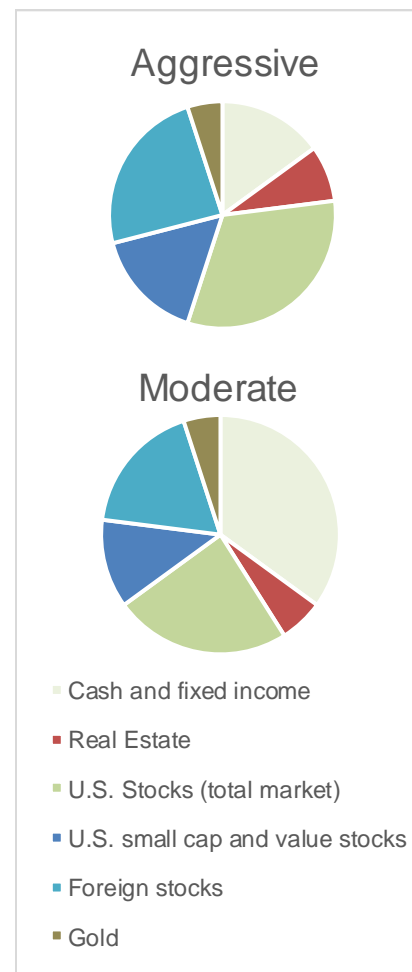


## Our Process

Our Professional Allocation Service (PAS) focuses on working with clients to define financial goals and implement concrete steps to achieve those goals. PAS is designed for as a cost-efficient solution for clients with investable assets in a single account less than \$300,000. For clients with more than \$300,000 or multiple accounts to manage, we suggest using our PAM service.

Our process is as follows:

1. Establish clear and attainable financial goals, including but not limited to retirement planning, saving for college, debt management, tax planning, and legacy planning.
2. Gather all relevant financial data, including but not limited to expenses and income, tax data, current account balances and allocations, home equity and mortgage balances, outstanding debt, insurance, and any other material financial data.
3. Analyze the data and develop potential recommendations around retirement distribution planning, tax efficiency of accounts, annuitization, debt financing, and legacy.
4. Select from one of six low-cost model portfolios, designed to fit a range of risk tolerances (examples of our aggressive and moderate allocations are shown in the pie charts to the right). Our portfolios are designed with cost efficiency as a key concern. We rely on index-type funds to gain exposure to domestic and international stocks and bonds. For stocks, we seek to improve long-term gains by “tilting” the portfolio toward value and size premiums. We do not seek to time markets or to actively select securities. We coordinate the portfolio allocation with our clients’ other holdings (e.g., 401(k)) and long-term goals in mind.
5. Work with the client to implement agreed-upon recommendations. We will help you to set up an account with a qualified, independent third-party custodian (Charles Schwab Institutional, TD Ameritrade Institutional or Fidelity Institutional Wealth Services) where we will have discretionary authority to manage your assets on your behalf. You will receive all transaction confirmations and monthly reports from the custodian, and detailed quarterly reports from us. We provide full transparency with regard to investment-related costs.
6. Monitor the progress. We will make sure the portfolio allocation stays within a target range, regularly rebalancing when it is cost-effective. We will send quarterly performance reports and have regular (at least annual) conversations about progress toward financial goals. If necessary, we will make adjustments to the plan or conduct additional analysis as life circumstances change.



## What sets AIS apart?

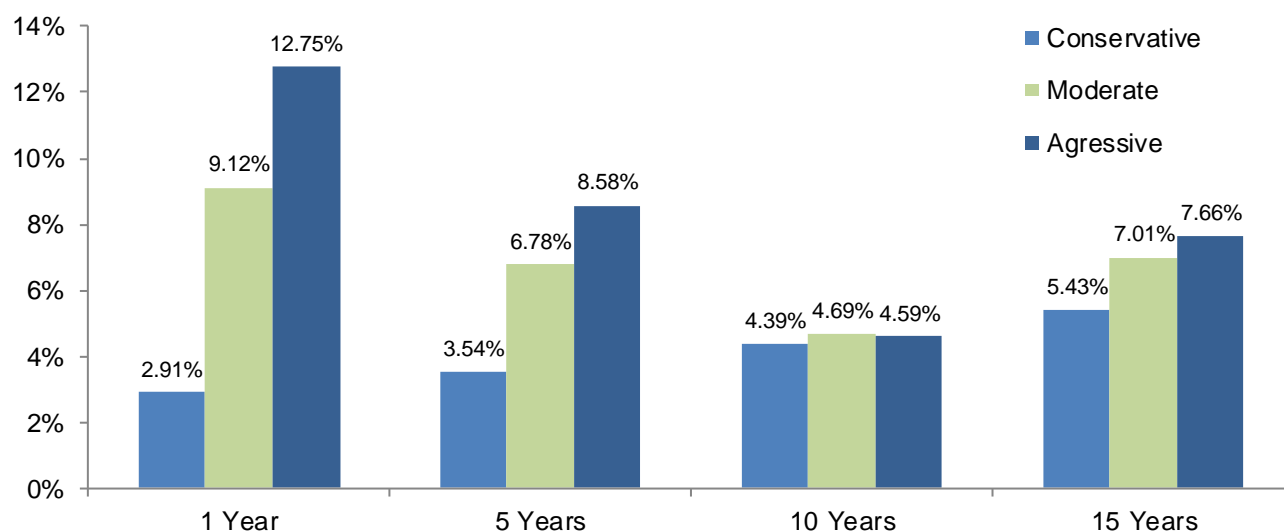
Many investment advisers offer targeted guidance on the selection of a portfolio of investments. On the other side, many financial planners offer “big picture” guidance on financial topics such as taxation, long-term planning, and debt management. AIS has been managing investments for nearly 40 years using analytical rigor and research. Our PAS offering starts by looking at the “big picture” of your financial situation. Then, only *after* we’ve agreed upon your financial goals, we will develop a practical portfolio allocation strategy and financial plan based on your financial inputs and our investment expertise.

We are independent, meaning we have no product to sell. We emphasize cost-effective solutions. We dissuade clients from seeking services unless we agree that the benefits may outweigh the costs. Finally, we come from a background of analytical rigor. We provide research-based solutions for most any financial issue that arises.

We work best with clients who are analytical and thoughtful. Successful investors typically resent being sold a product, and instead want to understand the inevitable trade-offs associated with different investment options. We believe that doing the right thing for our clients will create goodwill that will sustain our business.

## PAS Model Portfolio Returns for the Period Ending June 30, 2017

Hypothetical Total Return Net of AIS Advisory Fees and Fund Fees (annualized)



Past performance may not be indicative of future results. Therefore, no current or prospective investor should assume that the future performance of any specific investment, investment strategy (including the investments and/or investment strategies recommended by the AIS), or product made reference to directly or indirectly, will be profitable or equal to past performance levels. Historical performance results for individual investment indexes and/or categories, generally do not reflect the deduction of transaction and/or custodial charges or the deduction of mutual fund fees, the incurrence of which would have the effect of decreasing historical performance results. The results portrayed in this portfolio reflect the reinvestment of dividends and capital gains. Model Portfolio Statistics are hypothetical and do not reflect historical recommendations of AIS. Annual portfolio rebalancing is assumed. These hypothetical results are based on our PAS recommended investment vehicles for each asset class. Investors should maintain cash balances adequate to cover living expenses for up to 6 months in addition to the cash levels indicated. AIS Model Portfolios strategy results reflect the deduction of 0.75% management fee, the annual rate assessed through our PAS Service. A minimum annual management fee for the PAS service is \$1,000. See AIS ADV Part 2 for full details, available at [http://americaninvestment.com/images/pdf/ADV\\_Part\\_2A.pdf](http://americaninvestment.com/images/pdf/ADV_Part_2A.pdf).

### PAS INVESTMENT RELATED COSTS

The total investment related costs assessed under PAS are extremely competitive. As a client of our PAS program you will encounter three types of expenses:

1. AIS PAS advisory fee
2. Expenses incurred within index-type mutual funds and ETFs
3. Transaction fees (brokerage commissions)

Example: The following summary provides an estimate of total annual costs incurred by a PAS client with a portfolio valued at \$300,000.

PAS Advisory Fee <sup>1</sup>	\$2,250	0.75%
Mutual Fund Expenses <sup>2</sup>	\$303	0.10%
Transaction Fees <sup>3</sup>	\$300	0.10%
<b>Total</b>	<b>\$2,853</b>	<b>0.95%</b>

### AIS PAS ADVISORY FEE

Our effective annual advisory fees equal 0.75% of AUM, with a minimum of \$1,000. Our only source of management revenue is the fee we charge to you directly. We do not earn any commissions or other compensation from any third party.

### MUTUAL FUND EXPENSES

We typically purchase open end mutual funds and exchange-traded funds (ETFs) in our PAS program. We screen carefully to find the most cost-effective index-type funds for capturing the returns of our recommended asset classes.

A mutual fund's expense ratio measures a fund's annual operating expenses as a percentage of assets held in the fund. Currently the average expense ratio assessed by our recommended funds is 0.10%.

### TRANSACTION FEES

We have established transaction fee schedules with discount brokers Charles Schwab Institutional, TD Ameritrade Institutional and Fidelity Institutional Wealth Services, who compete for our business. These fees are generally equal to or below retail fees offered by these firms.

1. For our complete fee schedule see our SEC filing (ADV Part 2A), available at [www.americaninvestment.com](http://www.americaninvestment.com). Fee schedule applies to new AIS client accounts as of 4/1/2016. 2. Calculated as a weighted average of mutual funds utilized in the AIS PAS Moderate Risk Portfolio. 3. For a complete transaction fee schedule, see our Overview of Fees insert, or visit our web site [www.americaninvestment.com](http://www.americaninvestment.com).

