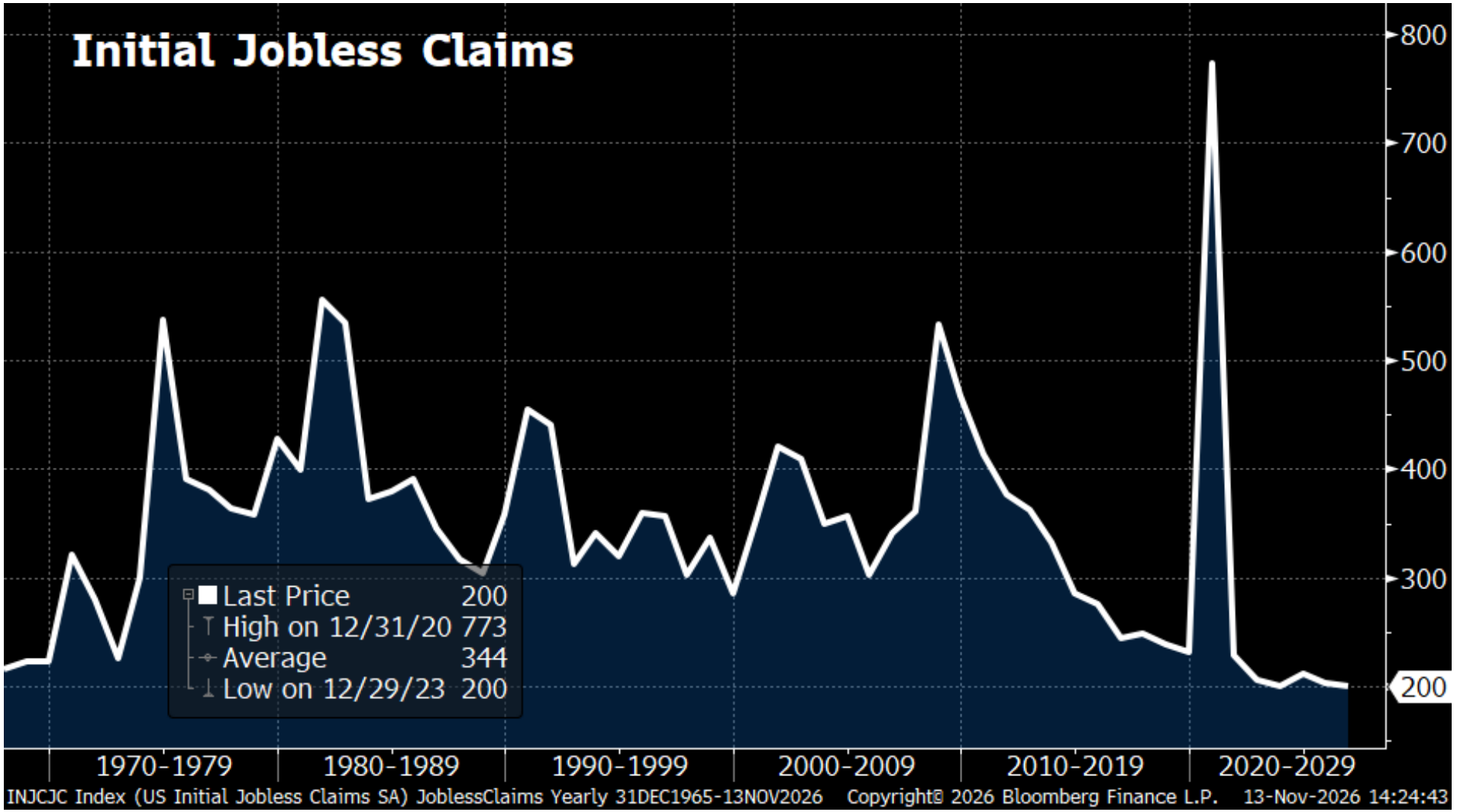
Myth Busting - Valuations



Myth Busting - Valuations



Myth Busting - Valuations



Myth Busting - Valuations

Federal Reserve Bank *of* Atlanta

Who We Are | What We Study | What We Do | Research & Data | News & Events

Home / Research and Data / Data / GDPNow

GDPNow

The growth rate of real gross domestic product (GDP) is a key indicator of economic activity, but the official estimate is released with a delay. GDPNow forecasting model provides a "nowcast" of the official estimate prior to its release by estimating GDP growth using a methodology similar to the one used by the US Bureau of Economic Analysis.



Subscribe to Email Updates | Ask a question | Current and Past GDPNow Commentaries

GDPNow is not an official forecast of the Atlanta Fed. Rather, it is best viewed as a running estimate of real GDP growth based on available economic data for the current measured quarter. There are no subjective adjustments made to GDPNow—the estimate is based solely on the mathematical results of the model.

3.5%

Fourth-Quarter GDPNow Estimate for 2026:Q4

Updated: November 09, 2026

Next update: November 17, 2026

Downloads

- GDPNow Forecast
- GDPNow Model Data and Historical Forecasts
- GDPNow Release Dates
- Modifications to GDPNow Model Forecast (updated October 30, 2026)

Related Content

- Discussing the Science of Measuring GDP
- GDPNow: A Model for GDP "Nowcasting," Working Paper 14-7
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- *macroblog* on Building a Better Model: Introducing Changes to GDPNow
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- View GDPNow in the EconomyNow App

The 3.5% estimate is for Q4 and not the full year. The estimate changes as new data become available and may differ materially from reported GDP growth.

"The real key to making money in stocks is not to get scared out of them."

- Peter Lynch

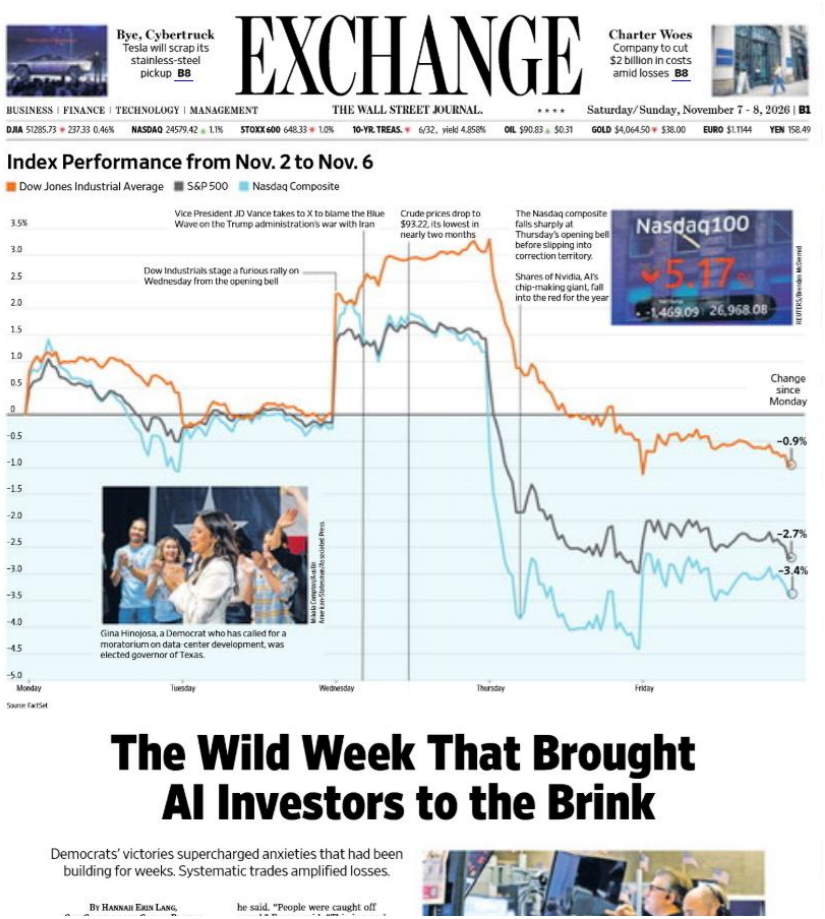
Stock Picks

“Whether we’re talking about socks or stocks, I like to buy quality merchandise when it is marked down.”

- Warren Buffett

Stock Picks – AI Buildout

Stock Picks – AI Buildout



Bye, Cybertruck
Tesla will scrap its stainless-steel pickup B8

EXCHANGE

Charter Woes
Company to cut $2 billion in costs amid losses B8

BUSINESS | FINANCE | TECHNOLOGY | MANAGEMENT THE WALL STREET JOURNAL. Saturday/Sunday, November 7 - 8, 2026 | B1

DJIA 51285.73 237.33 0.46% NASDAQ 24579.42 1.1% STOXX 600 648.33 1.0% 10-YR. TREAS. 6/32, yield 4.858% OIL $90.83 $0.31 GOLD $4,064.50 $38.00 EURO $1.1144 YEN 158.49

Index Performance from Nov. 2 to Nov. 6

Dow Jones Industrial Average S&P 500 Nasdaq Composite

Vice President JD Vance takes to X to blame the Blue Wave on the Trump administration's war with Iran

Crude prices drop to $93.22, its lowest in nearly two months

The Nasdaq composite falls sharply at Thursday's opening bell before slipping into correction territory.

Shares of Nvidia, AI's chip-making giant, fall into the red for the year

Dow Industrials stage a furious rally on Wednesday from the opening bell

Nasdaq100 -5.17 -1,469.09 26,968.08

Change since Monday

-0.9%

-2.7%

-3.4%

Gina Hinojosa, a Democrat who has called for a moratorium on data-center development, was elected governor of Texas.

Monday Tuesday Wednesday Thursday Friday

Source: FactSet

The Wild Week That Brought AI Investors to the Brink

Democrats' victories supercharged anxieties that had been building for weeks. Systematic trades amplified losses.

By Hannah Erin Lang,

he said. "People were caught off

"What we got out of the election was quantifiable evidence that there is real disdain for the data-center build-out," said Matt Rowe, senior portfolio manager at Man Group. Voters voted so overwhelmingly against data centers in local ballot measures that it "started to change my mindset around the probability of these projects getting executed," he said.

"All else equal, these projects are going to take longer to get executed, and they're going to cost more to do."

Stock Picks – AI Buildout



BUSINESS & FINANCE

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S&P 7619.38 ▲ 1.31% S&P FIN ▲ 0.59% S&P IT ▲ 2.71% DJ TRANS ▲ 1.19% WSJ $IDX ▲ 0.44% 2-YR. TREAS. Closed (4.725%) NIKKEI (Midday) 61714.16 ▲ 0.76% See more at WSJ.com/Markets

Investors Race Back Into AI Stocks

Battered tech shares rally a day after CoreWeave reported a robust quarter

By Krystal Hur

Investors just can't quit AI.

Wall Street's on-again, off-again romance with the artificial-intelligence build-out flickered back to life on Wednesday after robust results from one of the AI trade's most-speculative players appeared to remind investors of the technology's massive potential.

The strong quarter and a promising outlook from **CoreWeave,** the data-center company, was enough to rewrite—for now—last week's dominant narrative: that the result of the midterm elections would reset expectations for the pace of the build-out.

Adding to the optimism Wednesday: OpenAI, a privately held AI developer, told investors Tuesday that quarterly revenue rose to $10 billion.

TSMC, the world's largest contract chip maker, approved plans to invest up to $1 billion in Anthropic and OpenAI. And many anticipate that Anthropic's coming initial public offering, in which it will seek a valuation of around $1.33 trillion, will draw massive investor enthusiasm.

"That's a really different picture than the one that markets were looking at last week," said Charles Luke, chief investment officer of RBC Rochdale.

Shares of CoreWeave jumped 25%, and sparked a widespread boom in chip maker stocks.

Micron Technology gained 12%, **Intel** jumped 7.5%, **Advanced Micro Devices** climbed 7.3% and **Broadcom** added 4%.

Wednesday's rally was so strong, it even swept up **Nvidia.** The chip maker's shares have been under siege in recent days on news that its board was investigating whether CEO Jensen Huang was the target of foreign espionage through his affair with a suspected Chinese spy. The stock rose 2.9%.

The Nasdaq composite jumped 1.6%. The S&P 500 climbed 1.3%, with its information technology sector outperforming with a 2.7% gain. The Dow Jones Industrial Average added 0.5%, or 255 points.

The indexes' gains punctuated a recovery from last Thursday's historic rout, which had wiped out $2.5 trillion from the Nasdaq. By Wednesday's close, the tech-heavy index was within 1% of erasing those losses completely.

One silver lining from the selloff: It has helped bring down sky-high valuations for stocks.

Companies in the S&P 500 recently traded at 18.27 times projected earnings over the next 12 months, below their 10-year average of 19.56 times, according to FactSet.

The Nasdaq has averaged a move of 1.93 percentage points, higher or lower, over

Please turn to page B9

Index performance this week

Source FactSet

Share-price performance on Wednesday

United Bans AI Bots From Booking Flights

By Alison Sider

United Airlines doesn't want to deal with your AI agent.

The airline said Wednesday that it will prevent personal artificial-intelligence assistants from accessing its systems to book tickets.

United cited concerns that the third-party agents could expose customers' sensitive information or make unintended purchases. It also said automated AI actions could violate Federal Aviation Administration and Transportation Department rules governing the information airlines must present to customers. An AI agent can't, for example, attest during check-in that bags don't contain explosives.

Banks, retailers and a range of other companies are grappling with how best to handle the rise of agents such as Meta's Muse and OpenAI's Dots that promise to take care of many of life's nuisances, from online shopping to scheduling appointments. Early adopters of the technology often use it to comparison shop and search for the lowest prices.

Agents will still have ways to show customers United's flight options and prices, but they won't be able to transact on its website.

Some companies have embraced agents as a potential new sales channel or moved to develop their own. Others are pushing back against what they see as a new middleman that could disrupt their ability to reach customers with advertising.

Airlines have had this fight before, spending years wrestling with intermediaries like online travel agencies over the

Smaller Venues Get Stung by Ticket Resellers

By Hanna Krueger

Thousands of bands have played at the brick-lined Rebel Lounge in Phoenix since Stephen Chilton opened it in 2015, most of them local and little-known. On the quieter evenings, local poets take the stage for a grassroots slam judged by five people pulled from the crowd. Almost everyone buys tickets at the door.

There, tickets to the poetry competition cost around $12. On StubHub, the same ticket runs $24.

Driving such higher prices, Chilton said, are brokers who resell the tickets online. Often, the brokers don't even own the tickets when they list them. They wait for a fan to pay, then buy the real ticket from the venue.

High ticket prices aren't limited to big-stadium concerts and professional sporting events. Markups are also hit-

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Stock Picks – AI Buildout

AI Buildout Stocks

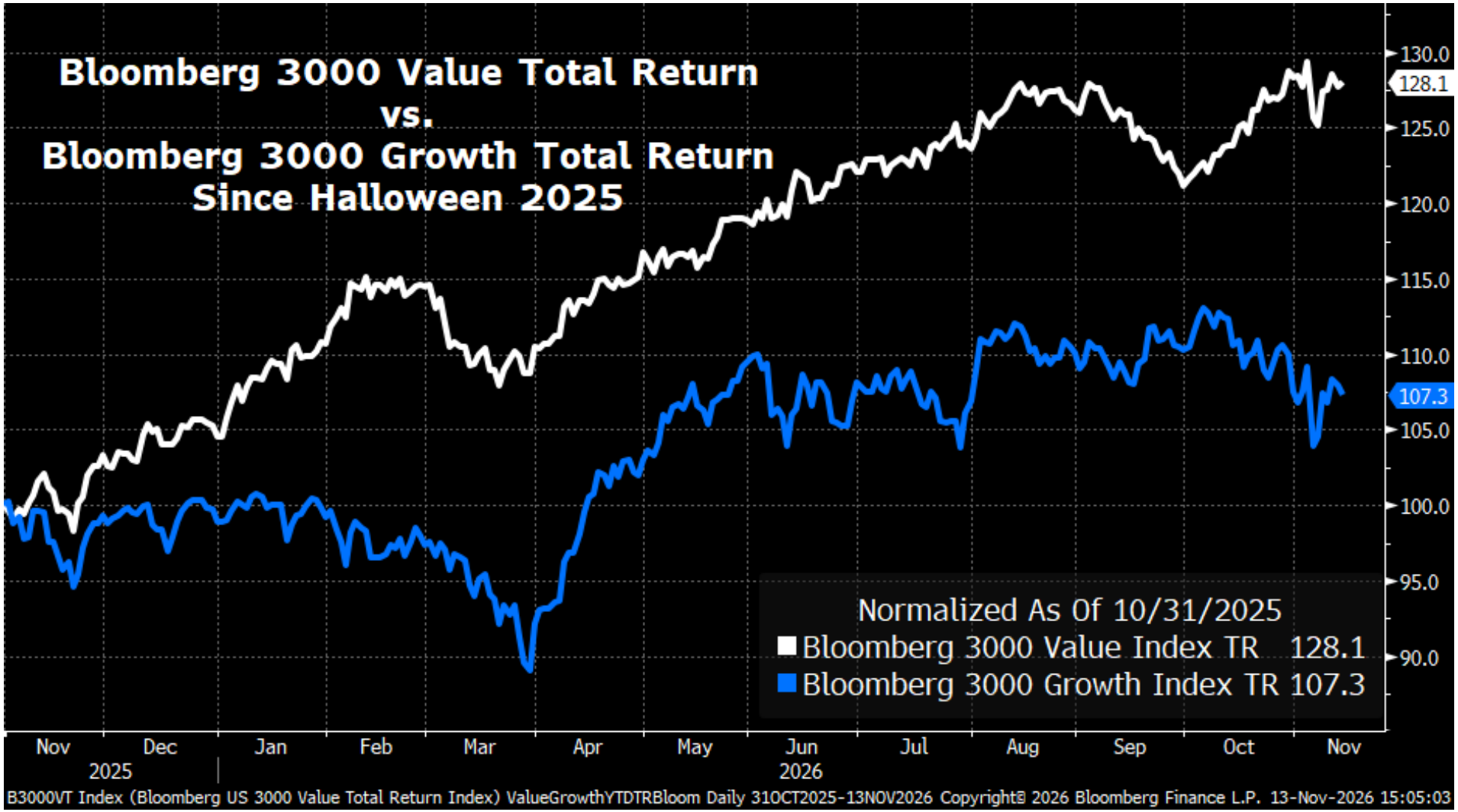
A Patient Prospector
FIELD NOTES FOR INVESTORS

Symbol	Name	11.13.26 Price	A Patient Prospector Goal Price	52-Week High	Below High	52-Week Low	Above Low	Total Return Since 12.31.24	Total Return Since 09.30.26	Trailing 12 Month EPS	Next 12 Months EPS	NTM P/E Ratio	Year 2 EPS	Year 2 P/E Ratio
***A Patient Prospector* Recommendations**														
CAT	Caterpillar	$600.20	$1,009.35	$1,073.46	-44%	$537.08	12%	69%	-26%	$22.59	$29.97	20.0	$35.91	16.7
CMI	Cummins	$452.18	$703.77	$737.76	-39%	$443.62	2%	34%	-12%	$26.07	$32.59	13.9	$37.04	12.2
COHU	Cohu	$43.59	$75.79	$75.72	-42%	$21.10	107%	63%	-36%	$0.58	$1.99	21.9	$3.03	14.4
ENS	Enersys	$143.00	$241.80	$244.30	-41%	$131.01	9%	57%	-22%	$11.75	$13.67	10.5	$15.67	9.1
GOOG	Alphabet	$292.52	$477.92	$404.47	-28%	$271.41	8%	55%	-14%	$12.25	$15.44	18.9	$20.78	14.1
HPE	HP Enterprise	$48.29	$71.18	$73.56	-34%	$19.84	143%	135%	-24%	$2.63	$4.66	10.4	$5.16	9.4
JBL	Jabil	$254.25	$406.23	$428.93	-41%	$189.60	34%	77%	-11%	$12.38	$17.71	14.4	$22.54	11.3
KLIC	Kulicke & Soffa	$69.07	$116.93	$135.80	-49%	$35.02	97%	52%	-27%	$2.23	$5.85	11.8	$5.46	12.6
LITE	Lumentum	$596.62	$1,063.79	$1,143.00	-48%	$215.35	177%	611%	-39%	$10.87	$28.97	20.6	$43.83	13.6
MU	Micron Tech	$778.31	$1,151.94	$1,255.00	-38%	$192.59	304%	829%	-27%	$65.40	$174.74	4.5	$209.44	3.7
NRG	NRG Energy	$97.10	$158.89	$189.96	-49%	$79.65	22%	11%	2%	$8.04	$9.90	9.8	$11.58	8.4
NTAP	NetApp	$181.37	$242.33	$240.87	-25%	$93.69	94%	62%	-13%	$8.34	$9.92	18.3	$11.49	15.8
STX	Seagate Tech	$528.29	$1,064.79	$1,145.00	-54%	$228.61	131%	526%	-43%	$18.80	$46.88	11.3	$72.37	7.3
				Averages:	**-41%**		**88%**	198%	-23%			**14.3**		**11.4**

Source: Value87 Investment Partners using data from Bloomberg as of 11.13.2026. Stocks in Green were Bloomberg 3000 Value Index members as of 11.13.26. Total Return calculations since date indicated. AI-related stocks chosen from larger 25-stock list based on diversification' lower Year-2 P/E Ratio and weaker returns since 09.30.26. Please refer to the disclosures for important information.

Stock Picks – Higher Value Score

Stock Picks – Higher Value Score



Stock Picks – Higher Value Score

Higher Value Score Stocks

A Patient Prospector
FIELD NOTES FOR INVESTORS

Symbol	Name	11.13.26 Price	A Patient Prospector Goal Price	52-Week High	Below High	52-Week Low	Above Low	Total Return Since 12.31.24	Total Return Since 09.30.26	Trailing 12 Month EPS	Next 12 Months EPS	NTM P/E Ratio	Year 2 EPS	Year 2 P/E Ratio
ALB	Albemarle	$93.53	$170.52	$221.00	-58%	$89.77	4%	12%	-12%	$6.52	$7.76	12.1	$10.34	9.0
BMY	Bristol-Myers	$63.43	$87.52	$68.64	-8%	$45.27	40%	23%	3%	$5.23	$6.48	9.8	$5.74	11.0
CE	Celanese	$51.41	$83.19	$70.70	-27%	$35.13	46%	-25%	16%	$5.59	$6.17	8.3	$6.93	7.4
COF	Capital One	$195.08	$352.81	$259.64	-25%	$174.24	12%	12%	1%	$18.81	$22.58	8.6	$26.44	7.4
DECK	Deckers Outdoor	$86.82	$141.44	$122.29	-29%	$77.20	12%	-57%	11%	$6.26	$7.87	11.0	$8.57	10.1
GEN	Gen Digital	$30.40	$45.41	$31.65	-4%	$17.78	71%	15%	38%	$2.69	$3.13	9.7	$3.49	8.7
INTU	Intuit	$341.70	$447.38	$682.27	-50%	$252.84	35%	-44%	24%	$22.90	$23.37	14.6	$26.55	12.9
KR	Kroger	$70.80	$81.43	$76.58	-8%	$54.15	31%	20%	21%	$4.89	$5.37	13.2	$5.64	12.5
LMT	Lockheed Martin	$596.04	$726.08	$692.00	-14%	$437.25	36%	29%	17%	$27.38	$31.85	18.7	$34.55	17.3
LVS	Las Vegas Sands	$40.39	$69.50	$70.45	-43%	$35.03	15%	-18%	8%	$2.92	$2.88	14.0	$3.19	12.6
MDT	Medtronic PLC	$102.86	$126.47	$106.33	-3%	$73.31	40%	36%	19%	$5.60	$6.01	17.1	$6.50	15.8
OZK	Bank OZK	$50.76	$66.38	$53.39	-5%	$42.37	20%	23%	12%	$5.88	$5.99	8.5	$6.64	7.6
PPG	PPG Industries	$122.56	$162.50	$133.43	-8%	$93.39	31%	8%	18%	$7.77	$8.47	14.5	$9.20	13.3
PYPL	PayPal Holdings	$59.28	$88.60	$67.28	-12%	$38.46	54%	-30%	13%	$5.13	$5.88	10.1	$6.34	9.4
SM	SM Energy	$32.73	$60.28	$41.56	-21%	$17.45	88%	-10%	-3%	$5.94	$8.52	3.8	$7.98	4.1
TAP	Molson Coors	$40.84	$50.64	$54.82	-26%	$35.52	15%	-24%	12%	$4.48	$4.23	9.6	$4.40	9.3
TKR	Timken	$108.91	$149.00	$146.37	-26%	$73.62	48%	57%	-7%	$5.70	$7.07	15.4	$8.09	13.5
				Averages:	**-18%**		**35%**	**2%**	**11%**			**11.7**		**10.7**

Source: Value87 Investment Partners using data from Bloomberg as of 11.13.2026. Stocks in Green were Bloomberg 3000 Value Index members as of 11.13.26. Total Return calculations since date indicated. AI-related stocks chosen from larger 25-stock list based on diversification, lower Year-2 P/E Ratio and weaker returns since 09.30.26. Please refer to the disclosures for important information.

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- *52-Week High / 52-Week Low:* The highest and lowest intraday trading prices for the security over the trailing 52-week period as of the date closing price indicated.
- *Below 52-Week High:* The percentage by which the current share price trails the security's 52-week high. Presented for informational purposes only and does not imply a recommendation or expectation of price recovery.
- *Above 52-Week Low:* The percentage by which the current share price exceeds the security's 52-week low. Presented for informational purposes only and does not imply a recommendation or expectation of continued appreciation.
- *Trailing 12 Month EPS:* The sum of a company's earnings per share over the four most recently completed fiscal quarters, as reported and sourced from Bloomberg.
- *Next 12 Months EPS / Year 2 EPS:* Forward-looking consensus analyst estimates of earnings per share for the next twelve months and second forward fiscal year, respectively, as compiled by Bloomberg. These are third-party estimates, not projections of Value87, and are subject to material revision. Actual results may differ materially. See "Forward-Looking Statements" disclosure.
- *Year 2 P/E Ratio:* Current share price divided by the Year 2 consensus EPS estimate. This is a derived metric dependent on a forward estimate and is subject to change as underlying estimates are revised.

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Important Information

- In the Kenneth R. French Data Library, **Small Value, Large Value, Small Growth, and Large Growth** are value-weighted research portfolios created by independently sorting U.S. common stocks every June based on **market capitalization (size)** and **book-to-market ratio (B/M)**.
- In the foundational research and data classifications by Eugene Fama and Kenneth French (such as in their benchmark 2001 study *"Disappearing Dividends: Changing Firm Characteristics or Lower Propensity to Pay"*), companies are categorized based on whether they have distributed ordinary cash dividends. [1, 2]
- **Definitions**
- **Dividend Payers:** Firms that have paid a **positive common dividend** (ordinary cash dividend) over a specified lookback period. [1, 2]
- **Non-Dividend Payers (Non-Payers):** Firms that have **not paid any ordinary cash dividends** over that same preceding period (typically the trailing 12 months). [1]

Important Information

In Professor Aswath Damodaran's widely cited **Historical Returns on Stocks, Bonds, Bills, and Real Estate** dataset (maintained at the NYU Stern School of Business), each asset class is defined using specific historical proxies and return calculation methodologies dating back to **1928**.

Asset Class	Underlying Proxy & Data Source	How Damodaran Calculates Annual Returns
U.S. 3-Month Bills	3-Month U.S. Treasury Bills (chosen over 6-month bills for historical longevity).	Uses the average T-Bill rate during the calendar year to reflect what an investor rolling over short-term bills would actually earn. (Note: Older versions of his dataset used year-end rates).
U.S. 10-Year Bonds	10-Year U.S. Treasury Bonds (sourced via Federal Reserve / FRED data).	Measures total return, combining the annual coupon yield earned plus the price appreciation (or loss) resulting from year-over-year changes in market interest rates.
U.S. Baa Corporate Bonds	Moody's Seasoned Baa Corporate Bond Yields (sourced from the Federal Reserve Economic Data / FRED).	Represents the lowest tier of investment-grade corporate debt. Damodaran converts the reported Moody's Baa yields into total annual bond returns (coupon income plus price changes) using the exact same duration/pricing methodology applied to 10-Year U.S. Treasury Bonds.
U.S. Real Estate	Residential Home Prices—specifically Robert Shiller's historical housing data prior to 1986, transitioning into the S&P CoreLogic Case-Shiller U.S. National Home Price Index.	Measures price appreciation only. Damodaran explicitly notes that this series understates total real estate returns because it excludes net cash flows from rental income (as well as maintenance costs and property taxes).
Gold	Spot Price of Gold per Ounce (year-end market prices).	Measures annual price appreciation based on the percentage change in year-end per-ounce prices. (Note: Prior to 1971/1975, when private gold ownership was restricted and prices were fixed under the gold standard/Bretton Woods, returns reflect official fixed price changes).

A Patient Prospector

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Nearly forty years ago, this senior in college parlayed a stint as a cold caller at the infamous Drexel Burnham Lambert into a part-time job with Al Frank while completing my major in computer science with a minor in business. The latter was more my passion and I had been bitten by the investment bug, even as the lone finance course I had in college taught me precious little about the stock market.

Al and I hit if off, as the legendary value investor had just purchased his first personal computers and I was tasked with bringing his pencil-and-paper operation into the computer age. Candidly, I thought my gig with Al would look good on the resume and my plan was to get a "real" job after I graduated a few months later.

"The stock market may not bring undreamed-of rewards, but if you are willing to get rich slowly, it is the place to make or maintain your fortune."
— Al Frank

Further, as there is no assurance that we will strike gold with the equities we select, we have the humility to admit that we are prospecting, which is the act of searching for something valuable. Of course, we believe that we are digging in areas with a higher propensity of stocks that will pan out!

Still, as Al told me long ago, it really is the stock *holding* more than the stock *picking* that is key, which is why the *Market Observations* we have been publishing the last few months offer so much historical perspective.

Al wrote in 1995 when the Dow Jones Industrial Average was less than 5000, "Common stocks—which represent ownership of corporations and 'should' reflect the value of those cor-

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