

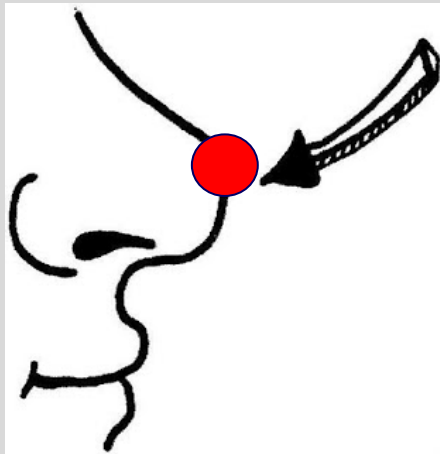
Investing for Successful Retirement

UD Osher – OLLI
Fall 2026

- **Rajeev A. Vaidya**
- **Ron Materniak**

Disclaimer in plain language

Disclaimer – in plain language:



Opinions are like noses, everyone has one !

You are going to see mine in this course !!

We are simply sharing our perspective.

This is not investment advice or recommendation.

Ron, and I are not a financial advisors.

This course is for educational purposes only.

Form your own opinion, make your own investment decisions.

Third Class – Sep. 23rd

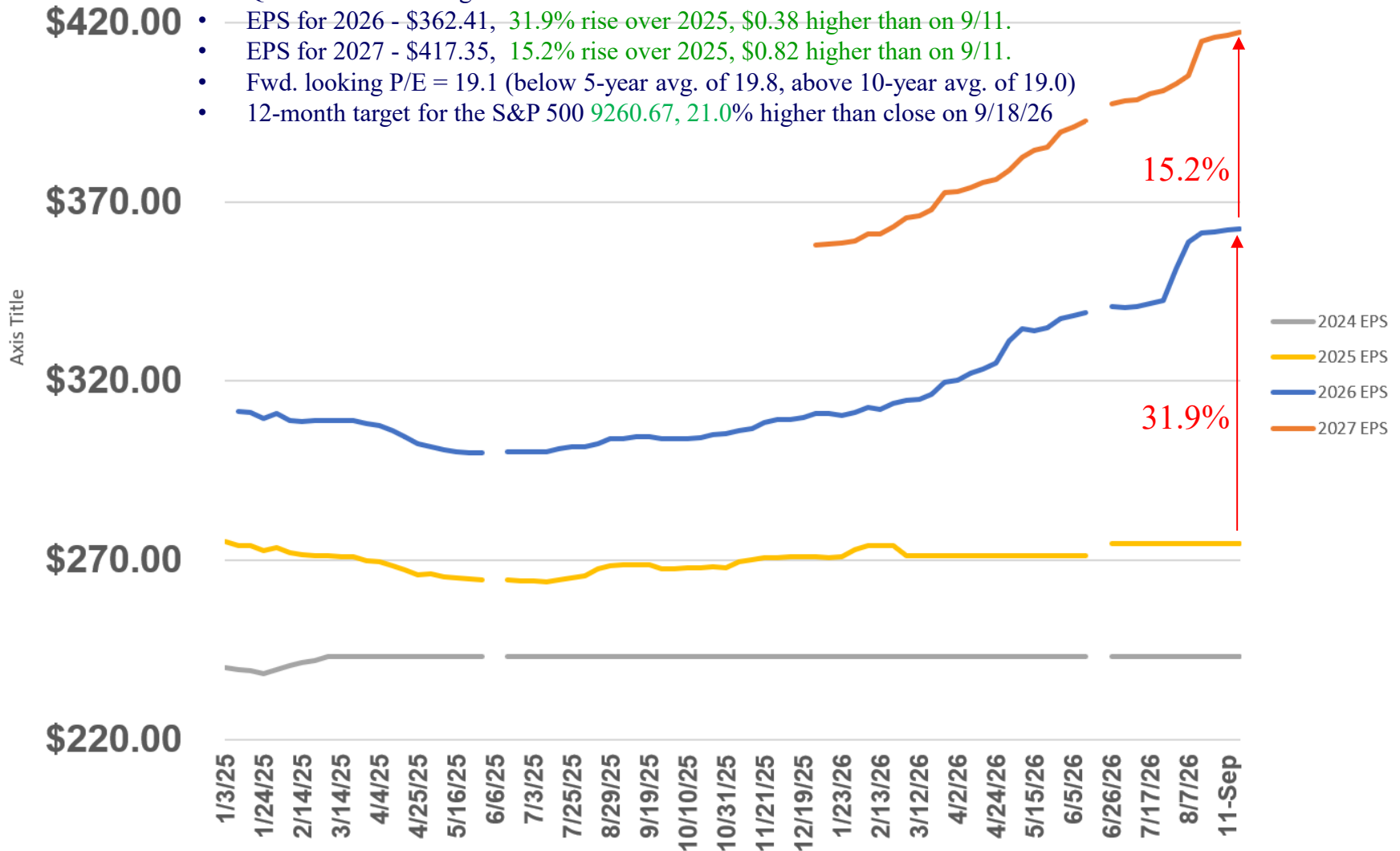
- Market Update
- Bonds
 - The basics
 - The yield curve
 - Bond Ladders
- Questions

Factset(R) - S&P 500 Calendar year earnings forecast

https://advantage.factset.com/hubfs/Website/Resources%20Section/Research%20Desk/Earnings%20Insight/EarningsInsight_091826.pdf

Factset Earnings Estimates 9/18/26

- Q326 S&P 500 EPS growth 28.9% .. Was 26.6% on Jun. 30th 2026
- EPS for 2026 - \$362.41, 31.9% rise over 2025, \$0.38 higher than on 9/11.
- EPS for 2027 - \$417.35, 15.2% rise over 2025, \$0.82 higher than on 9/11.
- Fwd. looking P/E = 19.1 (below 5-year avg. of 19.8, above 10-year avg. of 19.0)
- 12-month target for the S&P 500 9260.67, 21.0% higher than close on 9/18/26



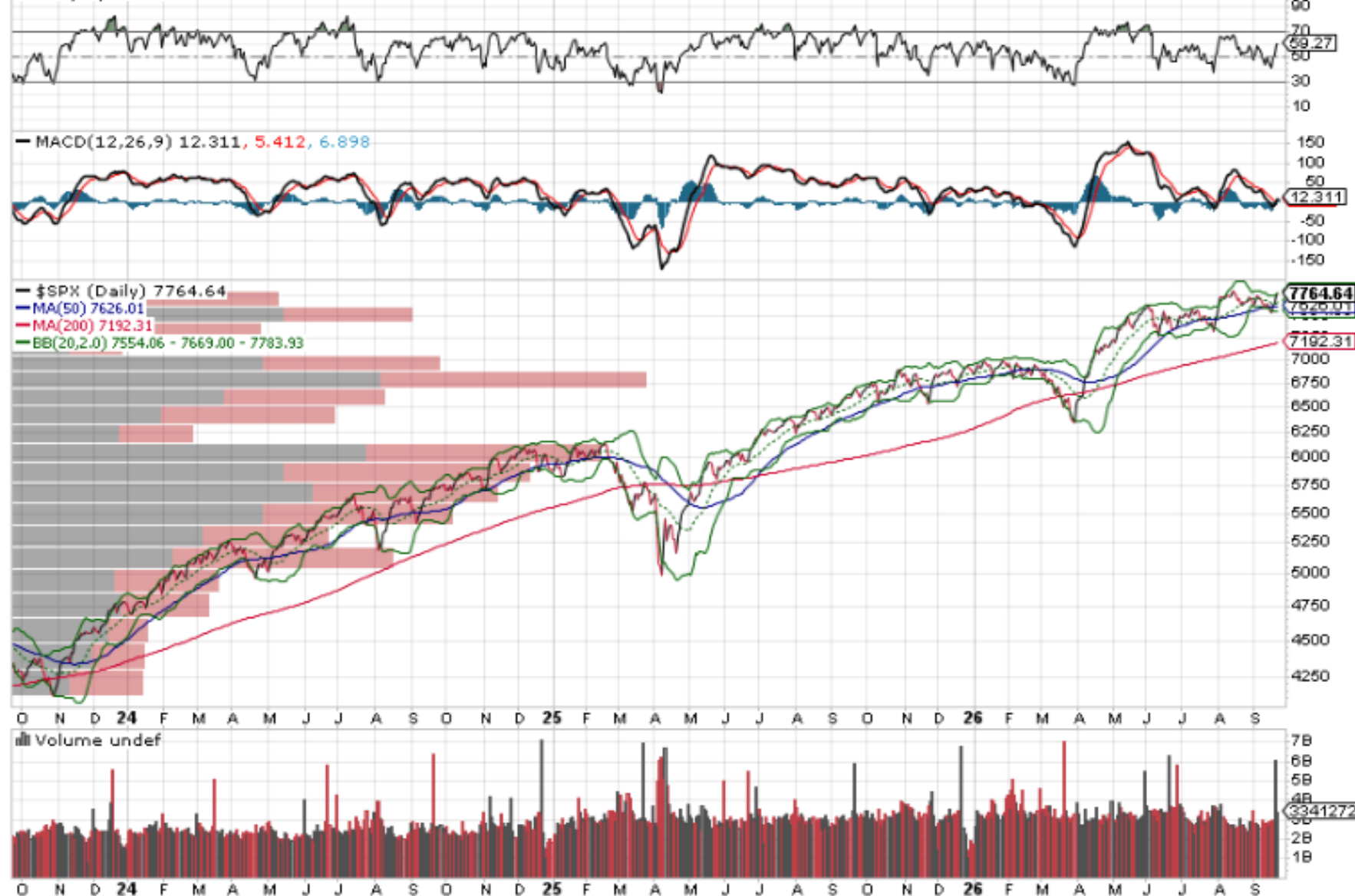
\$SPX S&P 500 Large Cap Index INDX

22-Sep-2026

© StockCharts.com

Open 7770.81 High 7782.19 Low 7758.26 Close 7764.64 Chg -0.06 (-0.00%)

▲ RSI(14) 59.27



\$SPX S&P 500 Large Cap Index INDX

22-Sep-2026

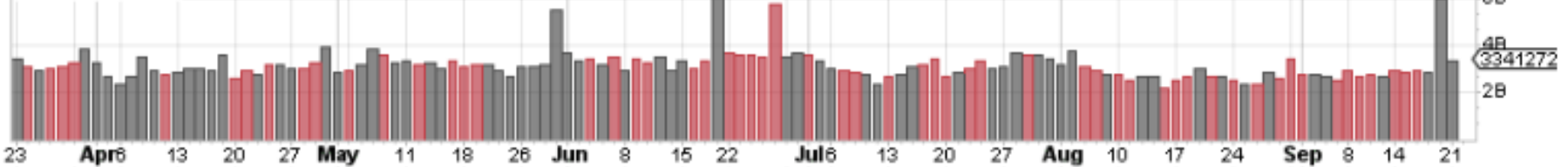
© StockCharts.com

Open 7770.81 High 7782.19 Low 7758.28 Close 7784.84 Chg -0.08 (-0.00%)

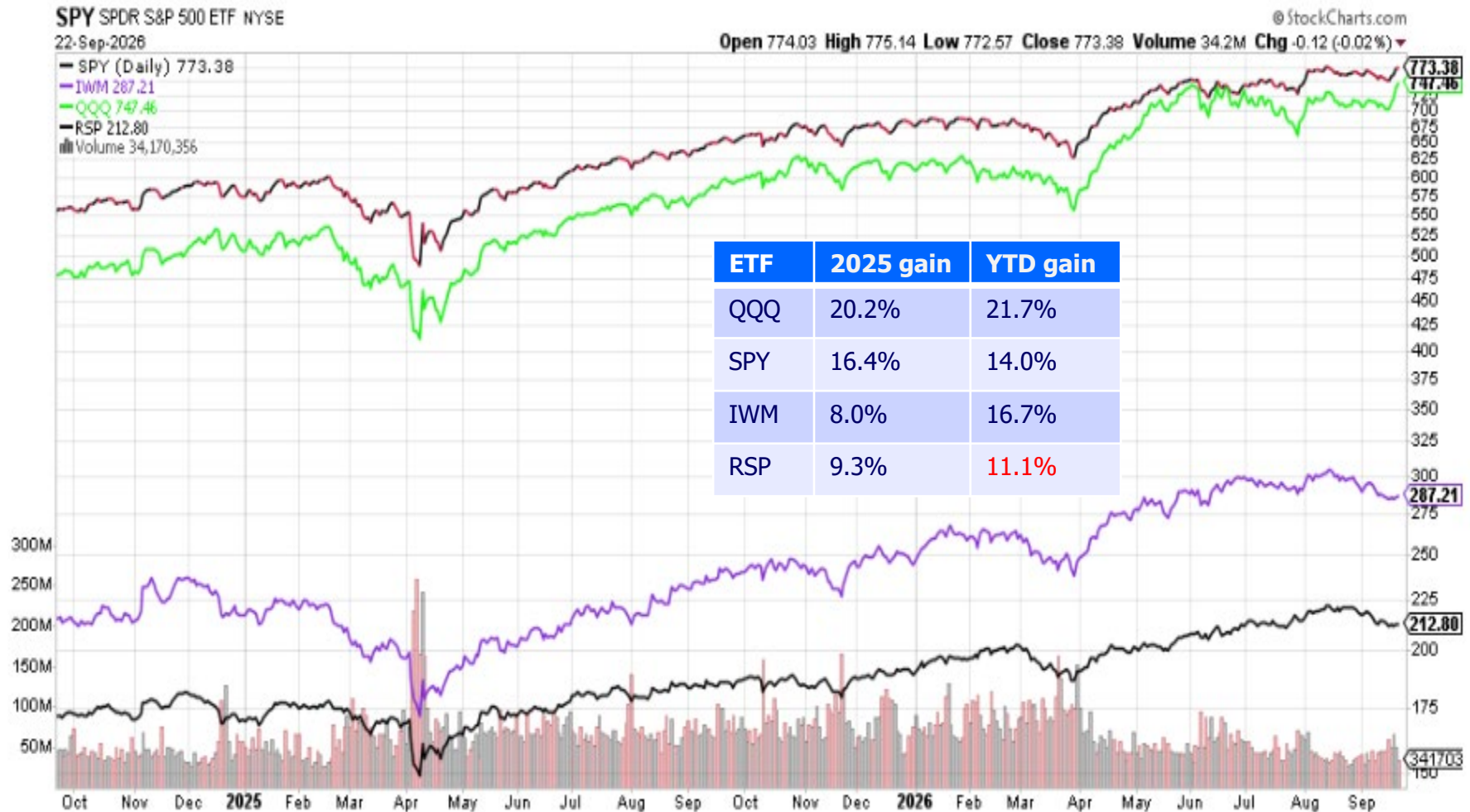
▲ RSI(14) 59.27



Volume undef



Market Breadth – another way



\$NYAD NYSE - Advance-Delay Issues INDEX

22-Sep-2026

— \$NYAD Cumulative 57771.00
— MA(50) 62261.68

Open 57771.00 High 57771.00 Low 57771.00 Close 57771.00 Chg -30.00 (-0.05%)



— \$SPX 7764.64



A/D line on SPY, Russell 2000, NASDAQ and NASDAQ – 100 – no longer in the charts each week

<https://www.marketinout.com/chart/market.php?breadth=advance-decline-line>

Weekly Market direction

guywerner@verizon.net

<https://drive.google.com/drive/folders/1ubPflPWptgWpje7djb3yEDmtGXHXTe6u>

COLUMNS C,D,E BY DAVE (IN THE NORTH) SMITH			DIST DAYS		DOW AVERAGE						S&P 500 TRIPLE SCREEN						NASDAQ TRIPLE SCREEN						\$TNX YIELD	
	DATE	MARKET PULSE (IBD)	S&P 500	NASDAQ	8-20 EMA	MACD	RSI	CLOSING	Δ	%CHANGE	8-20 EMA	MACD	RSI	CLOSING	Δ	%CHANGE	8-20 EMA	MACD	RSI	CLOSING	Δ	%CHANGE	YIELD BP	Δ % DAY
SAT	09/05/26	FOR THE WEEK							-145	-0.27%					7	0.09%					104	0.39%		1.36%
SUN	09/06/26	YTD							5,351	11.13%					873	12.75%					3,265	14.05%		14.92%
MON	09/07/26	MARKET CLOSED	X	X	P	F	P	53,414	0	0.00%	P	F	P	7,718	0	0.00%	P	0	P	26,506	0	0.00%	47.84	0.00%
TUE	09/08/26	STILL WAGGING THE DOG AGAIN (60% - 80%)	4	5	F	F	F	52,786	-628	-1.18%	P	F	0	7,673	-45	-0.58%	P	0	P	26,421	-85	-0.32%	48.06	0.46%
WED	09/09/26	STILL WAGGING THE DOG AGAIN (60% - 80%)	4	5	F	F	F	52,380	-406	-0.77%	P	F	0	7,636	-37	-0.48%	P	0	0	26,253	-168	-0.64%	48.37	0.64%
THUR	09/10/26	STILL WAGGING THE DOG AGAIN UNDER PRESSURE (40% - 60%) PPI	4	5	F	F	F	52,064	-316	-0.60%	F	F	F	7,591	-45	-0.59%	P	0	F	26,081	-172	-0.66%	49.44	2.16%
FRI	09/11/26	STILL WAGGING THE DOG AGAIN UNDER PRESSURE (40% - 60%) CPI	4	5	F	F	F	52,573	509	0.98%	F	F	0	7,656	65	0.86%	P	0	P	26,333	252	0.97%	49.75	0.62%
SAT	09/12/26	FOR THE WEEK							-841	-1.57%					-62	-0.80%					-173	-0.65%		3.99%
SUN	09/13/26	YTD							4,510	9.38%					811	11.85%					3,092	13.30%		19.51%
MON	09/14/26	STILL WAGGING THE DOG AGAIN UNDER PRESSURE (40% - 60%)	5	6	F	F	F	52,421	-152	-0.29%	F	F	F	7,619	-37	-0.48%	P	0	F	26,186	50	-0.56%	49.61	-0.28%
TUE	09/15/26	STILL WAGGING THE DOG AGAIN UNDER PRESSURE (40% - 60%)	6	7	F	F	F	52,099	-322	-0.61%	F	F	F	7,585	-34	-0.45%	F	F	F	25,981	-205	-0.78%	49.96	0.70%
WED	09/16/26	STILL WAGGING THE DOG AGAIN UNDER PRESSURE (40% - 60%) FMOC	7	6	F	F	F	51,462	-637	-1.22%	F	F	F	7,551	-34	-0.45%	F	F	F	25,978	-3	-0.01%	50.06	0.20%
THUR	09/17/26	STILL WAGGING THE DOG AGAIN (60% - 80%)	7	6	F	F	F	51,778	316	0.61%	F	F	F	7,637	86	1.14%	P	F	P	26,418	440	1.69%	49.47	-1.19%
FRI	09/18/26	STILL WAGGING THE DOG AGAIN (60% - 80%)	7	6	F	F	F	51,682	-96	-0.19%	F	F	0	7,650	13	0.17%	P	F	P	26,522	104	0.39%	49.98	1.02%
SAT	09/19/26	FOR THE WEEK							-891	-1.69%					-6	-0.08%					189	0.72%		0.46%
SUN	09/20/26	YTD							3,619	7.53%					805	11.76%					3,281	14.12%		20.06%
MON	09/21/26				F	F	F	52,048	366	0.71%	P	0	P	7,764	114	1.49%	P	0	P	27,122	600	2.26%	49.63	-0.71%
TUE	09/22/26				F	F	F	51,863	-185	-0.36%	P	0	P	7,764	0	0.00%	P	P	P	27,244	122	0.45%	49.68	0.10%

Market Summary – Stockcharts®

Stockcharts.com → Main Screen → Market Analysis

New feature – Market Summary

KELLER MARKET MODELS			
MACRO MODEL STOCKS MODEL			
	ST	MT	LT
Stocks (SPY)	↑	↑	↑
Bonds (TLT)	↑	↓	↓
Commodities (DBC)	↑	↑	↑
US Dollar (\$USD)	↑	↓	↑

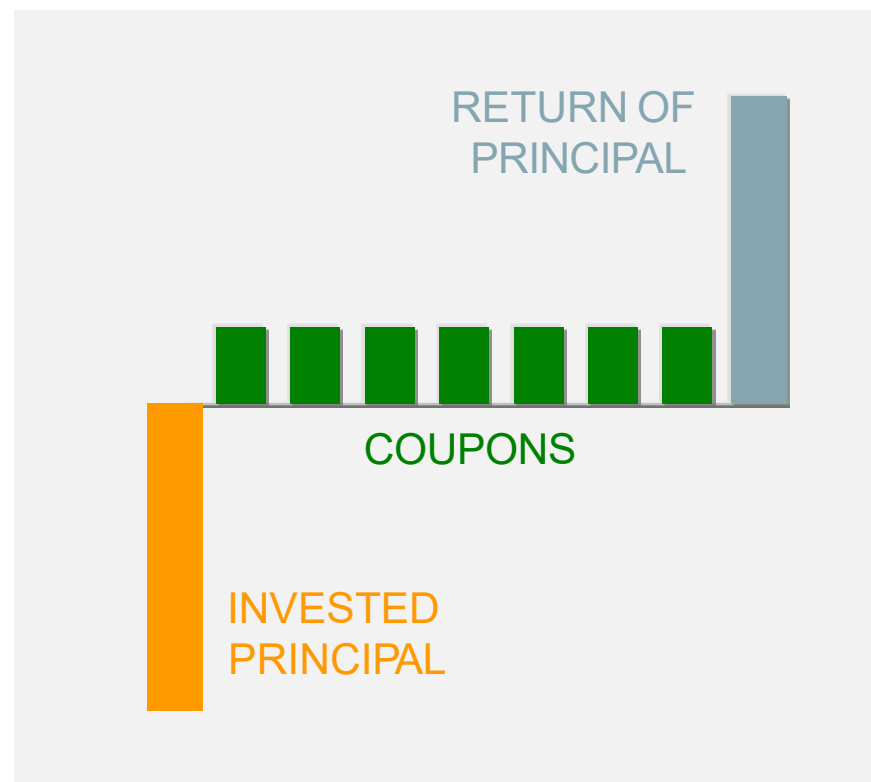
KELLER MARKET MODELS			
MACRO MODEL STOCKS MODEL			
	ST	MT	LT
S&P 500 (SPY)	↑	↑	↑
S&P 400 (MDY)	↓	↓	↑
Russell 2000 (IWM)	↓	↓	↑
NASDAQ 100 (QQQ)	↑	↑	↑

Third Class – Sep. 23rd

- Market Update
- Bonds
 - The basics
 - The yield curve
 - Bond Ladders
- Questions

What is a CD or a Bond?

- Investor loans money to an issuer under a contract.
 - Defined interest rate
 - Defined duration.
- Issuer pays contracted interest to the investor periodically.
- Issuer pays back the invested principal to the investor upon maturity.



For illustrative purposes only

Bond Definitions - resource

□ U.S. Treasury Bond

□ <https://www.investopedia.com/terms/t/treasurybond.asp>

□ Corporate Bond

□ <https://www.investopedia.com/terms/c/corporatebond.asp>

□ Municipal Bond

□ <https://www.investopedia.com/terms/m/municipalbond.asp>

□ General Obligation Bond

□ <https://www.investopedia.com/terms/g/generalobligationbond.asp>

□ Revenue Bond

□ <https://www.investopedia.com/terms/r/revenuebond.asp>

Why do most people buy Bonds ?

- They want Relative Safety (vs. stocks for example)
- They want less Volatility
- They want “Fixed Income” (regular income)
- They want tax-efficiency
- They want to preserve capital
- They want to minimize big losses
- They want better annualized yields than savings accounts

Risks in a Bond

- **Prepayment risk** - The possibility that a bond issue will be paid off earlier than expected is known as prepayment risk. This often occurs through a call provision.
 - Reinvestment Risk – Low in a rising rate environment.
 - Loss of planned return over call/issue price
- **Default Risk** - The possibility that a bond issuer will not be able to make interest or principal payments when they are due.
- **Interest Rate risk** - Interest rate risk is the possibility that interest rates will be different than the investor expected over the life of the bond. If interest rates decline significantly, you face the possibility of prepayment as firms exercise call features. If interest rates rise, you risk holding a bond with below-market rates that may lose value.

Bond Credit Ratings – three major agencies

Moody's		S&P		Fitch		Rating description	
Long-term	Short-term	Long-term	Short-term	Long-term	Short-term		
Aaa	P-1	AAA	A-1+	AAA	F1+	Prime	Investment-grade
Aa1		AA+		AA+			
Aa2		AA		AA			
Aa3		AA-		AA-			
A1		A+	A-1	A+	F1	Upper medium grade	
A2	A	A					
A3	P-2	A-	A-2	A-	F2	Lower medium grade	
Baa1		BBB+		BBB+			
Baa2	P-3	BBB	A-3	BBB	F3	Lower medium grade	
Baa3		BBB-		BBB-			
Ba1	Not prime	BB+	B	BB+	B	Non-investment grade speculative	Non-investment grade AKA high-yield bonds AKA junk bonds
Ba2		BB		BB			
Ba3		BB-		BB-			
B1		B+		B+			
B2		B		B			
B3		B-		B-			
Caa1		CCC+	C	CCC	C	Substantial risks	
Caa2		CCC				Extremely speculative	
Caa3		CCC-				Default imminent with little prospect for recovery	
Ca		CC					
		C					
C		D	/	DDD	/	In default	
				DD			
/				D			

Increasing Effort needed to manage risk

Increasing Risk

Credit Rating Descriptions

Moody's	S&P	Fitch	Credit worthiness ^{[7][8]}
Aaa	AAA	AAA	An obligor has extremely strong capacity to meet its financial commitments.
Aa1	AA+	AA+	An obligor has very strong capacity to meet its financial commitments. It differs from the highest-rated obligors only to a small degree.
Aa2	AA	AA	
Aa3	AA-	AA-	
A1	A+	A+	An obligor has strong capacity to meet its financial commitments but is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligors in higher-rated categories.
A2	A	A	
A3	A-	A-	
Baa1	BBB+	BBB+	An obligor has adequate capacity to meet its financial commitments. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitments.
Baa2	BBB	BBB	
Baa3	BBB-	BBB-	
Ba1	BB+	BB+	An obligor is less vulnerable in the near term than other lower-rated obligors. However, it faces major ongoing uncertainties and exposure to adverse business, financial, or economic conditions which could lead to the obligor's inadequate capacity to meet its financial commitments.
Ba2	BB	BB	
Ba3	BB-	BB-	
B1	B+	B+	An obligor is more vulnerable than the obligors rated 'BB', but the obligor currently has the capacity to meet its financial commitments. Adverse business, financial, or economic conditions will likely impair the obligor's capacity or willingness to meet its financial commitments.
B2	B	B	
B3	B-	B-	
Caa	CCC	CCC	An obligor is currently vulnerable , and is dependent upon favourable business, financial, and economic conditions to meet its financial commitments.
Ca	CC	CC	An obligor is currently highly vulnerable .
	C	C	The obligor is currently highly vulnerable to nonpayment. May be used where a bankruptcy petition has been filed.
C	D	D	An obligor has failed to pay one or more of its financial obligations (rated or unrated) when it became due.

US Treasuries

- Bills – short term one year or less
 - Zero coupon Bonds
- Notes – medium term 2 to 10 years
 - Interest paid semiannually
- Bonds – long term 10+ years
 - Interest paid semiannually

- All interest is taxed federally
 - Tax free in most states including DE, PA and NY
- Muni bond interest is tax free federally and in the state the muni lies in
- Corporate bond income is taxed both federally and in states



The Fed and interest rates

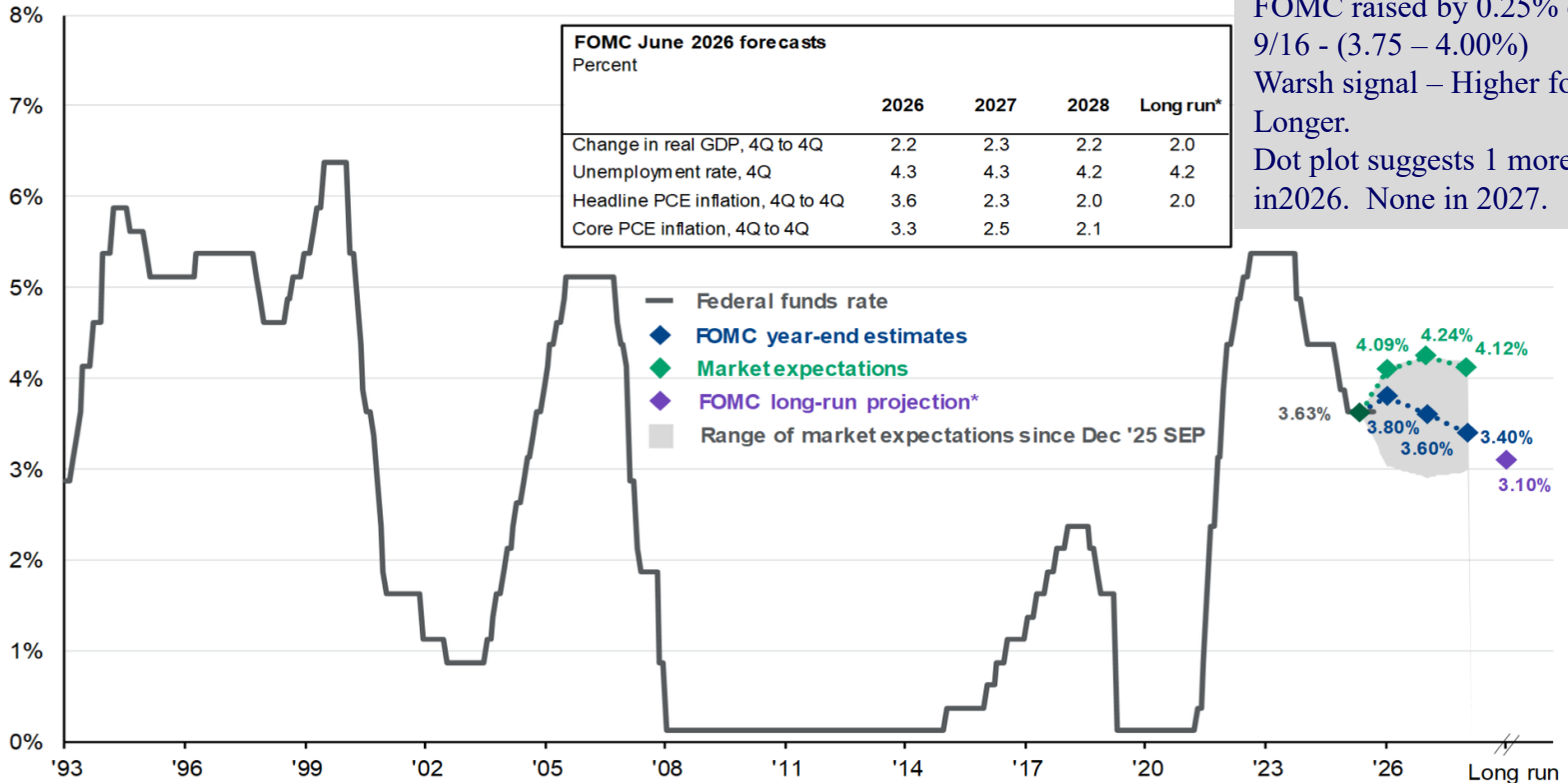
GTM

U.S.

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Federal funds rate expectations

FOMC and market expectations for the federal funds rate



FOMC raised by 0.25% on 9/16 - (3.75 – 4.00%)
 Warsh signal – Higher for Longer.
 Dot plot suggests 1 more hike in 2026. None in 2027.

Source: Bloomberg, FactSet, Federal Reserve, J.P. Morgan Asset Management.

Market expectations are based off of USD Overnight Index Swaps. *Long-run projections are the rates of growth, unemployment and inflation to which a policymaker expects the economy to converge over the next five to six years in absence of further shocks and under appropriate monetary policy. Forecasts, projections and other forward-looking statements are based upon current beliefs and expectations. They are for illustrative purposes only and serve as an indication of what may occur. Given the inherent uncertainties and risks associated with forecasts, projections or other forward-looking statements, actual events, results or performance may differ materially from those reflected or contemplated.

Guide to the Markets – U.S. Data are as of August 31, 2026.

J.P.Morgan
 ASSET MANAGEMENT



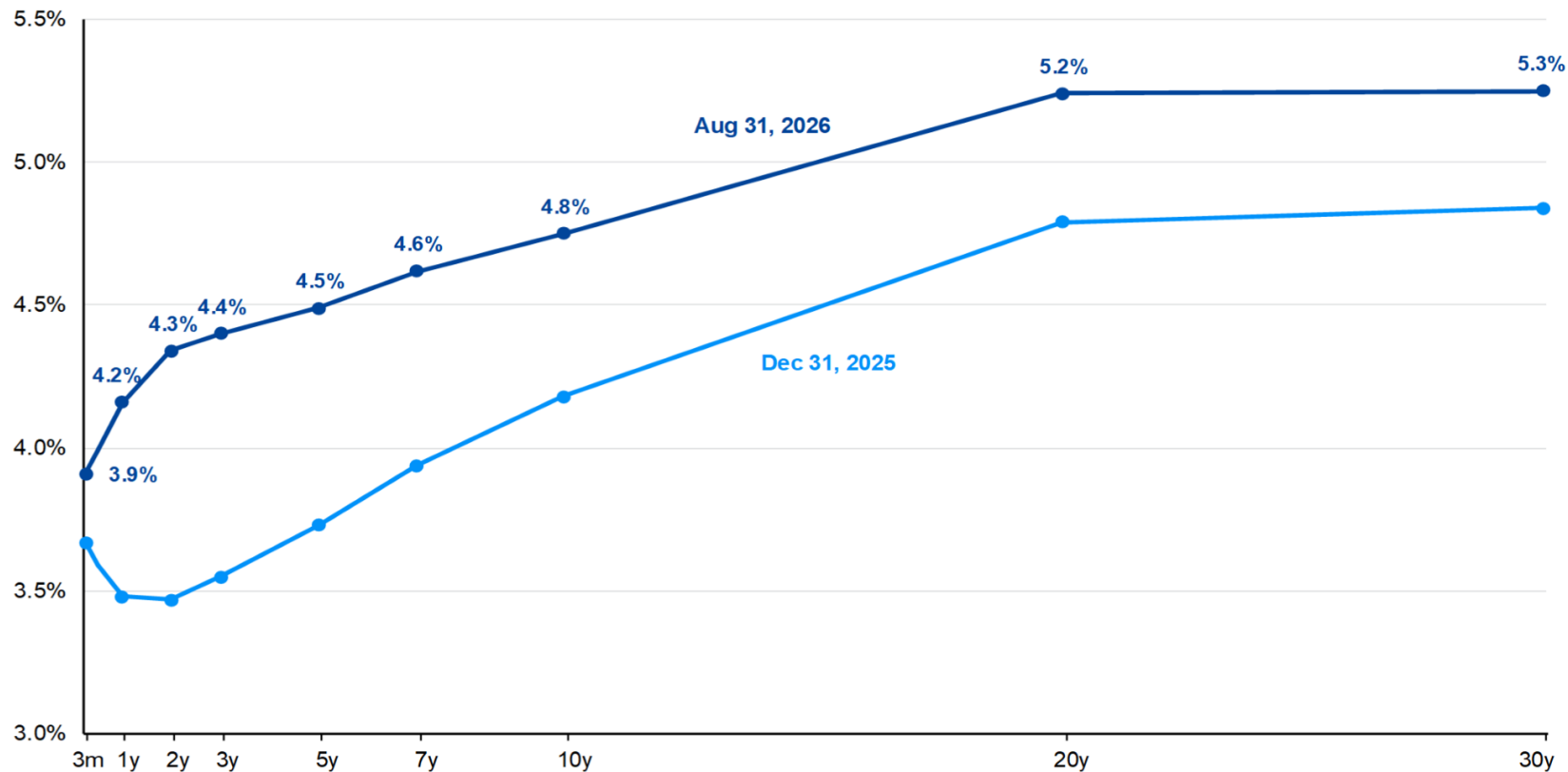
Yield curve

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U.S. Treasury yield curve



Source: FactSet, Federal Reserve, J.P. Morgan Asset Management.
Guide to the Markets – U.S. Data are as of August 31, 2026.

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Current Fixed Income Yields

Schwab website data – 9/22

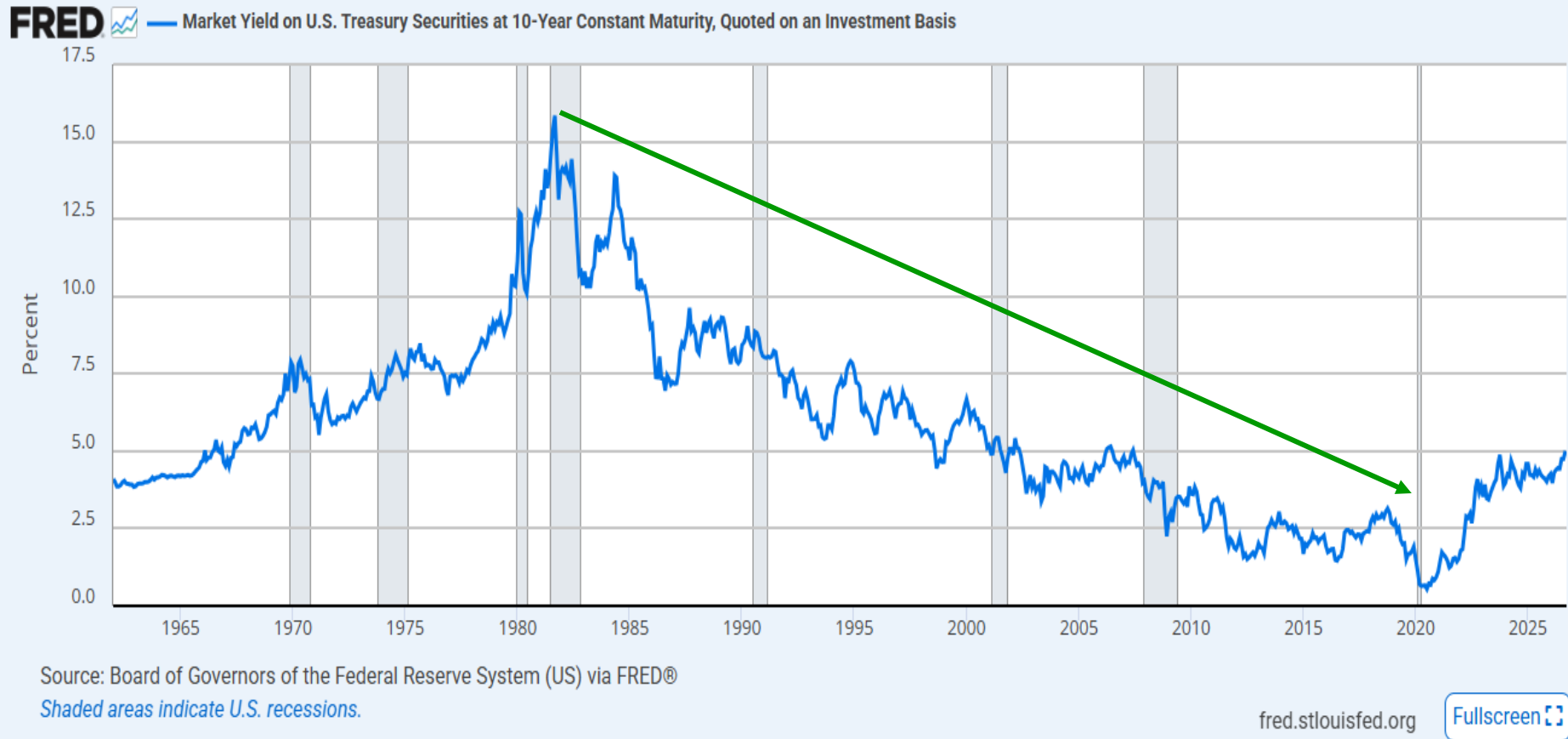
S&P 500 dividend yield on 9/22 = 1.06%
from MS CoPilot

The rates shown below are the best available to Schwab for each maturity range and product based on a \$25,000 face value amount. Click on the individual rates for the bond details. Rates and yields are delayed 15 minutes, and yields displayed are inclusive of transaction fees. [View our pricing schedule.](#)

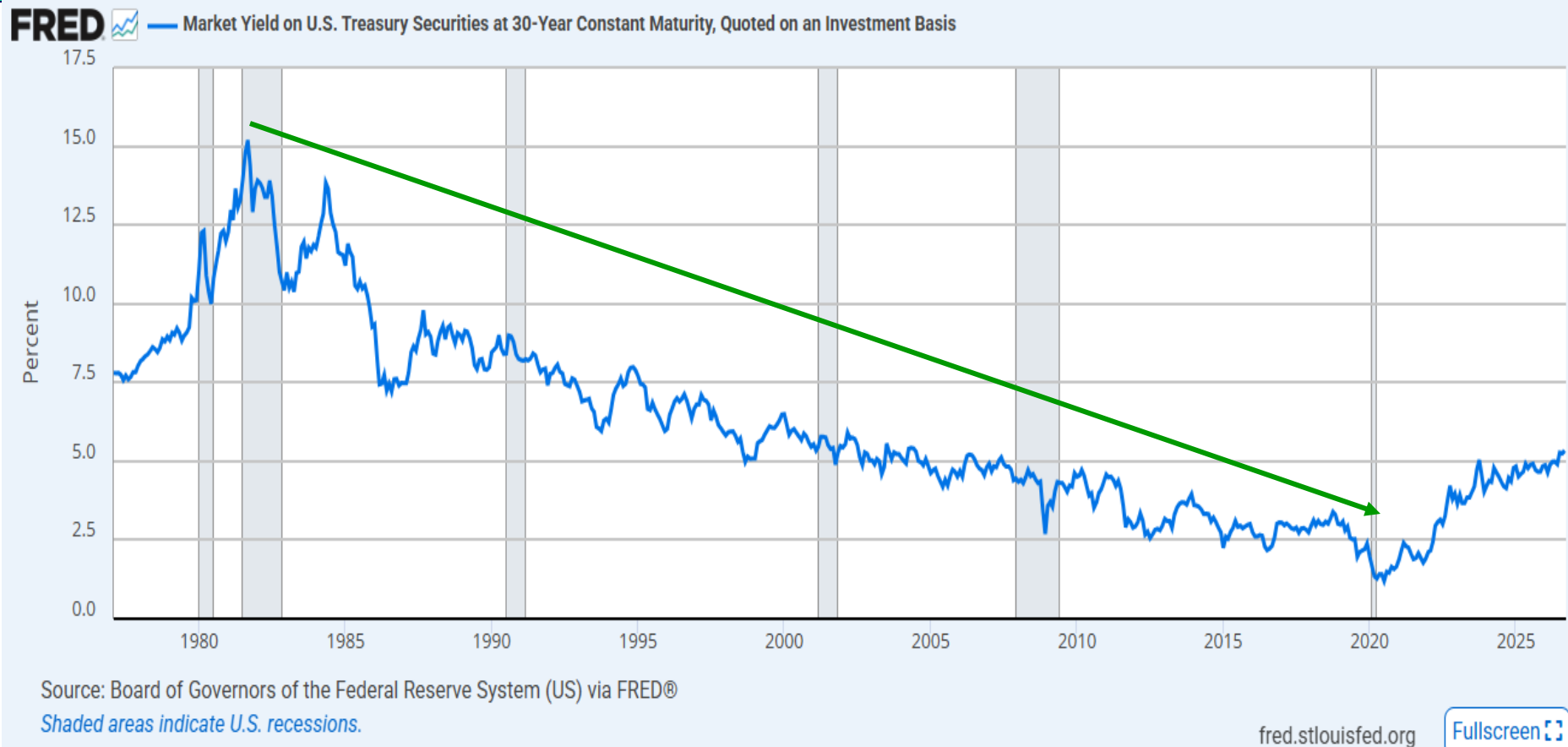
	3MO	6MO	9MO	1YR	18MO	2YR	3YR	4YR	5YR	10YR	20YR	30YR+
CDs	4.16	4.24	4.32	4.50	4.70	4.75	4.90	5.00	5.10	5.19	--	--
Bonds												
U.S. Treasuries	4.13	4.29	4.40	4.61	4.69	4.75	4.79	4.82	4.83	4.94	5.36	5.28
U.S. Treasury Zeros	--	--	--	4.43	4.62	4.69	4.81	4.85	4.87	5.03	5.50	5.23
Government Agencies	3.84	4.11	4.27	4.61	4.67	5.00	5.25	5.07	5.55	5.75	6.41	6.04
Corporates (AAA)	--	--	4.13	4.32	4.60	4.63	4.75	4.90	5.10	5.31	5.86	6.00
Corporates (AA)	--	3.89	4.34	4.51	4.73	4.90	5.07	5.25	5.64	5.69	6.25	6.58
Corporates (A)	3.50	4.28	4.41	4.72	4.92	5.15	5.38	5.50	5.80	6.53	6.74	7.07
Municipals (AAA)	--	2.86	3.04	3.16	3.45	3.55	3.57	3.79	3.68	5.21	5.41	5.29
Municipals (AA)	2.50	3.04	3.28	3.77	4.00	4.09	4.22	4.46	4.72	5.24	5.61	5.55
Municipals (A)	2.98	3.04	3.32	3.77	4.04	4.09	4.22	4.46	4.93	5.33	5.76	5.58

Powered by BondSource™ | Ratings by Standard & Poor's

US 10 Year treasury Yield



US 30 Year treasury Yield



Bond values & Interest Rates

- Suppose you bought a bond last year with a coupon rate of 5%, when market rate of interest was also 5%, and you paid \$1,000 per bond.
- Next year, market rate of interest has risen to 6%.

Obviously, a buyer would not pay \$1,000 for a bond yielding 5% when the buyer could buy new \$1,000 bonds with current coupon rates of 6%. The buyer would expect to get at least 6%, which means that this bond will sell at a discount (less than \$1,000) in order to be competitive with current bonds.
- Conversely, if market rates of interest fall to 4%.

Obviously, a seller would not sell the bond for \$1,000 for a bond yielding 5% when the buyer would have to pay \$1000 to buy new bonds with current coupon rates of 4%. The seller would expect to get at least 5%, which means that this bond will sell at a premium (more than \$1,000) in order to be competitive with current bonds.
- This is relevant if you buy and sell a bond. It is not relevant if you buy a bond at issue and hold it to maturity.
 - If you buy after issue – Premium / Discount and YTM are relevant.



Fixed income market dynamics

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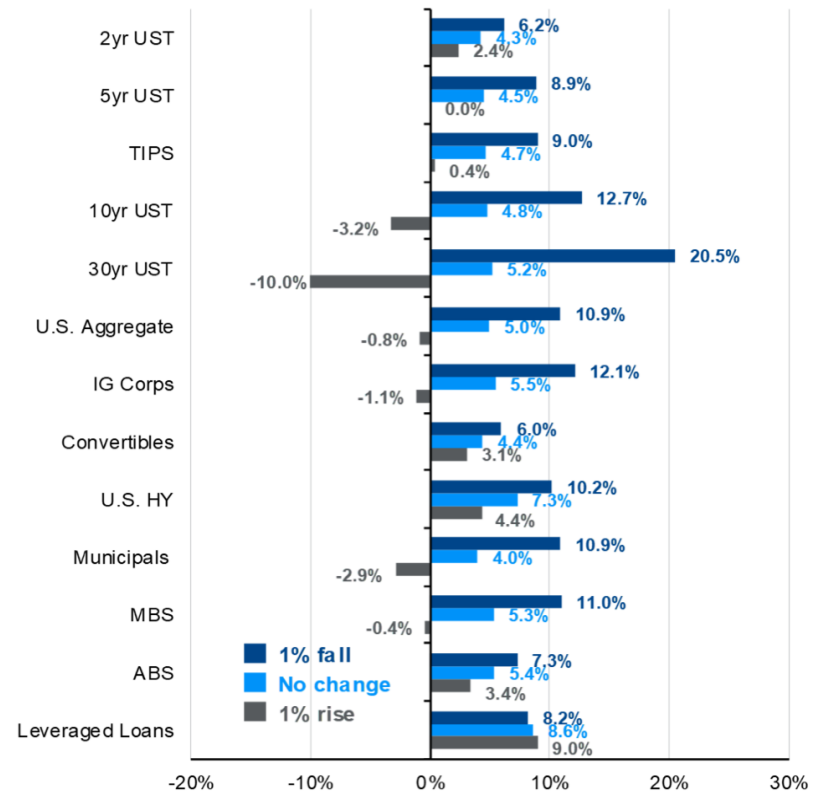
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Fixed Income

U.S. Treasuries	Yield		Return		Avg. Maturity	Correlation to 10-year	Correlation to S&P 500
	8/31/2026	12/31/2025	2026	2026			
2-Year	4.34%	3.47%	0.89%	2 years	0.75	0.04	
5-Year	4.49%	3.73%	-0.82%	5	0.94	0.06	
TIPS	2.29%	1.69%	0.51%	7.2	0.76	0.40	
10-Year	4.75%	4.18%	-1.69%	10	1.00	0.03	
30-Year	5.25%	4.84%	-3.07%	30	0.93	-0.02	
Sector							
U.S. Aggregate	5.01%	4.32%	-0.31%	8.2	0.92	0.31	
IG Corps	5.49%	4.81%	-0.40%	10.3	0.72	0.51	
Convertibles	4.38%	6.13%	16.17%	-	0.06	0.85	
U.S. HY	7.27%	6.53%	2.69%	4.7	0.17	0.78	
Municipals	3.98%	3.60%	0.20%	13.3	0.73	0.34	
MBS	5.29%	4.63%	0.07%	7.6	0.84	0.31	
ABS	5.37%	4.69%	2.13%	2.2	0.37	0.33	
Leveraged Loans	8.59%	8.10%	3.26%	4.7	-0.16	0.60	

Fixed income returns in different interest rate scenarios

Total return, assumes a parallel shift in the yield curve



Source: Bloomberg, FactSet, Federal Reserve Bank of Cleveland, Standard & Poor's, U.S. Treasury, J.P. Morgan Asset Management.

Sectors shown above are provided by Bloomberg unless otherwise noted and are represented by – U.S. Aggregate; MBS: U.S. Aggregate Securitized – MBS; ABS: J.P. Morgan ABS Index; IG Corporates: U.S. Corporates; Municipals: Muni Bond; High Yield: Corporate High Yield; Leveraged Loans: J.P. Morgan Leveraged Loan Index; TIPS: Treasury Inflation-Protected Securities; Convertibles: U.S. Convertibles Composite. Convertibles yield is as of most recent month-end and is based on U.S. portion of Bloomberg Global Convertibles Index. Yield and return information based on bellwethers for Treasury securities. Yields shown for TIPS are real yields. TIPS returns consider the impact that inflation could have on returns by assuming the Cleveland Fed's 1-year inflation expectation forecasts are realized. Sector yields reflect yield to worst. Leveraged loan yields reflect the yield to 3-year takeout. Correlations are based on 15 years of monthly returns for all sectors. ABS returns prior to June 2012 are sourced from Bloomberg. Past performance is no guarantee of future results.
Guide to the Markets – U.S. Data are as of August 31, 2026.

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Global fixed income

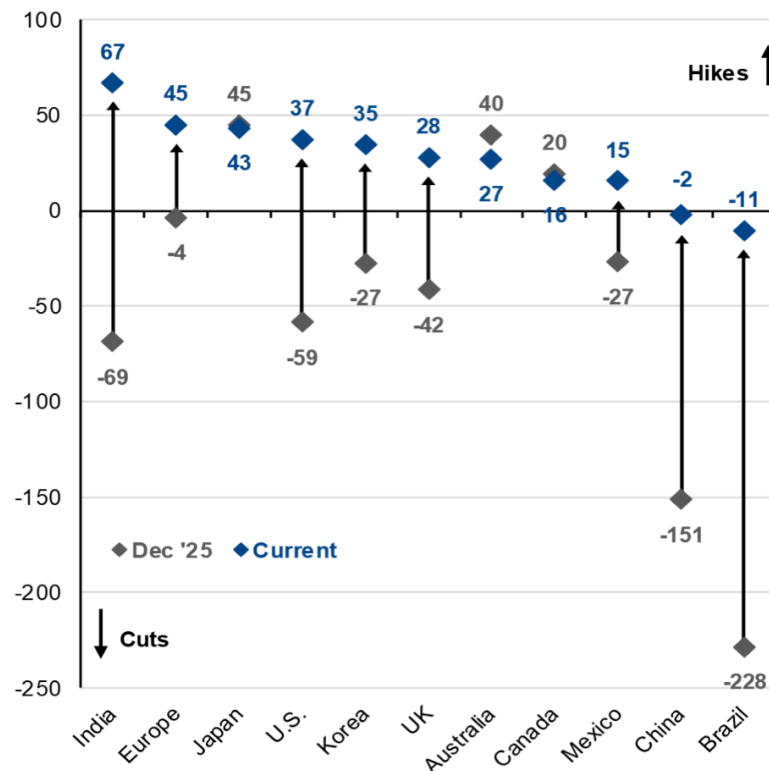
GTM U.S. 42

Fixed Income

Aggregates	Local yield		USD yield	2026 Return		Duration	Correlation to U.S. 10yr
	8/31/2026	12/31/2025	8/31/2026	Local	USD		
U.S.	5.01%	4.32%	-	-0.31%	-0.31%	5.8 years	0.93
Gbl. ex-U.S.	3.44%	2.99%	-	-	-0.25%	6.4	0.71
Canada	4.04%	3.62%	5.18%	0.61%	-0.52%	6.4	0.60
Japan	2.74%	2.04%	4.83%	-3.87%	-5.65%	7.7	0.71
Germany	3.44%	2.84%	4.52%	-0.37%	-1.46%	5.9	0.67
UK	5.01%	4.38%	4.91%	-1.30%	-0.51%	7.0	0.64
Italy	3.76%	3.09%	4.84%	-1.06%	-2.14%	5.9	0.55
China	1.59%	1.79%	3.81%	2.34%	6.43%	6.0	0.49
Sector							
Euro Corp.	3.87%	3.23%	4.95%	0.13%	-0.97%	4.3 years	0.47
Euro HY	6.40%	5.83%	7.48%	2.15%	1.03%	3.3	0.11
EMD (USD)	7.19%	6.80%	-	-	2.75%	5.9	0.42
EMD (LCL)	6.33%	5.87%	-	2.49%	2.74%	5.3	0.34
EM Corp.	6.29%	5.90%	-	-	2.35%	5.0	0.34

Expected change in policy rates

Basis points, end of 2026



Source: Bloomberg, FactSet, J.P. Morgan Asset Management.

Fixed income sectors shown above are provided by Bloomberg and are represented by the global aggregate for each country except where noted. European Corporates are represented by the Bloomberg Euro Aggregate Corporate Index and the Bloomberg Pan-European High Yield Index. Sector yields reflect yield to worst. Correlations are based on 10 years of monthly returns for all sectors. USD yield shows the total effective yield a U.S.-based investor could expect after accounting for the hedging premium. Hedging premiums are calculated taking the spread between the 3-month SOFR rate and the 3-month short-term lending rates in local market referenced (e.g. 3-month Euribor is used for European economies) and do not include transactional fees that can reduce effective yield. Past performance is no guarantee of future results. Market expectations reflect end-of-year forward interest rates for the U.S., Canada, eurozone, UK, Australia and Japan, and end-of-year near-term forward rates for Mexico, Brazil, China, India and Korea.

Guide to the Markets – U.S. Data are as of August 31, 2026.

J.P.Morgan
ASSET MANAGEMENT

U.S. Dollar



Inflation?

\$US10YREAL 10-Year US Treasury Real Interest Rate INDX

22-Sep-2026

© StockCharts.com

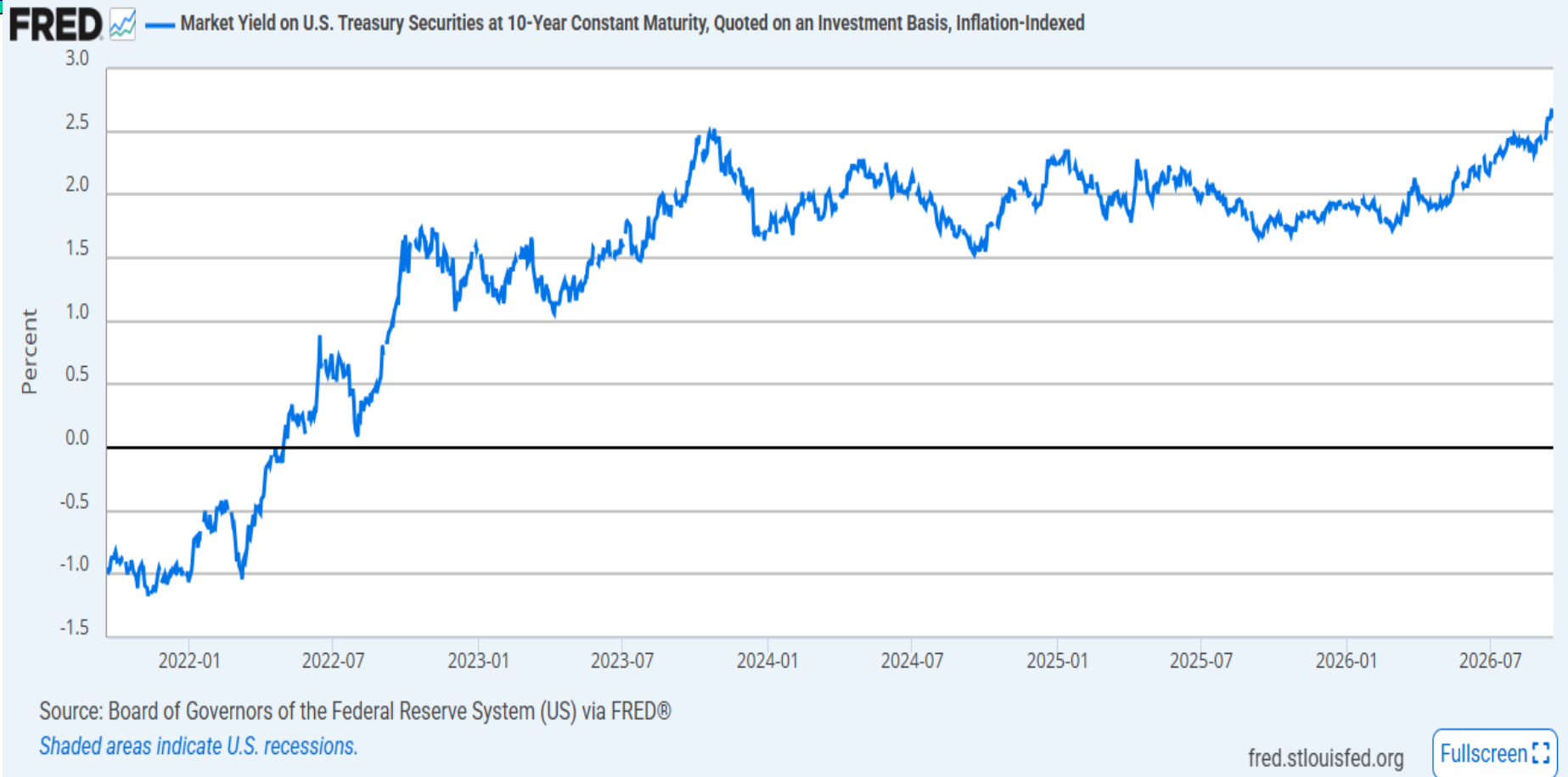
Open 2.24 High 2.24 Low 2.24 Close 2.24 Chg +0.00 (+0.00%)

— \$US10YREAL (Daily) 2.24

Volume undef



US 10 Year TIPS Yield



<https://tradingeconomics.com/united-states/5-year-tips-yield>

US 5-year TIPS

- Principal is adjusted by CPI rate annually.
- Earn coupon on higher principal value.
- Phantom tax – best in IRAs
- Less liquid than normal treasuries
- Do not have the same \$10K per year limit as I-bonds
- Great sources for information on tips
 - Investopedia
 - Treasurydirect.gov
 - TIPSladder.com
 - Your brokers website?

5 Year TIPS Yield 2.518 +2.8680 (+2.8680%) 10Y



Bond - Investment Return

- Interest (Quarterly, Semi-Ann, Annual etc.)
- Capital Gain or Loss (at sale or maturity)
- The sum of both cash flows, over time =
total annualized Yield

Understanding Yields

- Coupon Rate – set at initial offering
- Your Yield depends on what price you buy the bond at, if you buy it in the secondary market after issue and how long you hold it.
 - Price of the bond
 - Your cost includes accrued interest
- Yield to Maturity
- Yield to Worst
- Yield to Call
 - Depends on the terms of the call

<https://www.investopedia.com/articles/investing/022516/understanding-different-types-bond-yields.asp>

Bond Yields

US Treasury examples – similar maturities ~ 2036

Different COUPON
(annual interest paid)

Similar Yield to Maturity

Description	Coupon	Maturity	Price	YTM
US Treasury 4.625% 08/15/2036, 91282CRF0	4.625	8/15/2036	97.44922	4.954
US Treasury 4.375% 05/15/2036, 91282CQQ7	4.375	5/15/2036	95.62109	4.951
US Treasury 4.75% 02/15/2037, 912810PT9	4.75	2/15/2037	98.9375	4.881
US Treasury TIP 2.375% 07/15/2036, 91282CRE3	2.375	7/15/2036	97.851	2.625

CUSIP

Different prices

WHY? annual yield is can be from interest and capital gain at maturity.

In the green highlighted bond, annual yield from interest is smaller, but a portion of yield comes from capital gain at maturity.

Taxation on capital gains or losses – complicated and depends on whether held to maturity and the de-minimis rule. Consult your accountant / tax advisor.

How can you buy bonds?

Buy Individual Bonds

- US Treasury bonds can be bought through a Treasury Direct account (treasurydirect.gov) that you set up.
- Schedule of auctions <https://home.treasury.gov/system/files/221/Tentative-Auction-Schedule.pdf>
- All bonds (Treasury, Corporate, Municipal etc) can be bought through a broker investment account or an IRA or Roth IRA
- All bonds (Treasury, Corporate, Municipal etc) can be bought through a managed broker investment account for a fee. (usually less than 0.5%)

Buy Bond Funds (Mutual Funds or ETFs)

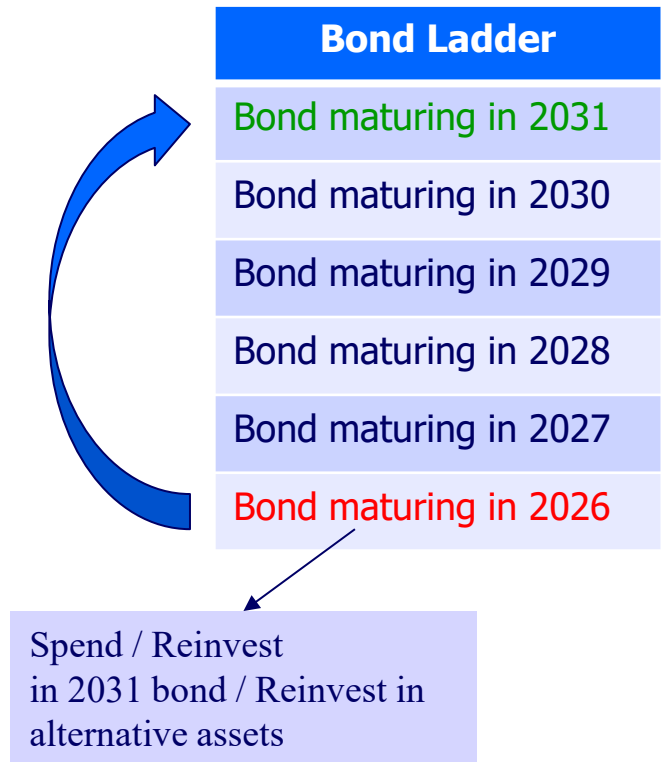
- Very important to understand the prospectus/strategy of the fund
- Both broad-market index or managed ETFs exist. (FBND, VGLT, MINT)
- Active bond funds do better in volatile markets with changing interest rates
- Fixed maturity year – Invesco “Bullet shares”
- Hard to assess the premium or discount to par value of the portfolio
- You can not control how other investors in the fund act. They may sell before maturity for example

Buying bonds

- Stocks are identified with a ticker symbol ... Bonds with a CUSIP
- Fidelity, TD Ameritrade and other brokers have tools to select bonds.
- Work with a bond expert on the fixed income desk at your broker.
- Understand that there are commissions and bid/ask spreads.
Buying bonds at best prices needs some work to understand what options you have with the broker you use.
- Diversify
 - Not too much in any one bond.
 - Across bond types and industry groups within corporates.
 - Across maturity horizons ... short to long ... in ladders.
 - Buying high quality with the intent to hold to maturity minimizes variables / unknowns.

Bond Ladders

- ❑ Ladders can be built with various types of bonds – treasuries, TIPS, corporate bonds, target maturity bond ETFs
- ❑ Requires you to hold bonds to maturity
- ❑ Lowers interest rate risk
- ❑ Timeframe and amount invested
 - ❑ Your investment horizon
 - ❑ Your portfolio diversification needs
 - ❑ Your liquidity / income needs
- ❑ Taxable income in a brokerage account
- ❑ Tax deferred in an IRA
- ❑ Most brokers websites have a laddering tool
 - ❑ Investopedia
 - ❑ AI tools



Lazy Cash?

SOURCE – AARP Magazine 2 / 2023

Where to Keep		Your Cash Now		Your best option depends on the amount you have, the convenience you want and the yield you'll accept, among other factors By KAREN HUBE	
TYPE	YIELD	PROS	CONS	BOTTOM LINE	FYI
CHECKING ACCOUNT A basic account at a bank or credit union	Zero to 2%	Cash is instantly available via a debit card or ATM. Up to \$250,000 per person, per account type is insured by the FDIC or NCUA. 	Interest is low, sometimes nil. Fees can be high: Monthly maintenance fees for interest-bearing accounts average \$16.19; overdraft fees, \$29.80; insufficient funds, \$26.58.	Ideal for everyday spending and bill paying but not for stashing significant amounts of money. 	Accounts labeled "high-yield checking" usually apply the teaser rate to only a portion of an account balance.
HIGH-YIELD SAVINGS ACCOUNT An account available at both online and traditional banks	Up to 4.03%	You can easily transfer money between these accounts and your checking account. Deposits are insured. 	The number of free monthly withdrawals may be limited. At traditional banks, minimum balances tend to be higher than those of standard savings accounts.	If you're comfortable banking with your computer or smartphone app, online banks offer the best rates and lowest fees.	Go to Bankrate.com or DepositAccounts.com to find offers for these and other banking products.
MONEY MARKET ACCOUNT A high-yielding bank or credit union account	Up to 4.15%	Funds are insured and available via check or debit card. 	Withdrawals are typically limited to about six per month. Fees often apply when deposit minimums—from \$100 to more than \$2,000—aren't maintained.	If you meet minimum deposit requirements, it's a good place for storing cash you don't need on a daily basis but want to access occasionally by check.	Features vary by bank. For example, Discover Bank has a high minimum deposit; Sallie Mae has no minimum deposit and offers check writing but no debit card.
CERTIFICATE OF DEPOSIT A savings account that locks up your money for a specified amount of time	6-month CDs get up to 4.39%; 1-year CDs, up to 4.75%	Rates are generally higher than for savings and money market accounts. Deposits are insured, and advertised interest is guaranteed. 	You'll usually pay a penalty for cashing out early. Fixed yields mean you may be locked into below-market terms if interest rates rise.	A CD is a safe place to park cash you don't need in the short term. 	Online CD rates tend to beat those offered by your local bank. Most of the time, the longer a CD's term length, the higher the yield.

For the latest rates and information go to - <https://www.bankrate.com/>

Cash in your brokerage account?

□ Three common options

□ Bank Sweep programs

- FDIC insured to \$250K
- Offer very low rates below 0.5%

□ Money Market Sweep Programs - Not FDIC insured

- VMFXX – Default sweep at Vanguard
- SPAXX – standard sweep for most Fidelity accounts
- Many different Money Market Mutual Funds offered by Schwab – but these are not really sweeps.

□ Cash management accounts – FDIC insured

- Offered at many roboadvisors – Wealthfront, Betterment, Schwab ?, Fidelity ?
- Interactive Brokers

□ Key things to consider

- Is this an automatic sweep?
- What is the APY and any fees.
- What is the expense ratio on the fund?
- What is the FDIC / SIPC coverage?

□ Cash parking ETFs – MINT, EMNT, JPST, SGOV, BIL, TFLO

Fourth Class – Sept. 30th

- Current State of the markets
- Dividend Investing

I will be in Wilmington. Plan to be at Arsht Hall.

- Class in Arsht Hall – Room 203 (can hold only 50 people).
 - Hybrid
 - if you want to stay on-line do nothing just follow the normal process
 - If you want to attend in person come to Arsht Hall room 203 between 8.45am and 9am. We start at 9am sharp as usual.
 - Alternative if you want to just meet, I will be at Arsht Hall for the 12.45 class also and can meet between 10.30am and 12.30pm

Thanks !!

- Happy Investing !!

- **My EMail**

 - diyinvst@udel.edu

- **Class website**

 - <http://udel.edu/~diyinvst>