AIS INVESTMENT GUIDE

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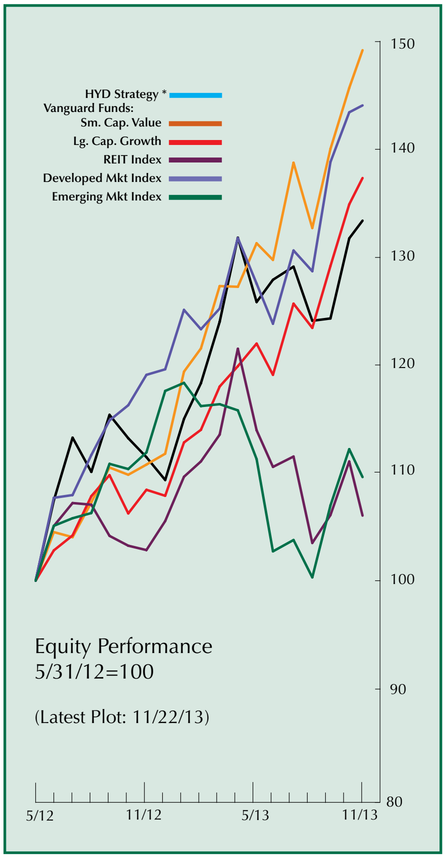


* HYD is a hypothetical model based on back-tested results. See p.86 for more information.

The *Investment Guide* is intended to provide useful information to investors who manage their own financial assets. **We also provide low cost discretionary asset management services** for individuals and institutions seeking professional advice and assistance in implementing an investment strategy.

To learn more please contact us.

(888) 528-1216 8:30 – 4:30 EST

aisinfo@americaninvestment.com

P.O. Box 1000
Great Barrington, MA 01230

Online: www.americaninvestment.com

QE'S WINNERS AND LOSERS

Five years ago this month the Federal Reserve embarked upon a quantitative easing (QE) policy in an effort to bolster an economy that was on the ropes. Though it is difficult to measure QE's contribution to growth it is clear that QE has created winners and losers among investors.

QE is a technique distinct from a central bank's conventional monetary policy tools. Normal monetary policy involves a central bank exercising open market operations to target a specific short term interest rate (in the U.S. the Fed targets the federal funds rate). If the central bank wants to reduce current rates, it will enter the market and purchase short-term treasury debt from banks, thereby increasing the money supply within the banking system.

When short-term interest rates are at or near zero, however, open market operations cannot push rates lower. In that case central banks may resort to QE to stimulate economic growth. This often involves central bank purchases of long-term debt from banks or other private institutions in order to further expand the money supply. QE is rarely employed primarily because it runs the risk that when these funds are eventually lent out by banks price inflation will ensue and can be difficult to rein in.

The Fed is in the fifth year of QE and now holds over $4.3 trillion in U.S. Treasuries and mortgage-backed securities on its balance sheet. These efforts have come in stages (dubbed QE1, 2, and 3), and the Fed has been ambivalent regarding whether and how soon it will taper its purchases of these assets. Thus far QE's success in growing the economy is difficult to gauge; though the recession officially ended in 2009, unemployment remains high and GDP growth has been tepid.

While QE has been a boon to those who can afford to assume the risk of investing in common stocks, others, especially short-term fixed income investors, have endured several years of negative real returns. Investors willing to bear greater risk should be expected to earn greater returns, but the magnitude of the recent risk-return trade-off has bas been extraordinary. Between November 2008, when QE 1 began, and October 2013 the U.S. stock market provided a total inflation-adjusted return of 14.51 percent per year. Over the same five-year period the one- year U.S. Treasury bill returned -0.75 percent per year after accounting for inflation.

The Fed's low interest rate policy boosts equity prices because common stock prices represent the present value of future earnings discounted at current interest rates. This policy especially benefits the most aggressive investors, who can leverage their returns by borrowing at short term rates to purchase equities. Meanwhile conservative investors, including many of the elderly, currently confront negative real yields on bonds ranging as far as five years out based on current expectations for inflation.

THE DOW, CREATIVE DESTRUCTION, AND HYD INVESTING

Last month we described the most recent changes to the 30 firms that comprise the Dow Jones Industrial Average (DJIA or "the Dow"). Alcoa, Hewlett-Packard and Bank of America were replaced by Goldman Sachs, Nike and Visa. In the near term these changes will have only a very small impact on our high-yield Dow investment strategy (HYD). However, these changes will help ensure that this small universe of stocks will continue to serve well as a proxy for the broader U.S. equity market as well as a platform for the HYD strategy.

Of the major indexes designed to gauge the performance of the overall U.S. stock market the DJIA is the oldest. Stocks selected for inclusion are not determined by rules, as are many other indices. On its web site, Dow Jones Indices describes the selection process as follows:

> *"While stock selection is not governed by quantitative rules, a stock typically is added to The Dow® only if the company has an excellent reputation, demonstrates sustained growth and is of interest to a large number of investors. Maintaining adequate sector representation within the indices is also a consideration in the selection process."*[1]

The DJIA was conceived long before computers or even hand calculators were around; to this day it tracks only 30 constituents from the available universe of 3,582 stocks that comprise the CRSP Total Stock Market Index. It is also a primitive (some might say simplistic) index in that it is price-weighted, unlike the market-capitalization[2] weighted indexes such as the S&P 500.

These deficiencies result in disparities between the DJIA's performance and that of the overall market. This can be seen in the accompanying chart. Despite its shortcomings the DJIA is perhaps the most widely followed barometer of the U.S. stock market. Its performance is still cited daily in the financial media alongside other indexes such as the S&P 500.

The most recent changes reflect an effort to remove and replace low-priced stocks. These stocks have little impact on the price-weighted DJIA and therefore fall short in their role as representative components of their respective industries. We expect these changes will reduce the DJIA's tracking error when compared with the overall market.

By our count the DJIA has changed on 52 occasions since its inception in 1884, though some changes were more extensive than others. In its earliest years the index was comprised almost exclusively of railroad stocks. By 1896 it had been broadened to consist entirely of industrial stocks. These are listed in the accompanying table.

popular notions that markets are prone to monopoly and that large corporations are invulnerable to competition; we suspect that other institutions, such as non-profit colleges and universities, are well-entrenched by comparison.

The point for investors is that as the fortunes of these firms have vacillated, their stocks prices have shifted accordingly. The DJIA has always included stocks that have been among the largest and most actively traded, so their share prices have always reacted quickly to every bit of news good and bad. When firms are in decline their market price falls relative to their book value (the market-to-book ratio falls). Conversely, firms with solid prospects

Dow Jones Industrial Average: Components May 1896[3]		
American Cotton Oil	Distilling & Cattle Feeding	North American
American Sugar	General Electric	Tennessee Coal & Iron
American Tobacco	Laclede Gas	U.S. Leather pfd.
Chicago Gas	National Lead	U.S. Rubber

It is notable that only one of these companies, General Electric, is a component of the index today, and that none of the other 11 firms even exist today as publicly traded stocks. Though it has never included more than 30 stocks at any point in time, since 1896 120 DJIA stocks have either changed names or have been added, either to expand the list or, more often, to replace others. We suspect most of the firms that have come and gone from the index, such as such as Pacific Mail Steamship or Laclede Gas, would not be recognized by our readers.

The DJIA's history is a stark reminder that capitalism is a process that creates winners and losers. Some of these long-forgotten firms were merged or acquired by other firms. Others were split up. Many were overcome by more innovative competitors and failed; a healthy economy requires a healthy dose of "creative destruction."

The fact is the vast majority of firms that have been included in the DJIA, even though they may have dominated their industry at one time, simply no longer exist. This runs contrary to

and are defined by stocks with high market-to-book ratios.

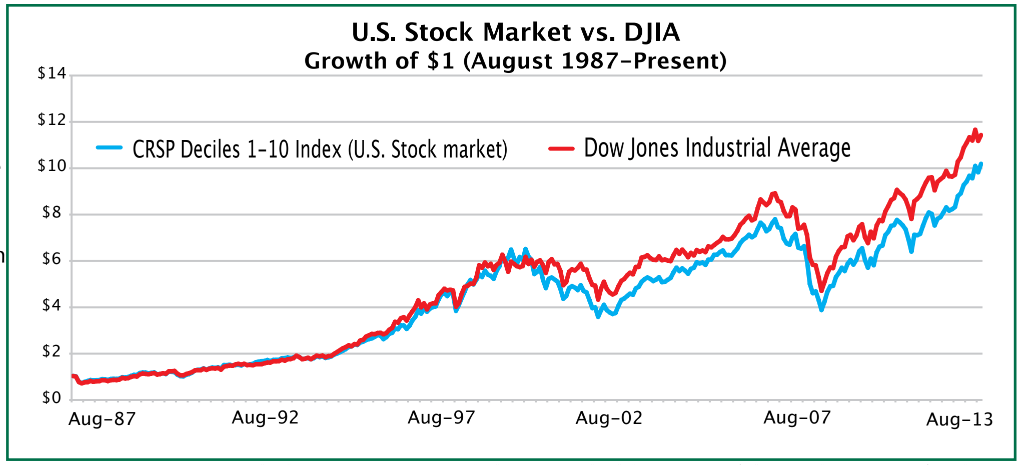
Research indicates that within the entire U.S. stock market, low price-to-book firms (so-called value stocks in the parlance of Wall Street) have higher expected returns compared to high price-to-book, or so-called growth firms. There is, however, no free lunch. While the term value is alluring these are in fact companies with risky prospects, so investors can be enticed to hold them only if their prices are relatively low. This risk can be reduced but not eliminated by holding a well-diversified index fund that includes all such value stocks.

Our HYD model pursues a similar strategy, but applies a dividend yield strategy instead of price-to-book ratios to identify value stocks, and its universe of eligible stocks is limited to the 30 firms that comprise the DJIA. Shares are typically purchased when a firm has gone through periods of difficulty and yields are high and later sold when dividend yields are low, after a reversal of fortunes. The model is not foolproof. Sometimes these firms do not recover and are ultimately removed from the DJIA. In those cases, if the stocks have also been purchased by the model, HYD investors might be forced to take losses. Nevertheless investors who are

1 http://www.djindexes.com/averages/
2 Current price per share multiplied by number of shares outstanding
3 Source: Dow Jones Indexes

willing to accept that risk, and the volatility it creates, can in time earn returns higher than those of the overall market by adhering to the strategy. The model's hypothetical returns are provided on page 86.

The HYD model requires monthly trading, and transaction costs can be prohibitive for investors who have less than $100,000 to devote to large cap value stocks. Investors with smaller allocations should instead consider one of the large cap value mutual funds or ETFs listed on page 88. The HYD model held in isolation is not well-diversified.



Investors with the means to establish an HYD portfolio should further diversify their U.S. large cap value exposure by holding one of these alternative funds as well.

A READER INQUIRES: TIME TO TAKE GAINS?

Q -- *It seems that despite the political issues (debt ceiling, government shutdown, etc.) the equity markets are at or near all-time highs. Despite low consumer confidence, investors seem to be banking on the status quo that the Fed will continue to pump money into the economy. But something will happen that causes the market to crack and my question to you is when should we take more of a "risk off" position and prepare for a correction? With each new market high I become concerned about the impending fall. Do you think that perhaps we should start taking profits, stockpiling some cash, and get more defensive so that when the aggressive monetary policy stops and the bubble pops we will be poised to take advantage of the opportunities that arise when the correction occurs?*

AIS -- First, it is important to remember that the stock prices rise and fall over the short term, but display an upward trend over the long term. This of course lies at the heart of our approach, which essentially involves buying the whole market and riding out these oscillations.

It can be maddening to try to understand the market's gyrations in light of ongoing news. In recent weeks there has been no shortage of distressing developments regarding government policy, yet the market has hardly blinked and in fact now stands near an all-time high. It is important to always keep in mind that investors live in a world of alternatives. Currently investors face negative real returns on short-term fixed income investments. It is not unreasonable to think that common stocks have become marginally more attractive in the eyes of many, which may be pushing valuations higher. As we have stated many times, we are concerned that risk-averse investors, particularly those with limited income such as senior citizens, feel that they have little choice to move from CDs and short term bonds into stocks.

You are correct; the market will reverse course at some point, perhaps dramatically, in response to news when it breaks. This does not however justify taking more of a "risk off" position in anticipation of this turning point. Recall the rapid rise in the stock market during the late 1990s. Growth stocks, particularly technology related firms, drove the market relentlessly higher. In December 1996 Fed chairman Alan Greenspan famously expressed his concern regarding "irrational exuberance" in the stock market. Valuations were at historic highs, the NASDAQ that month reached a new high and closed the year at 1,291; stock market "bears" put forth rational arguments that a crash was imminent. Yet the over the next three years the NASDAQ would more than triple to 4,573 in December 1999, before finally, and dramatically, falling back.

Stocks prices represent the present value of firms' earnings discounted by prevailing interest rates. This is consistent with what we currently observe: interest rates are very low while the stock market is near an all-time high. This does not justify changing your target portfolio allocations. Rising interest rates may precipitate a decline in stock prices, but there is no dependable way to forecast interest rates. In addition short-term interest rates are negative after adjusting for price inflation, so "stockpiling cash" would be a conscious decision to accept negative real returns while waiting for a reversal in stocks. Finally, your proposition implies "being right" not once, but twice, by tilting away from stocks before a substantive decline and moving back into stocks, presumably when the market is set for a sustained rebound.

You should take comfort in the fact that portfolio rebalancing is central to our strategy. By restoring your portfolio to your target allocations mechanically, based solely on your portfolio's asset class allocations relative to target weights, you will be selling those asset classes with relatively high valuations while purchasing those with relatively low valuations. This mechanical approach provides a rational framework that allows investors to set emotions aside.

You are not alone. Many investors share your concerns, particularly those in the "draw down phase" who are periodically liquidating their portfolios to meet their living expenses. Here again, by liquidating a designated dollar amount of your portfolio at regular intervals and rebalancing back to your target allocations, you will be tilting such sales toward those asset classes that have generated the greatest relative gains within your portfolio.

YEAR-END TAX SWAPPING

The accompanying table summarizes federal capital gain tax rates for 2013. The levy increased for high income taxpayers and also grew more complicated as a result of the Patient Protection and Affordable Care Act (see box for more detail).

We remind investors that they can realize losses that can be used to offset taxable gains or possibly offset ordinary income. However, losses on the sale of securities are disallowed if “substantially identical” securities or options to purchase such securities are purchased within a 61-day window beginning 30 days before the date of the sale and ending 30 days after the sale. One could wait the required 30 days and then repurchase the same security that was sold, but securities prices can move a great deal in 30 days, so this strategy risks selling shares but then repurchasing them only after a substantial increase in price.

There is a better approach. Investors can sell securities with tax losses and then purchase other securities that are similar but not considered to be substantially identical to those that were sold. The key is to identify securities whose price changes are highly correlated with those that are to be sold. By selling an asset and immediately purchasing its substitute (rather than waiting 30 days to purchase the same security) an investor can potentially generate a loss for tax purposes, without ever changing his risk exposure because his portfolio’s allocation to that asset class would be largely unaffected.

The accompanying table lists securities with returns that are strongly correlated with the returns of our recommended securities (within their respective asset classes) found on page 88.

The ACA Surtax

Beginning in 2013 an additional 3.8 percent tax (net investment income tax, or NIIT) was imposed on the lesser of net investment income and the excess of a taxpayer’s modified AGI over $200,000 (single filers) or $250,000 (joint filers.) The definition of net investment income is not simple, but it includes net gains attributable to the disposition of property, such as the sale of common stocks. Taxpayers in the 35 percent and 39.6 percent brackets will be definitely subject to the surtax, so in the accompanying table it is included in the rates shown for those brackets.

These thresholds however are based on adjusted gross income while the rates in the table are based on taxable income, so taxpayers in the lower marginal tax brackets may also be subject to the NIIT. This could be the case for taxpayers whose AGI exceeds the threshold but who also have significant itemized deductions. This possibility is not reflected in the table.

Before investing, you should consult a tax professional to ensure any that any substitute investment is not substantially identical to that being replaced.

Net capital losses (losses remaining after offsetting realized gains this year) of up to $3,000 can be used to offset ordinary income, and amounts in excess of $3,000 can be carried forward to offset gains in future years.

Asset Class	Investment Vehicle	Ticker
Real Estate	SPDR Dow Jones REIT	RWR
	Schwab US REIT ETF	SCHH
U.S. Large Value	SPDR S&P 500 Value ETF	SPYV
	Schwab U.S. Large-Cap Value	SCHV
U.S. Small Value	iShares S&P SmallCap 600 Value	IJS
	Schwab U.S. Small-Cap ETF	SCHA
	iShares Russell 2000 Value	IWN
U.S. Large Growth	Schwab U.S. Large-Cap Growth ETF	SCHG
	iShares S&P 500 Growth	IVW
U.S. Marketwide	iShares Dow Jones U.S. Index	IYY
	iShares Russell 3000	IWV
Foreign-Developed Markets	iShares MSCI EAFE Index	EFA
	Schwab International Equity ETF	SCHF
Foreign Emerging Markets	iShares MSCI Emerging Markets nIdex	EEM
	Schwab Emerging Markets Equity ETF	SCHE

Current Capital Gains Tax Rates

If Seller Had Owned the Sold Asset for:	and:	Marginal Income Tax Rate in the Year of the Sale Is:						
		10%	15%	25%	28%	33%	35%	39.6%
	then:	The Tax Rate on the Capital Gain Is:						
Less Than 1 Year		10%	15%	25%	28%	33%	38.8%	44.3%
1 Year or More		0%	0%	15%	15%	15%	18.8%	23.8%

Source: Tax Foundation. Note: The rate remains 28 percent for long-term gains from sales of art works and other collectibles (including gold bullion-based ETF). Rates shown for the 35% and 39.6% brackets reflect the additional 3.8% NIIT; lower brackets do not but still may incur the NIIT; see box for more detail.

RECOMMENDED FUND CHANGE

We have made a change to our recommend mutual fund lineup. We have removed the Vanguard Developed Markets Index (VDMIX) fund, which is now closed to new investors and replaced it with the Vanguard Tax-Managed International Fund Admiral Shares (VTMGX).

VTMGX is the best alternative available for investors who wish to invest in a mutual fund that provides diversified exposure to international developed market equities. The fund invests in stocks included in the FTSE Developed ex North America Index, which includes firms in Europe, Australia, Asia, and the Far East.

VTMGX has an annual expense ratio of only 0.10 percent. This is far below the average expense ratio of 1.24 percent for similar funds as defined by Morningstar, Inc.

As it is one of Vanguard's Admiral-share class funds, VTMGX requires a minimum initial investment of $10,000. Investors with smaller accounts or who prefer exchange-traded funds (ETFs) should consider the Vanguard FTSE Developed Market Index ETF, which is also recommended on page 88.

CHARITABLE REMAINDER UNITRUSTS: ADVANTAGES ABOUND

Charitable Remainder Unitrusts, (CRUTs) confer significant advantages upon donors, their named beneficiaries and to their favorite charity. Investors who hope to leave a legacy to children or other beneficiaries may be unaware that CRUTs can also serve as an efficient alternative to bank trust departments.

CRUTs: The Basics

A CRUT is a "planned giving" device that provides several benefits for donors, including:

- Federal and state income tax deductions
- Capital gain tax savings on gifts of appreciated assets
- Annual income for life or for a designated term
- Flexibility. Gifts of cash, securities, or other property including buildings and land are possible
- Reduced probate costs/estate taxes

In short, CRUT donors can avoid taxes, give to charity, and receive a long term stream of income. The donor receives an income tax deduction based on the present value of the assets that eventually pass to the charity. The donor pays no capital gains tax on the appreciated value of his property, so the full market value of the property is available for reinvestment within the CRUT. Donors may add funds to their CRUT at any time. When the CRUT term ends, the principal passes to the charity for its charitable programs.

The CRUT donor stipulates the annual fixed percentage of the fund's value (not less than five percent) that must be distributed to income beneficiaries. Payments are made from trust income (dividends and interest), or from trust principal if trust income falls short of the required payout. Income may continue for the lifetimes of the beneficiaries named, a fixed term or a combination of the two.

The only restriction on the naming of beneficiaries is that they must be living at the time the gift is made. Donors often name themselves as the income beneficiary.

Expanded Tax Benefits

New, higher tax rates beginning in 2013 have boosted the tax advantages of CRUTs. In January 2013 the top tax rate on dividends and long-term capital gains increased from 15 percent to 20 percent. The top rate on ordinary income and short-term gains increased from 35 percent to 39.6 percent and could be as high as 23.8 percent and 43.4 percent when the new net investment income tax (NIIT) of 3.8 percent (a provision of the Patient Protection and Affordable Care Act) is factored in. A CRUT can be used to help taxpayers avoid recognizing a large expected capital gain that would otherwise push them into a higher tax bracket or trigger the NIIT.

Retirement CRUTs

A net income with make-up charitable remainder unitrust (NIMCRUT) is a variation of CRUT that can be used as a supplementary source of income in retirement. A NIMCRUT carries a further stipulation that any shortfall of actual income received by the funds from the fixed percentage be "carried forward," and be available for distribution in subsequent years in which the actual income is in excess of the fixed percentage. Through this provision the NIMCRUT holds taxable distributions to a minimum during the taxpayer's high earning years while investing the trust corpus for growth. Upon retirement the appreciated assets can be reinvested to maximize investment income for distribution to the taxpayer who would presumably be in a lower tax bracket.

CRUT vs Bank Trust

CRUTs are highly flexible planning vehicles independent of their tax advantages. A CRUT can in fact be superior to a conventional trust established through a bank trust department.

Investors often arrange for their bank to serve as trustee for assets held in trust for the benefit of children or others. The trustee typically is responsible for investing the trust assets, making distributions to beneficiaries, filing tax forms, and other administrative duties. Fees assessed by trust departments are often very high, sometimes well in excess of one percent per year. Trusts written by bank trust departments are often difficult to reverse through the legal system should a donor or beneficiary become dissatisfied with service. This can be a serious concern. Staff turnover can be high in banks, causing service to suffer. Banks frequently merge with larger entities resulting in poorer service for smaller trusts, or trust departments can be spun off from banks, severing a relationship the investor may have intended to keep indefinitely.

A CRUT donor on the other hand names a trustee of his choice. The trustee can be the charity, or another entity, or even the donor himself. The trustee can in turn delegate responsibilities and hold these entities accountable (tax filings can be performed by a CPA, an investment management can be hired, etc.). If structured properly the costs associated with a CRUT can be far below those charged by trust departments.

THE HIGH-YIELD DOW INVESTMENT STRATEGY

Recommended HYD Portfolio

As of November 15, 2013

	Rank	Yield (%)	Price ($)	Status	—-Percent of Portfolio-— Value (%)	No. Shares (%)[1]
AT&T	1	5.08	35.43	Holding**	23.13%	23.85%
Verizon	2	4.21	50.31	Holding**	24.89%	18.08%
Intel Corp	3	3.67	24.52	Buying	21.52%	32.08%
Merck	4	3.58	48.07	Holding**	22.14%	16.83%
Pfizer	8	2.98	32.20	Selling	4.59%	5.21%
Dupont (E.I)	10	2.90	62.11	Holding	1.65%	0.97%
Hewlett Packard	-	2.30	25.21	Holding	2.06%	2.98%
Cash (6-mo. T-Bill)	N/A	N/A	N/A		0.02%	N/A
Totals					100.00	100.00

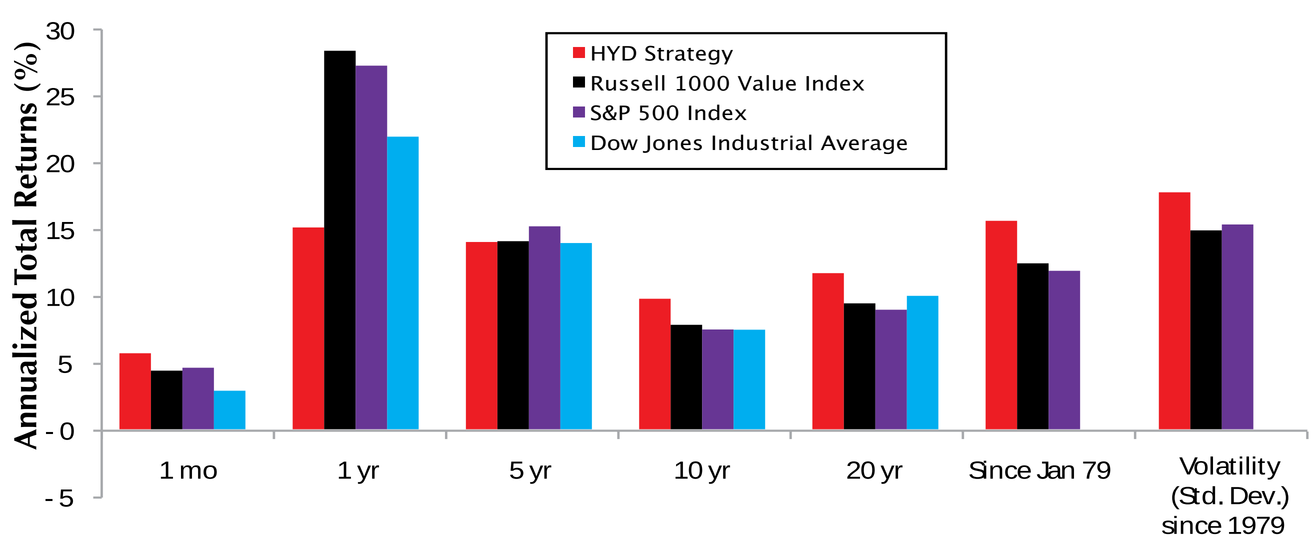
**Currently indicated purchases approximately equal to indicated purchases 18 months ago. 1 Because the percentage of each issue in the portfolio by value reflects the prices shown in the table, we are also showing the number of shares of each stock as a percentage of the total number of shares in the entire portfolio.

Subscribers can find a full description of the strategy and methodology in the "Subscribers Only" (Log in required) section of our website: www.americaninvestment.com.

Comparative Hypothetical Total Returns (%) and Volatility

The data presented in the table and chart below represent total returns generated by a hypothetical HYD portfolio and by benchmark indexes for periods ending October 31, 2013*. Returns for the 5-,10- and 20-year periods are annualized, as is the volatility (standard deviation) of returns (January 1979 is the earliest date for which data was available for both the HYD model and relevant benchmark indexes).

	1 mo.	1 yr.	5 yrs.	10 yrs.	20 yrs.	Since Jan 79	Volatility (Std. Dev.) since 1979
HYD Strategy	5.68	15.08	14.00	9.75	11.67	15.58	17.71
Russell 1000 Value Index	4.38	28.29	14.06	7.81	9.41	12.40	14.86
S&P 500 Index	4.60	27.18	15.17	7.46	8.93	11.84	15.31
Dow Jones Industrial Average	2.88	21.87	13.92	7.44	9.97	N/A	N/A



*Data assume all purchases and sales at mid-month prices (+/–$0.125 per share commissions), reinvestment of all dividends and interest, and no taxes. Model HYD calculations are based on hypothetical trades following a very exacting stock-selection strategy. They do not reflect returns on actual investments or previous recommendations of AIS. Past performance may differ from future results. Historical performance results for the Russell 1000 Value Index, the Dow Jones Industrial Index and the S&P 500 Index do not reflect the deduction of transaction and/or custodial charges, or the deduction of an investment-management fee, the incurrence of which would have the effect of decreasing historical performance results. HYD Strategy results reflect the deduction of 0.55% management fee, the annual rate assessed to a $500,000 account managed through our High Yield Dow investment service.

RECENT MARKET STATISTICS

Precious Metals & Commodity Prices ($)

	11/15/13	Mo. Earlier	Yr. Earlier
Gold, London p.m. fixing	**1,287.25**	1,270.50	1,710.00
Silver, London Spot Price	**20.64**	20.49	32.57
Copper, COMEX Spot Price	**3.17**	3.30	3.46
Crude Oil, W. Texas Int. Spot	**93.83**	101.20	85.44
Dow Jones Spot Index	**392.91**	405.67	441.92
Dow Jones-UBS Commodity Index	**123.21**	127.76	140.64
Reuters-Jefferies CRB Index	**274.90**	286.88	292.84

Interest Rates (%)

		11/15/13	Mo. Earlier	Yr. Earlier
U.S. Treasury bills -	91 day	**0.08**	0.14	0.08
	182 day	**0.10**	0.16	0.14
	52 week	**0.13**	0.15	0.17
U.S. Treasury bonds -	10 year	**2.74**	2.75	1.58
Corporates:				
High Quality -	10+ year	**4.67**	4.62	3.49
Medium Quality -	10+ year	**5.43**	5.41	4.48
Federal Reserve Discount Rate		**0.75**	0.75	0.75
New York Prime Rate		**3.25**	3.25	3.25
Euro Rates	3 month	**0.22**	0.23	0.19
Government bonds -	10 year	**1.73**	1.93	1.33
Swiss Rates -	3 month	**0.02**	0.02	0.03
Government bonds -	10 year	**1.12**	1.18	0.51

Exchange Rates ($)

	11/15/13	Mo. Earlier	Yr. Earlier
British Pound	**1.610700**	1.597400	1.586500
Canadian Dollar	**0.956300**	0.964100	0.997600
Euro	**1.348000**	1.349400	1.278300
Japanese Yen	**0.009980**	0.010100	0.012320
South African Rand	**0.098300**	0.100700	0.112050
Swiss Franc	**1.092660**	1.092700	1.061800

Securities Markets

	11/15/13	Mo. Earlier	Yr. Earlier
S & P 500 Stock Composite	**1,798.18**	1,698.06	1,353.33
Dow Jones Industrial Average	**15,961.70**	15,168.01	12,542.38
Dow Jones Bond Average	**316.33**	313.70	322.52
Nasdaq Composite	**3,985.97**	3,794.01	2,836.94
Financial Times Gold Mines Index	**1,497.01**	1,454.38	2,830.82
FT EMEA (African) Gold Mines	**1,437.19**	1,330.60	2,612.98
FT Asia Pacific Gold Mines	**4,401.80**	4,640.26	11,815.66
FT Americas Gold Mines	**1,335.97**	1,302.71	2,439.22

Coin Prices ($)

	11/15/13	Mo. Earlier	Yr. Earlier	Prem (%)
American Eagle (1.00)	**1,313.03**	1,314.82	1,779.30	2.00
Austrian 100-Corona (0.9803)	**1,234.43**	1,236.13	1,673.43	-2.18
British Sovereign (0.2354)	**308.50**	308.90	415.60	1.81
Canadian Maple Leaf (1.00)	**1,297.50**	1,299.30	1,749.40	0.80
Mexican 50-Peso (1.2057)	**1,521.20**	1,523.30	2,061.90	-1.99
Mexican Ounce (1.00)	**1,282.00**	1,283.80	1,730.70	-0.41
S. African Krugerrand (1.00)	**1,301.57**	1,303.38	1,748.68	1.11
U.S. Double Eagle-$20 (0.9675)				
St. Gaudens (MS-60)	**1,380.00**	1,385.00	1,860.00	10.81
Liberty (Type I-AU50)	**2,225.00**	2,225.00	2,012.50	78.66
Liberty (Type II-AU50)	**1,700.00**	1,750.00	1,910.00	36.50
Liberty (Type III-AU50)	**1,370.00**	1,370.00	1,840.00	10.00
U.S. Silver Coins ($1,000 face value, circulated)				
90% Silver Circ. (715 oz.)	**15,550.00**	16,200.00	23,200.00	5.39
40% Silver Circ. (292 oz.)	**6,025.00**	6,275.00	9,375.00	-0.01
Silver Dollars Circ.	**22,550.00**	21,550.00	28,437.50	41.26

Note: Premium reflects percentage difference between coin price and value of metal in a coin, with gold at $1,287.25 per ounce and silver at $20.64 per ounce. The weight in troy ounces of the precious metal in coins is indicated in parentheses.

THE DOW JONES INDUSTRIALS RANKED BY YIELD*

	Ticker Symbol		Market Prices ($) 11/15/13	10/15/13	11/15/12	12-Month ($) High	Low	Latest Dividend Amount ($)	Record Date	Payable Date	Indicated Annual Dividend ($)	Yield† (%)
AT&T	T		35.43	33.71	33.42	39.00	32.71	0.450	10/10/13	11/1/13	1.800	5.08
Verizon	VZ		50.31	46.32	41.70	54.31	40.51	0.530	10/10/13	11/1/13	2.120	4.21
Intel Corp	INTC		24.52	23.39	20.03	25.98	19.23	0.225	11/07/13	12/1/13	0.900	3.67
Merck	MRK		48.07	46.57	42.80	50.16	40.02	0.430	9/16/13	10/7/13	1.720	3.58
McDonald's	MCD		96.92	93.80	84.05	103.70	83.31	0.810	12/02/13	12/16/13	3.240	3.34
Chevron	CVX		120.06	118.15	101.62	127.83	101.00	1.000	11/18/13	12/10/13	4.000	3.33
Cisco	CSCO		21.53	23.18	17.94	26.49	17.80	0.170	10/03/13	10/23/13	0.680	3.16
Pfizer	PFE		32.20	29.16	23.66	32.21 *H*	23.61	0.240	11/08/13	12/3/13	0.960	2.98
Microsoft Corp.	MSFT		37.84	34.49	26.66	38.22 *H*	26.26	0.280	11/21/13	12/12/13	1.120	2.96
Dupont	DD		62.11	58.14	42.10	62.69 *H*	41.67	0.450	11/15/13	12/13/13	1.800	2.90
Caterpillar	CAT		83.74	85.75	81.30	99.70	79.49	0.600	10/21/13	11/20/13	2.400	2.87
Procter and Gamble	PG		84.84	77.60	66.32	84.92 *H*	66.14	0.602	10/18/13	11/15/13	2.406	2.84
Johnson & Johnson	JNJ		94.39	89.93	69.07	94.64 *H*	68.51	0.660	11/26/13	12/10/13	2.640	2.80
General Electric	GE		27.20	24.19	20.06	27.43 *H*	19.87	0.190	9/23/13	10/25/13	0.760	2.79
Coca-Cola	KO		40.22	37.66	36.43	43.43	35.58	0.280	12/02/13	12/16/13	1.120	2.78
J P Morgan	JPM		54.87	52.31	39.39	56.93	38.83	0.380	10/04/13	10/31/13	1.520	2.77
Exxon Mobil	XOM		95.27	86.79	86.14	95.49	84.70	0.630	11/12/13	12/10/13	2.520	2.65
Wal-Mart Stores	WMT		79.22	74.37	68.72	79.96	67.37	0.470	8/09/13	9/3/13	1.880	2.37
Travelers	TRV		88.67	84.48	68.32	89.00	67.77	0.500	12/10/13	12/31/13	2.000	2.26
United Tech.	UTX		108.59	105.80	74.84	112.46	74.47	0.589	11/15/13	12/10/13	2.356	2.17
IBM	IBM		183.19	184.66	185.85	215.90	172.57 *L*	0.950	11/08/13	12/10/13	3.800	2.07
3M Company	MMM		129.85	119.82	88.02	130.12 *H*	87.75	0.635	11/22/13	12/12/13	2.540	1.96
Home Depot, Inc.	HD		80.03	75.18	61.25	81.56	60.21	0.390	9/05/13	9/19/13	1.560	1.95
Unitedhealth Group	UNH		71.87	73.87	51.25	75.88	51.14	0.280	12/06/13	12/17/13	1.120	1.56
Boeing	BA		136.08	118.18	71.04	136.57 *H*	70.29	0.485	11/08/13	12/6/13	1.940	1.43
Goldman Sachs	GS	*I*	164.40	157.63	115.44	170.00	114.23	0.550	12/02/13	12/30/13	2.200	1.34
American Express	AXP		82.80	75.25	53.64	83.83 *H*	53.58	0.230	10/04/13	11/8/13	0.920	1.11
Walt Disney	DIS		70.00	66.44	47.47	70.17 *H*	47.05	0.750	12/10/12	12/28/12	0.750	1.07
Nike	NKE		79.22	73.71	45.42	79.28 *H*	45.70	0.210	9/03/13	10/7/13	0.840	1.06
Visa Inc.	V	*I*	202.00	191.37	140.00	205.25 *H*	140.02	0.400	11/15/13	12/3/13	1.600	0.79

* See the Recommended HYD Portfolio table on page 86 for current recommendations. † Based on indicated dividends and market price as of 11/15/13.
Extra dividends are not included in annual yields. *H* New 52-week high. *L* New 52-week low. (s) All data adjusted for splits and spin-offs. 12-month data begins 11/16/12.
I Dividend increased since 10/15/13 *D* Dividend decreased since 10/15/13

RECOMMENDED INVESTMENT VEHICLES

			Descriptive Quarterly Statistics, as of 9/30/13						Annualized Returns[4] (%), as of 10/31/13					
					Ratios				Total			After Tax*		
	Security Symbol	Avg. Market Cap. / Avg. Maturity	No. of Holdings	Expense[3] (%)	Sharpe	Turnover (%)	P/B	12 Mo. Yield (%)	1 yr.	3 yr.	5 yr.	1 yr.	3 yr.	5 yr.
Short/Intermediate Fixed Income														
Vanguard Short-Term Bond Index	BSV[1] / VBISX	2.8 Yrs.	1705	0.20	1.02	51	--	1.17	0.53	1.38	3.47	-0.01	0.74	2.69
iShares Barclays 1-3 Yr. Credit Bond	CSJ[1]	1.97 Yrs.	860	0.20	1.42	8	--	1.33	1.09	1.73	4.56	0.55	1.12	3.68
iShares Barclays 1-3 Yr. Treasury Bond	SHY[1]	1.87 Yrs.	49	0.15	0.90	104	--	0.27	0.39	0.55	1.30	0.28	0.35	0.91
Vanguard Limited-Term Tax-Exempt	VMLTX	2.8 Yrs.	2129	0.20	1.07	15	--	1.70	0.60	1.68	2.99	0.60	1.68	2.99
SPDR N.B. Short-Term Municipal Bond	SHM[1]	3.16 Yrs.	482	0.20	0.65	20	--	1.04	0.75	1.59	3.01	0.43	1.45	2.92
Inflation-Protected Fixed Income														
iShares Barclays TIPS Bond	TIP[1]	8.44 Yrs.	38	0.20	0.68	10	--	1.59	-6.44	3.17	7.22	-7.02	2.18	6.20
Vanguard Inflation-Protected Securities	VIPSX	8.4 Yrs.	43	0.20	0.66	33	--	2.55	-6.55	3.06	7.00	-7.66	1.89	6.06
International Fixed Income														
Vanguard Total International Bond Index	BNDX[1]/VTIBX	8.2 Yrs.	1801	0.23	--	--	--	--	--	--	--	--	--	--
Real Estate														
Vanguard REIT Index	VNQ[1] / VGSIX	8.26 B	134	0.24	0.77	9	2.2	3.75	11.23	12.05	15.46	9.72	10.90	14.07
SPDR Dow Jones REIT	RWR[1]	9.43 B	86	0.25	0.75	7	2.2	3.17	9.63	11.60	14.64	8.26	10.32	13.16
Vanguard Global ex-US Real Estate	VNQI[1] / VGXRX[5]	5.79 B	468	0.45	na	10	1.1	4.36	14.69	--	--	12.53	--	--
iShares International Property ETF	WPS[1]	7.01 B	333	0.48	0.59	9	1.1	5.60	15.60	9.22	15.88	13.19	7.67	14.38
SPDR Dow Jones Global Real Estate ETF	RWO[1]	8.36 B	220	0.50	0.69	8	1.5	4.45	11.27	10.24	14.80	9.34	8.33	12.92
U.S. Large Cap Value														
Vanguard Value Index	VTV[1] / VIVAX	64.10 B	326	0.24	1.19	22	1.9	2.28	27.87	16.27	13.80	27.22	15.78	13.32
iShares Russell 1000 Value Index	IWD[1]	46.38 B	649	0.20	1.18	16	1.7	2.09	27.97	16.52	13.87	26.99	15.96	13.36
U.S. Small Cap Value														
iShares Russell Microcap Index	IWC[1]	0.35 B	1336	0.60	1.06	29	1.7	1.38	38.46	17.86	16.13	37.79	17.48	15.83
Vanguard Small-Cap Value Index	VBR[1] / VISVX	2.44 B	808	0.24	1.07	25	1.7	1.99	34.38	17.27	17.60	33.72	16.77	17.07
U.S. Large Cap Growth														
iShares Russell 1000 Growth Index	IWF[1]	44.18 B	611	0.20	1.29	17	4.5	1.53	28.02	16.58	17.29	27.32	16.20	16.96
Vanguard Growth Index	VUG[1] / VIGRX	46.34 B	344	0.24	1.26	21	3.9	1.27	27.46	16.53	16.97	27.10	16.30	16.74
U.S. Marketwide														
Vanguard Total Stock Market Index	VTI[1] / VTSMX	34.69 B	3523	0.17	1.25	3	2.4	1.86	28.74	16.77	15.95	28.19	16.39	15.57
Fidelity Spartan Total Market Index	FSTMX[2]	33.30 B	3341	0.10	1.25	3	2.3	1.56	28.76	16.81	15.92	n/a	n/a	n/a
Foreign- Developed Markets														
iShares MSCI EAFE Growth Index	EFG[1]	34.41 B	531	0.40	0.58	26	2.4	1.99	25.51	8.33	11.95	24.62	7.96	11.65
iShares MSCI EAFE Value Index	EFV[1]	38.01 B	520	0.40	0.50	27	1.2	3.11	27.39	7.88	11.56	25.95	7.25	11.06
Vanguard FTSE Developed Market	VEA[1] / VTMGX[6]	30.33 B	1299	0.09	0.56	7	1.5	3.08	26.98	8.37	11.92	26.12	7.84	11.47
SPDR S&P International Small Cap	GWX[1]	1.3 B	837	0.59	0.53	2	1.2	2.11	24.66	8.05	16.28	23.93	7.52	15.79
Foreign- Emerging Markets														
Vanguard FTSE Emerging Market Stock	VWO[1] / VEIEX	17.57 B	925	0.33	0.04	8	1.5	3.11	4.97	-0.42	14.63	4.01	-1.00	14.02
Gold-Related Funds														
iShares Gold Trust	IAU[1]	--	1	0.25	0.11	0.00	--	0.00	-23.19	-1.07	12.72	-23.19	-1.07	12.72
SPDR Gold Shares	GLD[1]	--	1	0.40	0.10	0.00	--	0.00	-23.29	-0.96	12.18	-23.29	-0.96	12.18

Data provided by the funds and Morningstar. [1]Exchange Traded Fund, traded on NYSE. [2]0.5% fee for redemption in 90 days. [3]For Vanguard funds, Expense Ratios shown are for Mutual Funds. ETFs have lower expenses. [4]For Vanguard Funds, returns shown are for Mutual Funds; ETFs' returns may deviate. [5]VGXRX includes a 0.25% fee on purchases and redemptions, which are paid directly into the fund. [6]These are admiral shares and have a $10,000 required minimum initial investment. *Pre-liquidation. Calculated using the highest individual federal income tax rates in effect at the time of each distribution and do not reflect the impact of state and local taxes and individual tax situations.

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