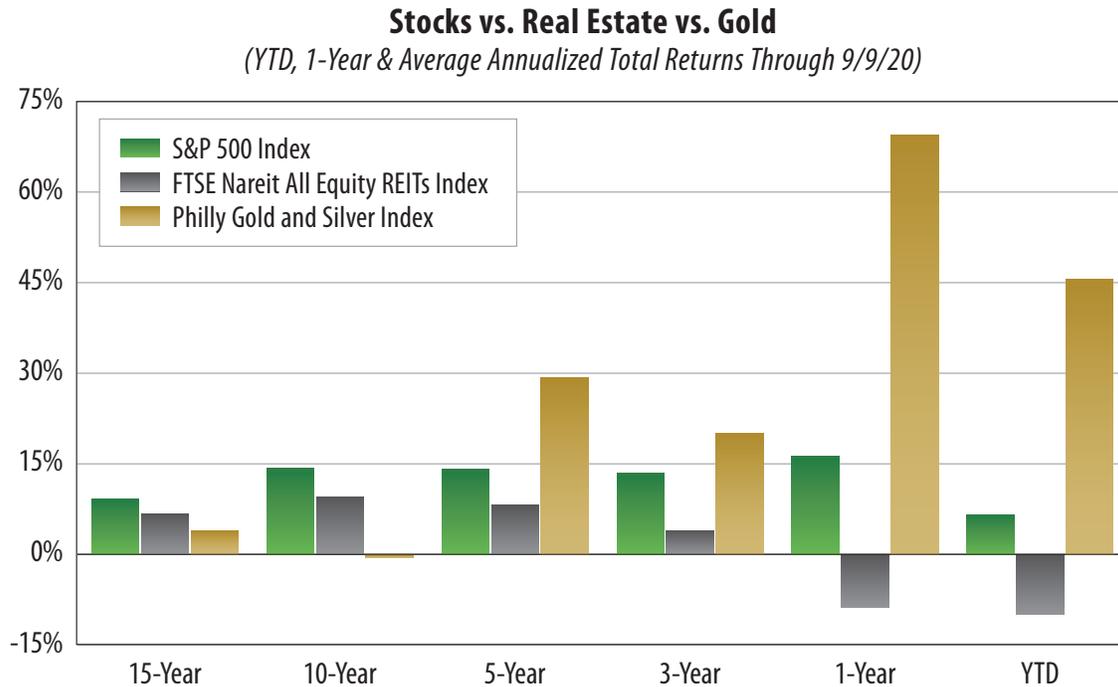


A Performance Snapshot Of Three Traditional Wealth-Building Asset Classes



Source: Bloomberg. **Past performance is no guarantee of future results.**

View from the Observation Deck

1. Of the three asset classes depicted in the chart above, gold mining stocks have outshined both large-capitalization stocks (S&P 500 Index) and equity REITs (FTSE Nareit All Equity REITs Index) over the past five years.
2. The total returns featured in the chart through 9/9/20 were as follows (S&P 500 vs. FTSE Nareit All Equity REITs vs. Philly Gold and Silver): 15-year avg. annual (9.19% vs. 6.78% vs. 3.90%); 10-year avg. annual (14.23% vs. 9.58% vs. -0.54%); 5-year avg. annual (14.12% vs. 8.11% vs. 29.27%); 3-year avg. annual (13.53% vs. 3.92% vs. 20.09%); 1-year (16.33% vs. -8.77% vs. 69.47%); and year-to-date (6.61% vs. -9.94% vs. 45.57%).
3. From 9/9/15 through 9/9/20, the price of gold bullion rose from \$1,102.00 per ounce to \$1,946.80 per ounce, or an increase of 76.66%, according to Bloomberg. Over that same period, the Philly Gold and Silver Index (mining stocks) posted a cumulative total return of 261.46%. Does anyone remember why gold rallied?
4. One of the top reasons investors purchase gold bullion or gold mining stocks is to help mitigate inflationary pressures. Some pundits might even go so far as to say that gold has been a reliable inflation-hedge through the years. Over the past five years, however, the Consumer Price Index has averaged just 1.7% per year, well below its 3.0% average since the start of 1926, according to data from the Bureau of Labor Statistics.
5. Some investors flock to gold as an alternative to owning fiat currencies when geopolitical or economic concerns are elevated. That does not really fit the narrative for the past five years. The U.S. Dollar Index declined just 2.86% for the period, which reflects stability, in our opinion.
6. The rally in gold has been strong, particularly over the past year. The COVID-19 pandemic has likely been the primary driver of demand for the metal in 2020, in our opinion. Imagine where demand could go if higher inflation were to become a byproduct of the trillions of dollars of stimulus that has been pumped into the U.S. and other major foreign economies these past few months.

This chart is for illustrative purposes only and not indicative of any actual investment. The illustration excludes the effects of taxes and brokerage commissions and other expenses incurred when investing. Investors cannot invest directly in an index. The S&P 500 Index is an unmanaged index of 500 stocks used to measure large-cap U.S. stock market performance. The FTSE Nareit All Equity REITs Index is a free-float adjusted market capitalization-weighted index that includes all tax qualified REITs listed on the major U.S. exchanges. The Philadelphia Stock Exchange Gold & Silver Index is a capitalization-weighted index comprised of the leading companies involved in the mining of gold and silver. The U.S. Dollar Index (DXY) indicates the general international value of the dollar relative to a basket of major world currencies.

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