

Mindful Advisory Market Update

February 2, 2026

201-951-3509

Mindfuladvisory.com

Dear Investor,

The new year has just begun, but it's been eventful already. So, I'm writing to share my perspective on the current market environment. I hope you find this general market commentary informational. **As always, please review the important disclosures at the end of this communication. This letter is not intended as investment advice for any particular client or prospect.**

Market Commentary

The markets have already given us a lot to discuss, but perhaps the biggest story this year so far is precious metals continuing their surge from last year - and then tumbling on Friday, January 30.

Gold is up nearly 16% in dollar terms this year through January 30 after gaining 67% last year (January 1, 2025 - December 31, 2025), according to data from the London Bullion Market Association (LBMA).

Silver is up around 43% in dollar terms for the year through January 30 after gaining around 149% last year, according to the LBMA.

But both metals had breathtaking losses on Friday, January 30, 2026, indicating that owning them requires as much nerve, if not more, than owning stocks. LBMA reports that an ounce of gold went from \$5,501.70 to \$5063.45 and an ounce of silver went from \$118.45 to \$103.19 on January 30.

These prices do not include any fees. Individual investor returns would be lower due to storage costs, insurance, transaction premiums, advisory fees, ETF fees, or negative ETF tracking error. Mindful Advisory's standard 0.75% advisory fee applied over one month would have reduced gold's 16% return to 15.99%, and its 2025 calendar year return of 67% would have been reduced to 66.25%. Also, Mindful Advisory's standard 0.75% fee would have reduced silver's 43% return this year through January 30 to 42.99%, and its 149% gain in the calendar year of 2025 to 148.25%.

(It's important to note that LBMA returns for Friday, January 30, 2026 differ significantly from the returns some popular ETFs are indicating, but both metals were down sharply

yesterday by any reckoning. Differences in pricing may result from timing of fixes, tracking error, or management fees inherent in exchange-traded products. The LBMA fixes prices twice per day, while ETFs trade throughout the day. Last spot prices can differ from futures prices. Investors cannot invest directly in LBMA fix prices.)

Precious metals are hard to characterize as investments. Gold isn't very useful, while silver has some industrial uses related to its conductivity. Neither provides anything like a dividend or cash flow such as the stock of a profitable company or an apartment occupied by a tenant paying rent, which would allow for an appraisal in a way other assets are evaluated.

If an asset doesn't generate cash flow, it's questionable whether it's an investment. It's true that plenty of stocks don't pay dividends, but examination of their financial statements can reveal that they are generating cash that they are using to grow, or reinvest in, their businesses. Therefore, they can also generally be appraised by conventional financial methods, despite the absence of a current dividend.

Gold and silver are different. There is no cash flow generation associated with them. If you own them, you are depending on other investors or buyers to pay more for them in the future than you did when you bought them.

Nevertheless, gold and silver have served as money, or backed government money, at various times over the past few thousand years. The US Constitution, for example, prevents individual states from "[making] any Thing but gold and silver Coin a Tender in Payment of Debts."

Also, after World War II, the Bretton Woods Agreement tied the value of the dollar to gold by establishing the value of gold at \$35 per ounce. Foreign currencies were, in turn, pegged to the US dollar until the system collapsed in 1971.

Since then, gold has gone through many surges and very long lulls versus the dollar, including a surge in the inflationary 1970s and a period from 1983 until the middle of 2005 when it didn't appreciate at all. But the recent ascent has been breathtaking.

Some say the price of gold is the reciprocal or opposite of people's confidence in fiat currency, of which the dollar is one. Indeed, the US's debt burden (nearing \$40 trillion) relative to GDP (around \$31 trillion), is at levels never previously achieved in peacetime.

Others, not necessarily touting gold, but concerned about national decline, have pointed out that past [empires have embarked on their ultimate declines](#) when their interest payments on their debt have begun to exceed their military expenditures. By these

accounts, the United States already satisfied this criterion in 2024, according to the *Wall Street Journal* article linked above.

It is important to note, however, that nobody knows for sure how gold relates to political circumstances, what the prices of gold or silver should be, or even if they should have any value at all.

Additionally, the US Government has confiscated gold previously, making fans of the metal dubious of owning one of the exchange traded funds (ETFs) that own it, and track its price relative to the dollar. The staunchest proponents of gold say the reasons for owning it (lack of trust in the financial system and fiat currencies) favor that one own it by physical possession.

At least four other things are worth mentioning in a discussion of precious metals. First, Bitcoin hasn't appreciated recently the way the metals have. I do not claim to understand Bitcoin's use or purpose, but it is sometimes described as "digital gold." Nevertheless, Bitcoin is down from nearly \$100,000 to less than \$80,000 over the past year through January 31.

If it's true that US debt levels and global instability are pushing gold and silver prices higher, it's not clear that Bitcoin is fulfilling its function as "digital gold." Or perhaps its prodigious rise since its inception has fulfilled that function, and it simply moves in different rhythms than the metals. It's not easy to know which interpretation is correct.

Bitcoin is highly volatile, and doesn't have nearly as long a record as an asset that gold and silver do. Bitcoin also may lack the legal protections of traditional securities. Unlike gold or silver, Bitcoin and other digital assets are not legal tender in the U.S. and are not backed by any government or central bank. This is not, however, a recommendation for or against Bitcoin.

Second, other financial markets, notably the market for US Treasuries, aren't showing signs of distress. If investors are worried about the US's financial condition, it's difficult to glean that from the bond market. As of this letter, the 10-year US Treasury Note is yielding around 4.28%. That's up from a low of around 4% a few months ago, but lower than its roughly 4.5% yield a year ago. (Bond prices and yields, including those of US Treasuries, move in opposite directions. US Treasuries have interest-rate and credit risk.)

One might suspect doubts regarding US solvency would push yields up, as skeptical bondholders would demand a higher interest payment to lend the government money. For now, that doesn't seem to be the case.

Third, investors have the option of owning gold mining stocks. Those are usually more volatile than gold itself, and they can go bankrupt. That doesn't necessarily disqualify owning a basket of them to serve the purpose that gold itself might in a portfolio, but owning them means tolerating a different set of characteristics.

Fourth, given that it has sometimes responded well to inflation, gold can serve as a diversifier to a portfolio of stocks and bonds, both of which tend to suffer during inflation. It certainly would have served that purpose in the 1970s. This time, however, gold seems to be rising along with stocks and bonds. Inflation, for its part, at around 3%, is higher than the Federal Reserve's 2% target, but nowhere near 1970s levels or its 9% year-over-year recent peak in the summer of 2022.

All of this should serve to show how difficult it is to assume previous relationships between asset classes will repeat, or will repeat precisely in the patterns they have in the past.

The purpose of this letter is not to make any individual investment recommendations. We can have discussions on an individual basis regarding whether gold and silver, and in what form of ownership, might be reasonable for an investor. Investors considering precious metals should use caution, remembering that both metals, as well as the mining stocks, have appreciated significantly over the past year despite Friday's swoon.

Our Dedication to Your Financial Plan: Don't predict, but be prepared

Investors generally shouldn't be seeking to alter their financial plans or asset allocations. The point of sharing my thoughts on markets is to provide some education and encourage investors to maintain diversified portfolios that can tolerate a variety of outcomes.

In an uncertain world, it is important to focus on what we can control: managing costs, maintaining a well-diversified portfolio aligned with your long-term goals and risk tolerance, and avoiding reactive decisions based on short-term market noise.

Please do not hesitate to contact me if you have any questions or if there have been any changes in your financial situation.

Respectfully submitted,
John Coumarianos
Mindful Advisory, LLC

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