Market Insights & Planning Highlights

Q2-2025

Where clients come first.

PORTFOLIO MANAGEMENT

Golden Gains: Understanding the Rise in Gold Prices

by Robert Koscik

with Evan Kemp

In a year of stock market volatility and economic uncertainty, one asset has shown resilience: gold—specifically, GLD in your portfolio. Gold tends to perform well during inflation and global instability, and this year is no exception. As investors seek conservative assets, gold continues to shine.

Central banks have also boosted demand by increasing their gold holdings in recent years. This institutional interest reinforces gold's role as a reliable store of value, potentially making it an attractive option for portfolio diversification in uncertain times.

A Long-Standing Debate: Productive vs. Unproductive Assets

When it comes to gold, opinions vary widely. Warren Buffett famously dislikes it as an investment, often calling it an "unproductive asset" because it generates no income, unlike stocks or businesses. He's said that gold "just sits there and looks at you."

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Golden Gains: Understanding the Rise in Gold Prices

At DLAK, we don't entirely disagree. Rob often recounts conversations from the early 2000s where gold advocates challenged him during presentations. His response? "No thanks, I can get 7% guaranteed. Why would I buy something that yields nothing and historically tracks inflation, which was under 2.5% at the time?"

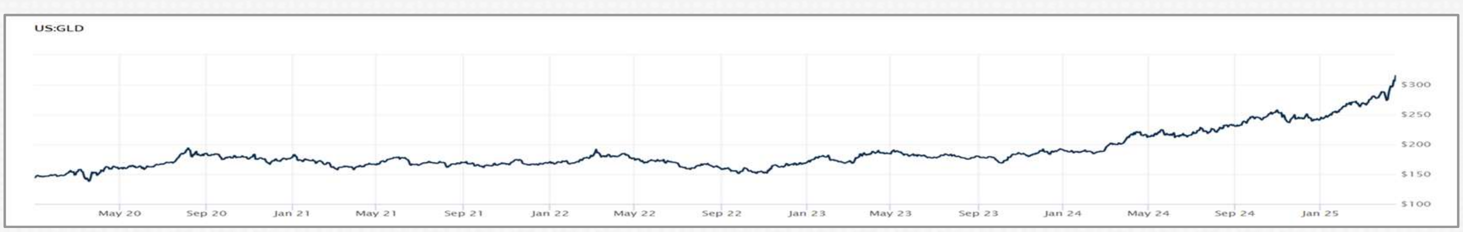
Within This Space in 2021

Despite our skepticism in earlier years, in 2021 the environment changed. Treasury yields were hovering around 1.5%, and inflation—despite official claims—looked anything but transitory.

If you established a position between 2021 and 2023, I'm not saying that we did, it was at an average price around $175 per share. As of this writing, GLD has crossed the $315 mark—a gain of roughly 80%.

Why That 80% Gain Matters

An 80% return may not seem impressive in isolation, especially with stronger gains in some sectors. But considering gold's long-term performance—averaging just 1–2% annual growth since 1928—it's an exceptional result. It shows how even traditionally slow-moving assets can outperform when the macro environment aligns.



https://www.wsj.com/market-data/quotes/etf/GLD/advanced-chart

Golden Gains: Understanding the Rise in Gold Prices

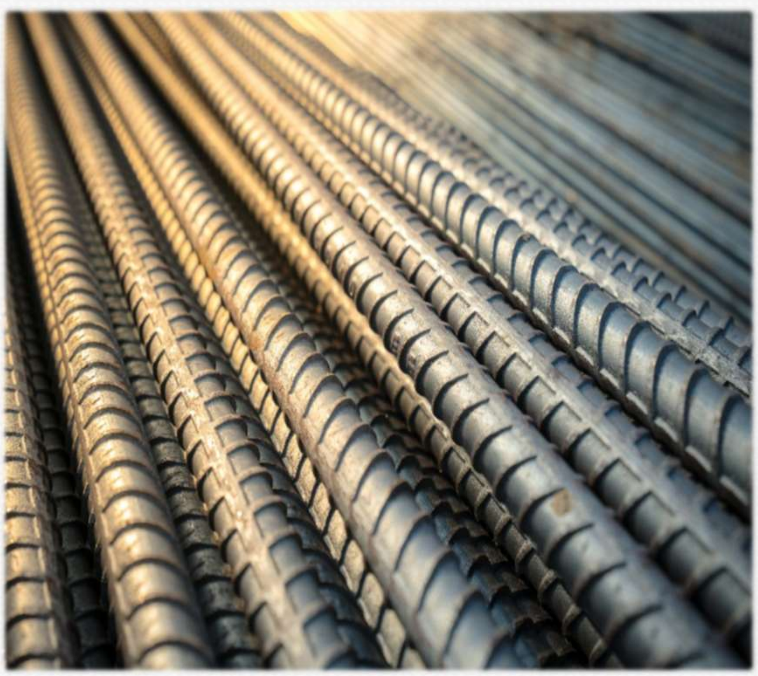
So, Is It Time to Sell?

That's the big question—and unfortunately, we don't have a crystal ball. Our decision to hold or sell gold will continue to hinge on two factors:

1. The presence or absence of market volatility and uncertainty.
2. Whether another investment presents better risk-adjusted potential.

In other words, if market instability persists, we'll likely continue to hold. If things stabilize, we may look to pivot into more productive or income-generating assets. And as always, our approach is grounded in two timeless investment principles:

- ***Buy Low, Sell High***
- ***Respect Long-Term Historical Trends***



The Bottom Line: Strategic Flexibility Matters

The future of any asset class is never certain, which is why ongoing evaluation is essential for long-term success. As markets evolve, so will our strategy. Whether it's time to hold, sell, or reallocate, we're here to help you make informed decisions. If you have questions about your gold position or investment strategy, reach out—let's navigate what's next, together.

TAX MATTERS

SALT Cap Countdown: 2025 Expiration & Its Tax Impact

by Anthony Scassellati

The $10,000 cap on state and local tax (SALT) deductions—implemented under the 2017 Tax Cuts and Jobs Act (TCJA)—has been a financial strain for upper-middle-class households, especially in high-tax states like New York, New Jersey, and California.

"Unless Congress intervenes, the cap expires at the end of 2025. If it does, taxpayers may fully deduct state and local income and property taxes starting in 2026—potentially lowering taxable income and federal tax bills significantly."

Strategic Shifts in Tax Planning

For many households, the SALT cap made the standard deduction a better option, particularly for those whose mortgage interest and property taxes didn’t exceed the threshold. The cap also had broader financial planning impacts, influencing decisions around charitable giving, real estate, and even relocation.

One popular workaround has been the use of **Donor-Advised Funds (DAFs)**. These vehicles allow taxpayers to “bundle” several years of charitable contributions into one, surpassing the standard deduction threshold and reaping tax benefits. This strategy has been especially valuable under the current SALT limits.

If the cap sunsets, however, itemizing deductions will likely become more attractive—potentially reducing the need for front-loading charitable donations through DAFs. That said, DAFs will still offer strategic benefits for long-term giving and tax planning…

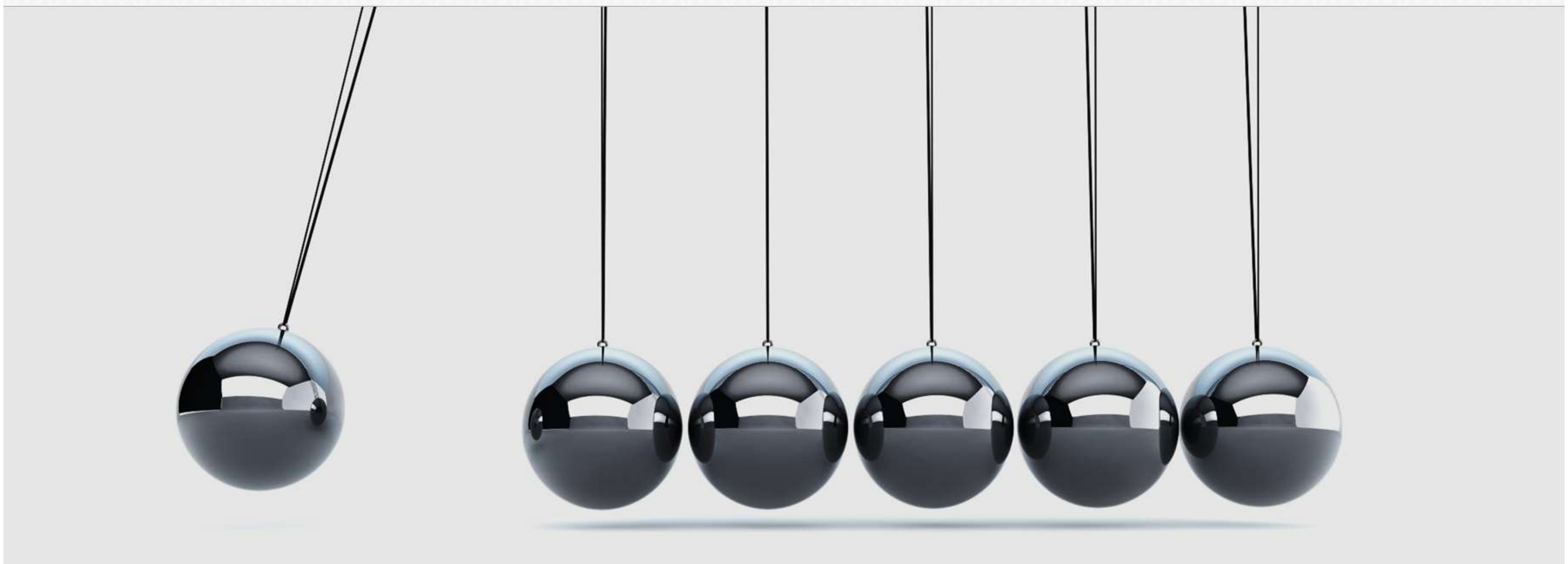
TAX MATTERS

SALT Cap Countdown: 2025 Expiration & Impact (cont.)

What You Should Do Now

There's no downside to having used a DAF—it has been an effective strategy under the current rules. But looking forward, the potential expiration of the SALT cap could shift the landscape of personal tax planning for many households.

This change would be especially favorable for taxpayers in high-tax states, restoring greater flexibility and possibly reducing federal liabilities. While nothing is final until Congress acts, now is the time to begin reassessing your tax strategy.



Be Proactive

The possible expiration of the SALT cap is a key moment in tax planning. If it goes through, taxpayers who itemize could gain significant advantages—especially in areas with high state and local taxes. Staying proactive and working closely with a tax advisor will ensure you're positioned to benefit from whatever comes next.

https://www.wsj.com/personal-finance/taxes/salt-deducation-cap-taxpayers-guide-43881cb3?mod=Searchresults_pos1&page=1

PORTFOLIO MANAGEMENT

Alternatives Aren't New: We've Been Incorporating Them Since 2006

by Jason Phipps & Griffin Meyer

There's been a recent surge in talk around portfolio diversification—particularly the shift from traditional 60/40 models to a more modern 50/30/20 allocation that includes alternatives. Asset managers are releasing white papers, big-name firms are rolling out new alt-inclusive models, and suddenly, everyone's acting like this is a breakthrough.

We've been incorporating alternatives into client portfolios since 2006—not because it was fashionable, but because it worked. True diversification doesn't just mean mixing stocks and bonds—it means holding assets that don't move in sync with each other. That's where alternatives shine.

Why Alternatives Still Matter

Uncorrelated assets can help reduce overall portfolio volatility and improve resilience. While bonds still have their place, we feel they no longer offer the diversification punch they once did—especially in rising-rate environments.

That's why our clients have benefitted from a strategic mix of alternatives, including:

- **Gold & Precious Metals** – Real assets with a track record during inflation and uncertainty.
- **Private Equity** – Early-stage exposure to growth outside public markets.
- **Private Credit** – Enhanced yield potential with less correlation to public bonds.
- **Real Estate** – Income and inflation hedging with a unique return profile.
- **Whole Life Insurance** – Tax-advantaged growth and liquidity in volatile times.
- **Crypto** (selectively) – Not for every client, but we see value in modest, strategic allocations.

PORTFOLIO MANAGEMENT

Incorporating Alternatives Since 2006 (cont.)

What We Don't Do

We're selective about what goes into a client portfolio—and just as important, what doesn't:

- **Leveraged ETFs** – Built for day traders, not long-term investors.
- **Meme Stocks** – Fun to watch, but not part of our strategy.
- **Cookie-Cutter Models** – Our portfolios are built for people, not algorithms.

Built for What's Next

We're not jumping on the alternatives bandwagon—we helped build it. Our process has always been intentional, research-driven, and customized to each client's needs and goals.

So when the industry starts treating 20% alternative exposure like a revelation, we can't help but smile. We've been doing this for nearly 20 years because it delivers real benefits—not just buzzwords.

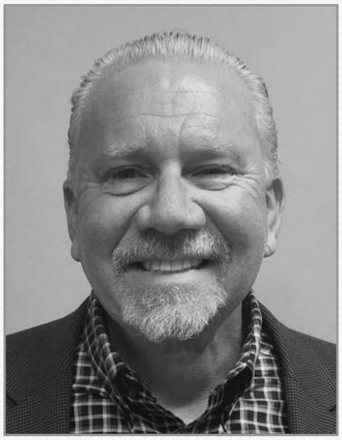
Building Smarter

At DLAK, we believe in staying ahead of the curve, not chasing trends. That's why our portfolios are designed to reflect where the industry is trying to go—thoughtful, balanced, and built for long-term success.

If you're ready to go beyond the basics and work to build a portfolio that's truly diversified, we're here to help. Reach out to start a conversation about how alternatives may help support your goals—today, and in the years ahead.

ESTATE PLANNING

Home Inheritance: Joint Ownership vs. Trusts



by Brett Roth

When leaving a home to your children, many people use joint ownership or a revocable trust to avoid probate. While both bypass probate, they have very different tax implications.

Adding children as joint owners simplifies the legal transfer, but it can create a significant tax burden. The child inherits only your half of the property, which gets a "step-up" in basis to the market value at your death. However, the other half, already owned by the child, retains its original tax basis. If the home has appreciated, this can result in substantial capital gains when the property is sold.

An Example

Let's consider an example where you and your child jointly purchase a home for $200,000. Ten years later, it's worth $400,000 when you pass away. Under joint ownership, your half gets a stepped-up basis to $200,000, but your child's half retains its original basis of $100,000. If they sell the home for $400,000, the $100,000 gain on their half could result in up to $20,000 in capital gains taxes (assuming a 20% tax rate), unless they qualify for the home sale exclusion by living in the property for at least two years.

In contrast, if the home is placed in a revocable trust, the entire property receives a full step-up in basis upon your death. This means the child's new basis would be $400,000. If they sell the home for that amount soon after, there would be little to no capital gain. Even if they sell later for $500,000, only the $100,000 increase would be taxable, reducing the tax burden.

This example shows how a revocable trust can minimize capital gains taxes compared to joint ownership, making it a more tax-efficient way to pass on property to your children…

ESTATE PLANNING

Home Inheritance: Joint Ownership vs. Trusts (cont.)

Beyond the tax advantages, trusts offer other benefits. They provide more flexibility in how the home is managed or distributed after your death, help protect your assets if you become incapacitated, and can minimize disputes or delays in inheritance. Still, they require legal setup and are not the right fit for every situation.

Here to Guide You

While revocable trusts often lead to better tax outcomes, every family's situation is unique. At DLAK, we're here to help you understand the financial implications and coordinate with your estate planning attorney to build a strategy that fits your goals.

If you're considering the best way to pass on your home—and want to minimize tax surprises—reach out. Let's make sure your legacy is handled with care, foresight, and smart planning.

https://www.varalaw.com/is-it-better-to-use-joint-ownership-or-a-trust-to-pass-down-a-home/

Is International Investing Back in Play? – by Brett Roth

Although there's been some recent volatility across global stock markets, several factors support a closer look at international investments for future growth—especially compared to U.S. markets.

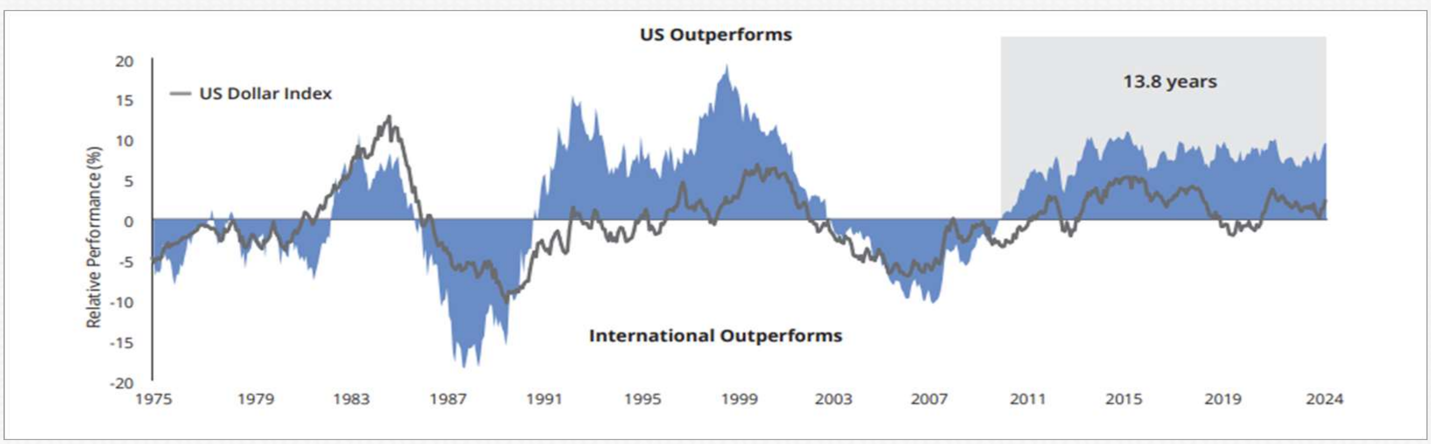
The biggest factor, and one that's been true for over a decade, is valuation. By almost every metric, U.S. stocks are significantly more expensive than international stocks. Consider the price-to-earnings (P/E) ratio, which measures a company's current share price relative to its per-share earnings and is commonly used to assess valuation.

As of April 23, 2025 (source: WorldP/Eratio.com):

- **S&P 500 (U.S. stocks):** P/E Ratio: 26.39 | 20-Year Avg: 15.95
- **MSCI EAFE (International Developed):** P/E Ratio: 17.87 | 20-Year Avg: 13.54
- **EEM (Emerging Markets):** P/E Ratio: 14.62 | 20-Year Avg: 12.80

All are above their 20-year historical averages, but only modestly so in the case of international and emerging markets. The U.S. market, however, is far more stretched, suggesting a potential imbalance—and an opportunity.

U.S. Equity vs. International Equity 5-Year Monthly Rolling Returns (1975-2024)



https://www.hartfordfunds.com/insights/market-perspectives/equity/a-whole-new-world-why-international-stocks-may-finally-shine.html

Another point to consider is that U.S. and international markets tend to move in long-running performance cycles. The chart above illustrates these cycles, highlighting how leadership between markets can shift for extended periods.

Is International Investing Back in Play? (cont.)

With elevated P/E ratios and a decade of U.S. equity outperformance, the question arises: Are we nearing a shift in leadership? From both a valuation and cyclical standpoint, the case for increasing international exposure is growing stronger.

Currency Dynamics: The Dollar's Role

One key risk in international investing is currency fluctuations. Traditionally, a weaker U.S. dollar boosts exports, benefiting U.S. companies. However, over the past 30 years, capital flows have often defied this logic. In fact, stronger currencies have typically led to stronger stock performance.

- **2000–2010**: International currencies outperformed the dollar, and international stocks beat the S&P 500.
- **2010–2023**: A surging U.S. dollar led to U.S. stock gains.
- **Now**: The dollar is stabilizing, and capital flows are starting to favor international markets once again.

Innovation vs. Regulation

The U.S. is often seen as the land of innovation, while the EU has leaned into regulation. Over the past 20 years, this divide has become more pronounced—U.S. GDP nearly doubled, while EU GDP remained flat. However, some global regions are now shifting focus toward innovation and competitiveness, signaling a potential for broader global stock market growth beyond just the U.S.

Diversification Remains Key

Diversification is a cornerstone of sound investing—a principle DLAK has upheld for over 20 years. While no one can predict when the market will shift, maintaining a diversified portfolio across U.S. and international markets positions us to capitalize on emerging opportunities. Now may be the time to reassess your portfolio's global allocation. As always, we're here to help guide you through this process.

Source: https://www.hartfordfunds.com/dam/en/docs/pub/whitepapers/CCWP014.pdf

ENTITLEMENT PROGRAMS

The Social Security Fairness Act and You – by Jason Phipps

Signed into law on January 5, 2025, the Social Security Fairness Act eliminates both the Windfall Elimination Provision (WEP) and the Government Pension Offset (GPO). These long-criticized provisions reduced—or in some cases eliminated—Social Security benefits for roughly 3 million Americans, many of whom were public servants like teachers, firefighters, and police officers. Without WEP and GPO, these individuals would have received full or higher Social Security benefits.

If you were previously impacted by WEP or GPO, your Social Security benefit should have already increased. In addition, you should have received a lump sum payment for retroactive benefits dating back to January 2024.

Keep in mind that Social Security taxation can still be complex. Depending on your total income, up to 85% of your Social Security benefit may be taxable. For help calculating your taxable portion, the IRS provides a helpful tool:

👉 IRS Social Security Tax Calculator

What to Do If You Haven't Been Contacted

If you believe you were impacted by WEP or GPO but haven't heard from the Social Security Administration—or if you suspect your updated benefit is incorrect—you should reach out to Social Security directly. You can also contact us at DLAK, and we'd be happy to help guide you through the process.

Importantly, any lump sum payment received this year may be taxable, so we'll want to factor that into your 2025 tax planning. We've already been discussing this topic in many of our meetings, but if you still have questions or concerns, don't hesitate to call—we're here to help.

NEWS TO USE

The Power of A Trusted Contact

by Jenny Cyrus

What is a Trusted Contact?

A Trusted Contact is an optional feature on your investment accounts designed to help safeguard your assets. It allows your advisor to reach out to someone you trust in case of suspicious activity or concerns about your well-being.

A Trusted Contact has **no access to your account** and **no decision-making authority**, but they can play a vital role if fraud is suspected or if you're unreachable.

What a Trusted Contact Does
A Trusted Contact is a point of communication, not a decision-maker. Your advisor may reach out if they notice unusual activity, have trouble contacting you, or suspect cognitive decline or vulnerability to fraud.

How Is This Different from a Power of Attorney (POA)?
A POA can access your accounts and make financial decisions. A Trusted Contact cannot access your money or make changes— their role is purely informational and protective.

How to Choose a Trusted Contact
Select someone you trust completely—someone who understands your situation and can be easily reached. This could be a family member, close friend, or another trusted individual.

A Simple Step for Greater Confidence
Adding a Trusted Contact to your account is quick and easy. It provides extra protection without relinquishing control. At DLAK, we recommend discussing Trusted Contacts around age 60, though it's beneficial at any stage.

Source: https://www.kiplinger.com/investing/why-you-need-a-trusted-contact-for-your-brokerage

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NEWS TO USE

Did You Know?

Pennies & Nickels Cost More Than They're Worth

According to the U.S. Mint's 2024 Annual Report, it now costs 3.69 cents to produce a penny and 13.78 cents to make a nickel, meaning both coins cost more to mint than their face value.
https://conversableeconomist.com/2025/02/17/costs-of-pennies-and-nickels/#:~:text=The%20US%20Mint%2C%20in%20its,a%20nickel%20is%2013.78%20cents.

We Spend Days Searching for Lost Items

Americans spend an average of 2.5 days a year looking for misplaced items. The most commonly lost objects? TV remotes, followed by phones, keys, glasses, and shoes.
Bottom Line Magazine – Jan 2025

AI Price vs. Performance Varies Between OpenAI and DeepSeek

In a recent test, OpenAI's O-3 model scored 75%, while China's DeepSeek R1 scored just 15.8% on the same task. But DeepSeek only cost $0.08 to run vs. $200 for OpenAI—highlighting a huge performance-to-cost trade-off. https://arcprize.org/leaderboard

Why They are Called Bull & Bear Markets

Though no one knows for sure, the most accepted theory is that a bull attacks by thrusting its horns upward—symbolizing rising prices—while a bear swipes downward with its paws, representing falling markets.
https://www.investopedia.com/ask/answers/bull-bear-market-names/

Most Americans are Living Paycheck to Paycheck

One in three consumers (33%) report rarely or barely having any money left at the end of the month, indicating increasing financial stress despite a strong labor market.
https://moneywise.com/research/personal-finance-statistics#:~:text=This%20figure%20had%20remained%20unchanged,of%20the%20month%20in%202024.

U.S. Fertility Rate Has Hit Record Low

The U.S. total fertility rate dropped to 1.62 in 2023, down 2% from the previous year. That's a dramatic decline from 3.8 in the late 1950s. At current levels, the U.S. population is projected to decline.

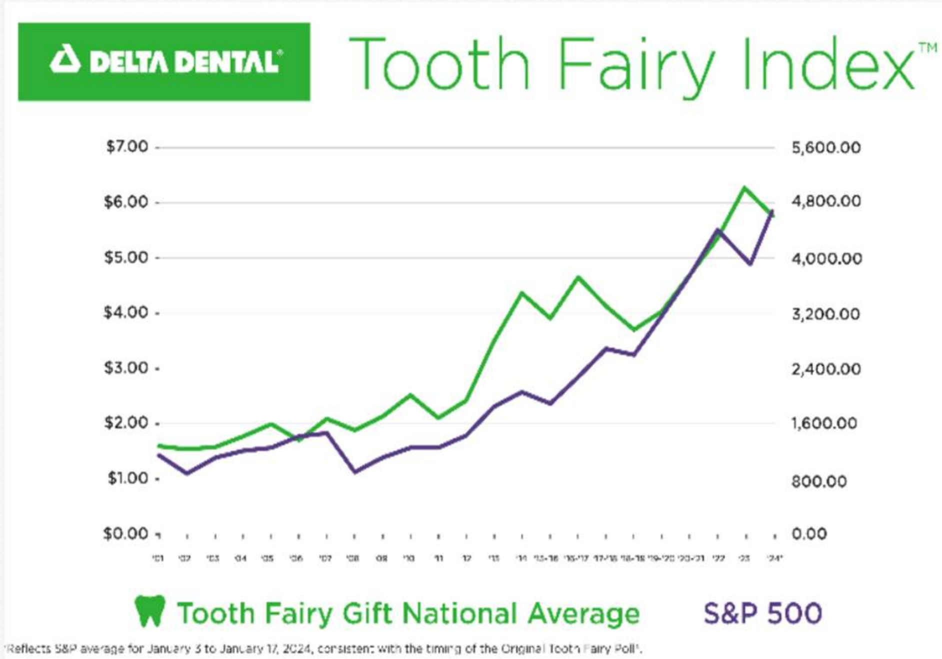
https://usafacts.org/articles/how-have-us-fertility-and-birth-rates-changed-over-time/

NEWS TO USE

Did You Know? (cont.)

Tooth Fairy Payouts Beat Expectations

According to the U.S. Mint's 2024 Annual Report, it now costs 3.69 cents to produce a penny and 13.78 cents to make a nickel, meaning both coins cost more to mint than their face value. Source: https://deltadentalma.com/about-us/press-releases/2024/tooth-fairy-giving-drops-for-first-time-in-5-years



Many Millennials Have No Retirement Savings

A surprising percentage of millennials (born 1981–1996) report having no retirement savings at all, raising long-term concerns about financial preparedness.
https://savology.com/13-financial-statistics-you-need-to-know

Sports Betting is Booming

Total U.S. sports betting surged from $121.1 billion in 2023 to $149.6 billion in 2024—a 23.5% increase in just one year. For perspective: in 2019, the total wagered was just $7.1 billion, marking a 1,605% increase in five years.
Source: https://www.cbssports.com/betting/news/2024-a-year-of-growth-for-sports-betting-revenue

John Tyler Still Has a Living Grandchild

Believe it or not. John Tyler, the 10th U.S. President, was born in 1790 and still has a living grandson: Harrison Ruffin Tyler. Presidential history doesn't always feel so far away. https://www.mentalfloss.com/article/29842/president-john-tylers-grandsons-are-still-aliveall

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