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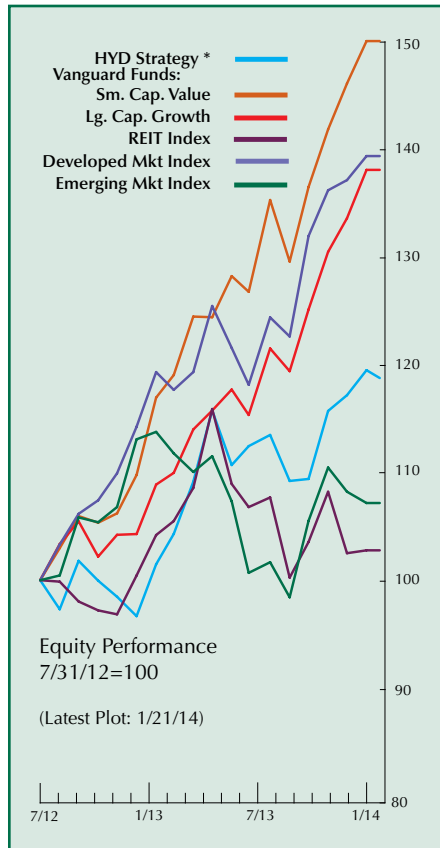
INVESTMENT GUIDE

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* HYD is a hypothetical model based on back-tested results. See p.6 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.

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New Year's Resolutions

Investors who follow our approach can look back on 2013 with satisfaction as global equity markets provided calendar-year returns well above historical norms. But rather than ponder market outcomes, we once again remind our readers that it is far more productive to focus on those factors that are within their control.

- I will understand my own circumstances and formulate an investment plan based on my needs, not in anticipation of market trends.
- I will remind myself that investing is not a form of entertainment—if I have an urge to gamble, I will go to Las Vegas.
- I will stick to my plan.
- I will not attempt to pick winning stocks.
- I will ensure that my holdings are adequately diversified within each asset class I own.
- I will focus on minimizing my investment-related costs.
- I will stay abreast of changes in investment-related tax laws.
- I will not purchase any financial instrument I do not understand.
- I will ignore money managers or others selling products rather than advice.
- I will ignore market prognosticators.
- I will take full advantage of my qualified retirement plans by making the maximum allowable contributions consistent with my budget.
- I will hold my least tax-efficient assets in my tax-deferred accounts.
- I will rebalance my portfolio infrequently, but at regular intervals regardless of the current state of the markets.
- I will not allow the price I have paid for a security to influence my future investment decisions—except for tax considerations regarding capital gains and losses.
- At year end I will harvest tax losses simply and without deviating from my target portfolio allocations, by selling and buying index-type funds within the same asset class.
- I will appreciate the simplicity of the AIS approach; instead of worrying about factors that are not within my control, I will establish my plan and turn my attention to enjoying life.

QUARTERLY REVIEW OF CAPITAL MARKETS¹

January brings not only a new year but also the media's annual fixation with calendar-year returns. Financial pundits and financial writers perform their annual ritual of compiling simplistic lists of winners and losers from the previous year, and gather prognostications for the next. This noise is a harmful distraction to investors who lack a plan, and who invariably end up chasing performance at great cost (for a refresher on why these pundits should be ignored, see the accompanying article "Surprise! No Selloff in 2013.")

To help you keep your eyes on the long-term horizon, every quarter we publish our AIS Model Portfolios table (below). A fixed allocation plan suitable to your circumstances serves as an anchor to keep your portfolio from drifting. We hope that such a plan will also provide reassurance and peace of mind by helping you to ignore various "financial experts" who appeal to fear and greed.

We realize nonetheless that by nature most of us are intrigued by recent outcomes. Therefore at the end of each

calendar quarter we describe how our asset classes have responded to news as it has emerged. These summaries serve as an ongoing reminder that market prices should not be second guessed, but embraced as a means of allocating capital efficiently to the benefit of investors, consumers, producers and governments alike.

Cash Equivalent Assets²

In late December the Fed indicated that its monetary policy would remain accommodative for some time. It is unlikely the targeted Fed funds rate will change from its current 0.0 – 0.25 percent range anytime soon.

Price inflation measured by the CPI was up 1.5 percent over the twelve months through December. AIER's Everyday Price Index (EPI), which measures prices of goods and services consumers buy on a regular basis, increased by 1.2 percent over the same period. Compared with the broader CPI, the EPI is especially sensitive to motor fuel prices, which fell 10 percent

between June and November. This decline in the EPI is good news for consumers living on fixed incomes, but conservative investors with substantial positions in money market funds, CDs and other cash equivalent instruments continue to earn real returns that are negative or close to zero, based on the CPI.

Fixed Income

Bond values fell at the end of the quarter as the Fed announced it would begin reducing its monthly bond purchases from \$85 billion to \$75 billion beginning in January 2014, citing overall economic strength and a rebounding labor market. The Fed had hinted throughout the year that tapering would begin, so the move did not shock the market. The bellwether 10-year Treasury bond yield began the quarter at 2.64 percent and closed the year at 3.04 percent.

For the quarter U.S. Treasuries returned -0.8 percent. Credit spreads tightened, giving a boost to investment

AIS Model Portfolios¹ For the Period Ending December 31, 2013

Asset Class	Index	Recommended Percentage Allocations ²			Asset Class Statistics: Risk and Return (%)			
		Conservative	Moderate	Aggressive	Total Return (annualized)	Std. Dev. (annualized)		
					1 Year	10 Year	20 year	20 year
Cash & Equivalent Assets (3)	Bank of America/Merrill Lynch 3 Mo. T Bills	20	10	0	0.07	1.68	3.05	0.65
Short/Int. Fixed Income	Barclays Capital 1-5 Yr Govt/Cred	28	21	0	0.29	3.41	4.82	2.19
	Citigroup World ex. US Govt. Bond 1-5 Yr	12	9	0	1.10	3.25	4.76	1.57
Real Estate	S&P Global REITs Index Gross Div	10	10	10	2.81	7.89	9.65	17.29
U.S. Large Cap Growth	Russell 1000 Growth Index (USD)	5	5	10	33.48	7.83	8.52	17.28
U.S. Large Cap Value	Russell 1000 Value Index (USD)	15	20	30	32.53	7.58	9.71	14.95
U.S. Small Cap Value	Russell 2000 Value Index (USD)	5	7	13	34.52	8.61	10.64	17.31
	DFA US Micro Cap Portfolio (USD)	0	3	7	45.06	9.29	12.01	20.88
Foreign Developed Markets	MSCI EAFE Index (USD) Gross Div	5	7	13	23.29	7.39	6.08	16.80
Foreign Emerging Markets	MSCI Emg. Mkts. Index (USD) Gross Div	0	3	7	-2.27	11.52	5.70	23.93
Gold Related	Gold (London PM Fix Price)	0	5	10	-27.33	11.21	5.78	16.60
	Total	100	100	100				

Model Portfolio Statistics⁴: Risk, Return (%) and Growth

	Conservative	Moderate	Aggressive
Portfolio Return 1 Year	9.05	11.51	19.86
Portfolio Return 10 Year (annualized)	4.72	6.25	8.41
Portfolio Return 20 Year (annualized)	6.03	7.05	8.78
Portfolio Standard Deviation 20 Year (annualized)	5.59	8.00	13.71
Growth of \$100 over 20 Years	\$322	\$391	\$538

1 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 an investment-management fee, 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.

2 For our recommended investment vehicles for each asset class, see page 8.

3 Investors should maintain cash balances adequate to cover living expenses for up to 6 months in addition to the cash levels indicated.

4 Model portfolio returns reflect the deduction of 0.68% management fee, the rate charged to \$500,000 account by AIS.

grade corporate issues, which gained 0.9 percent, and high-yield bonds which rose 3.5 percent. Municipal bonds managed a gain of 0.3 percent as tax revenues continued to slowly rebound. Tax-equivalent yields on high-quality munis remain above those of U.S. Treasuries for high-income taxpayers.

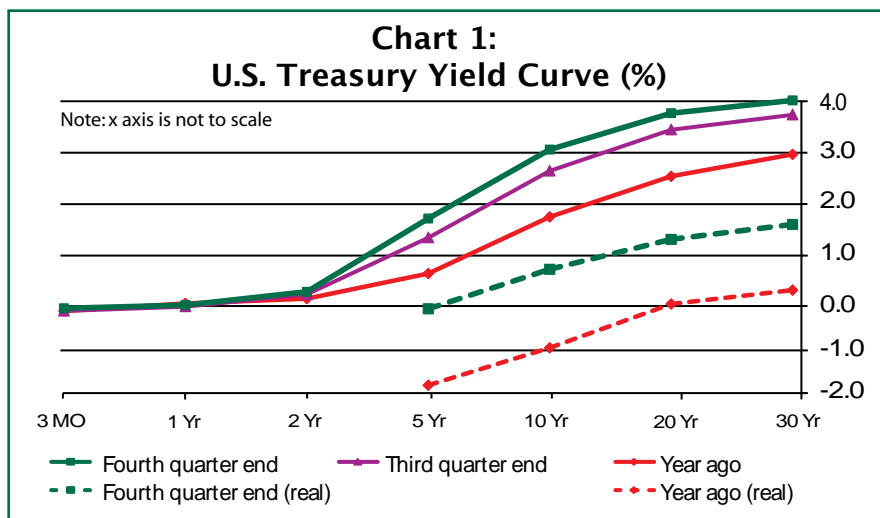
Chart 1 displays the current U.S. Treasury yield curve. We display yield-to-maturity for bonds of various maturities on both a nominal and real (inflation-adjusted) basis. Real yields are calculated by reducing nominal yields by the market's implied expectation for future inflation. During the fourth quarter nominal rates increased for obligations with maturities greater than two years, reflecting the Fed's mid-December commitment to tapering. At year-end only bonds with maturities of five years or more were promising positive real returns. As real rates rose across most maturities TIPS fell, returning -2.0 percent for the quarter.

Mortgage rates rose in November and December but were flat for the full quarter. At year-end the 30 year fixed mortgage was averaging 4.46 percent, with 0.7 points. A year earlier the rate stood at 3.35 percent with 0.7 points.

Real Estate³

U.S. equity Real Estate Investment Trusts (REITs) turned in a third consecutive quarter of negative performance, finishing the three months with a -0.17 percent return as higher interest rates provided alternative sources of investment income. At the end of the year REITs were providing an indicated dividend yield of 3.9 percent, up from 3.4 percent at the end of the third quarter. Non-U.S. REITs were down as well, returning -1.01 percent, attributable in part to a stronger dollar.

We recommend REITs as asset class



that differs from both stocks and bonds, and has delivered strong returns over time. Investors should diversify globally; non-U.S. REITs account for 45 percent of the world's equity REIT valuation.

U.S. Equities⁴

The U.S. stock market returned 10.51 percent for the quarter, with strong results evident across both the style (value versus growth) and company size (small versus large) dimensions of risk. The market reacted positively when it became evident that the Fed would maintain its stimulative monetary stance and was further buoyed by positive news regarding economic growth.

Growth stocks outperformed value stocks on a market-wide basis, driven by the strong performance of large cap growth stocks, which returned 10.44 percent versus 10.01 percent for large cap value shares. Among small caps, however, the opposite held as small value delivered a 9.30 percent return for the quarter versus 8.17 for small growth.

As the recovery continued the highest returns among industries were generated by economically sensitive

industrial, technology and consumer discretionary stocks. The lowest returns came from defensive sectors including energy, telecommunications and utility stocks, amid rising interest rates.

The fourth quarter's robust finish carried the U.S. stock market to its strongest calendar year performance since 1997. The Russell 3000 Index returned 33.55 percent during 2013.

International Equities⁵

International developed market stocks provided strong returns for U.S. investors during the quarter, despite a stronger dollar. Value stocks outpaced growth shares, with returns of 6.01 percent and 5.06 percent, respectively. There was little distinction along the size spectrum, with large cap stocks returning 5.56 percent and small caps registering a 5.51 percent return.

The ECB unexpectedly cut interest rate targets in early November, which helped carry European stocks to a strong finish by the quarter's end. Among global developed markets, Germany topped the list, with a 12.89 percent return, followed by Italy, which gained

	Total Return (%)												Entire Period 1Q 2011- 4Q 2013
	2011				2012				2013				
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	
Barclay Capital 1-5 Yr. Govt./Credit	0.27	1.49	0.91	0.43	0.54	0.59	0.89	0.20	0.27	-0.75	0.63	0.14	5.74
Vanguard REIT Index	6.50	3.51	-14.59	15.20	10.71	3.70	-0.07	2.44	8.03	-1.62	-3.01	-0.75	30.41
Vanguard Value Index	7.02	-0.64	-15.53	12.44	10.58	-2.46	5.74	0.83	12.19	3.84	3.56	10.12	54.30
High-Yield Dow 4/18	6.66	2.05	-7.58	17.17	2.48	11.29	7.05	-5.01	12.80	3.01	-2.69	9.16	68.72
Vanguard Small Cap Value Index	6.88	-1.87	-20.67	15.18	12.08	-3.15	5.45	3.57	13.30	1.83	7.62	9.86	55.00
Vanguard Growth Index	4.95	0.91	-13.40	10.90	15.22	-3.92	6.78	-1.11	9.24	1.17	8.43	10.29	57.12
Vanguard Developed Markets Index	3.08	2.12	-20.11	4.01	11.54	-6.86	6.35	7.56	4.41	-0.98	11.61	5.59	26.64
Vanguard Emerging Markets Index	1.78	-0.97	-23.97	5.99	13.94	-8.41	6.45	6.80	-2.66	-8.45	4.76	1.56	-8.64
Gold (London PM Fix)	2.38	4.62	7.61	-5.49	8.59	-3.85	11.10	-6.67	-3.57	-25.42	11.28	-9.20	-14.30



12.02 percent, and Spain with an 11.46 percent return. The lowest returns came from New Zealand -1.87 percent, and Australia, -1.18 percent.

Emerging market indexes registered positive returns for the quarter but lagged developed and U.S. stocks by a wide margin. Materials and energy stocks pulled the averages down. Growth stocks returned 3.10 percent, outpacing value stocks which returned 0.57 percent.

Gold

The gold price fell by 9.2 percent during the quarter and ranged between \$1,195 and \$1,361 per ounce. For the full year gold returned -27.33 percent, the largest calendar-year decline since 1981.

This outcome is not surprising considering that gold is a form of

Large caps returned 1.83 percent, barely outperforming the 1.26 percent return among small caps. Among countries Egypt and Greece had the strongest showing, with returns of 19.03 percent and 18.85 percent respectively. The poorest results came from Columbia, which turned in a -11.00 percent return and Turkey which registered -13.88 percent.

portfolio insurance. The returns from gold and equities are negatively correlated and during 2013 the U.S. equity market turned in its best showing since 1997. As market valuations moved toward a lower-risk, lower-expected return environment for stocks, the gold price fell.

We recommend that investors gain exposure to the gold price either holding gold directly, in the form of bullion coins or bars, or by holding the bullion-based exchange-traded funds listed on the back page.

Either method entails trade-offs. Holding gold directly gives peace of mind that your holdings are readily accessible when needed. However theft or loss is always a risk and storage costs must be accounted for. The market for gold coins is fragmented, so when buying and selling coins it may be necessary to obtain prices from several dealers. There is a ready market for ETF shares on the other hand, and share prices are readily attainable. But ETFs incur costs reflected in their stated expense ratio, and shares are not directly convertible to gold.

1 This article contains information and excerpts from The Vanguard Group, Fidelity Investments, and Dimensional Fund Advisors as well as data obtained from several index providers.

2 Sources for cash and equivalent and fixed income statistics: U.S. Treasury, U.S. Labor Department (Bureau of Labor Statistics), Fidelity Management and Research Company, Dimensional Fund Advisors. U.S. Treasuries: Barclays U.S. Treasury Index. Corporate (investment grade) bonds: Barclays Credit Bond Index; Municipal bonds: Barclays Municipal Bond Index; TIPS: Barclays U.S. TIPS Index. High Yield: BofA ML U.S. High Yield Master II Index Foreign (USD hedged. Mortgage rates: Freddie Mac.

3 US REIT data provided by National Association of Real Estate Trusts (NAREIT). FTSE NAREIT All Equity REIT Index). Ex-US REITS: Dow Jones ©. S&P Global ex US REIT Index (Source: Dimensional Fund Advisors, Standard & Poor's).

4 U.S. Market: Russell 3000 Index. Small cap value stocks: Russell 2000 Value Index, Small cap growth stocks: Russell 2000 Growth Index. Large cap stocks: Russell 1000 Growth & Russell 1000 Value Indices. Sector returns represented by S&P 500 sectors.

5 Source: Dimensional Fund Advisors and Fidelity Management and Research Company: Developed markets Large Cap-- MSCI World ex-USA Index, Small Cap -- MSCI World ex USA Small Cap Index. Value -- MSCI World ex USA Value Index Growth -- MSCI World ex USA Growth Index Emerging markets large cap: MSCI Emerging Markets Index, Small Cap MSCI Emerging Market Small Cap Index. Value MSCI Emerging Markets Value Index, Growth MSCI Emerging Markets Growth Index. Non-U.S. developed market stocks MSCI World ex USA. Country performance provided by Dimensional Fund Advisors, based on respective indexes in the MSCI All Country World ex USA IMI Index (for developed markets) and MSCI Emerging Markets IMI Index. All returns in US currency and net of withholding tax on dividends. MSCI data copyright MSCI 2014, all rights reserved. Currency data: Dimensional Fund Advisors, Oanda.com.

SURPRISE! NO SELLOFF IN 2013¹

The unusually strong performance of U.S. stocks in 2013 was a welcome surprise for investors who are following a simple buy-and-hold strategy and a source of exasperation for many professionals caught flatfooted by the steady rise in share prices.

It was the best year for the S&P 500 Index since 1997, with a total return in excess of 32%. The size and value dimensions were even more rewarding: 2013 was the best calendar year since inception for the DFA U.S. Large Cap Value Portfolio, while the DFA U.S. Micro Cap Portfolio had its second-best performance in 32 years of operation.

To some experts, it wasn't supposed to look like this. A Barron's cover story appearing in November 2012 warned investors to "get ready for the recession of 2013." The title of a Time article on the outlook for financial markets that same month shouted, "Why Stocks Are Dead" in oversize type. A prominent economic forecaster who predicted the downturn in 2008 suggested that four elements—stagnating US economic growth, the European debt crisis, a slump in emerging markets, and military conflict in the Middle East—could combine and lead to a "superstorm."

Another prognosticator—and

longtime Forbes columnist—ticked off a long list of worries, including a new wave of housing foreclosures, persistent government deficits, weak consumer spending, high unemployment, and unsustainable corporate profit margins. His prediction for 2013: "the S&P 500 Index drops to 800, a 42% decline." Others fretted about a deepening slump in China that could drag the rest of the world down with it.

Detroit's bankruptcy filing in July—the largest American city to do so—and the acrimonious debate over public finances in many cities and states suggested to some that a tectonic shift

in municipal finance was underway with worrisome consequences. One prominent Wall Street researcher observed that “the aftershocks of the largest municipal bankruptcy in US history will be staggering, and Detroit will set important precedents.”

Individual and professional investors alike braced themselves throughout the year for a sharp selloff that never materialized. At times, the perverse reaction to rising prices was not delight but apprehension of an even steeper decline to come. On March 5, 2013, for example, the Dow Jones Industrial Average finally eclipsed its previous record of 14164.53, set in October 2007. But the Financial Times reported that the prevailing mood among veteran New York Stock Exchange floor traders was “more anxious than joyful.”

Month after month, a Greek chorus of financial journalists recycled the same arguments we have heard regularly for the past several years: Economic growth is well below average, stocks are expensive relative to earnings, corporate profit margins are historically high and can only come down, earnings growth is too weak, asset prices have been artificially inflated by an expansive monetary policy, and so on. A sample of headlines that might have unsettled investors appears below.

Jan 12 “Rebirth of Equities Ain’t Necessarily So,” Financial Times

Feb 8 “Scant Pickup in Economic Growth Seen for 2013,” Wall Street Journal

Mar 7 “Stock Markets Defy Economic Woes,” Financial Times

Apr 2 “Lesser Expectations: Earnings Hopes Dim for First Quarter,” USA Today

May 18 “Stock Market Optimism on This Scale Hard to Explain,” Financial Times

Jul 7 “As Investors Rush in, Stocks Are Sending Warning Signals,” Wall Street Journal

Aug 24 “Lofty Profit Margins Hint at Pain to Come for U.S. Shares,” Wall Street Journal

Sep 18 “Profits Boost Needed for

Selected Automotive Stocks: 1-Year Total Return December 31, 2013	
Tesla Motors (TSLA)	344.14%
Visteon (VC)	74.32%
Johnson Controls (JCI)	69.84%
Magna Intl (MGA)	66.61%
General Motors (GM)	41.76%
Paccar (PCAR)	34.64%
Cummins (CMI)	32.18%
Ford Motor (F)	22.24%

Source: Morningstar (www.morningstar.com), accessed January 2, 2014

Wall Street’s Equities Run,” M. Mackenzie, Financial Times

Oct 7 “Get Ready For a Drop in Stock Prices,” Shefali Anand, Wall Street Journal

Nov 16 “Is This a Bubble?” Joe Light, Wall Street Journal

With so many economic hobgoblins to frighten them, many investors found it easy to dismiss more positive developments as unsustainable or irrelevant. Auto sales, for example, have been surprisingly strong in recent years, but investors could find plausible reasons for caution in 2013. A New York Times financial reporter observed, “After steady increases for decades, Americans are driving less. ... Walkable cities are growing faster than suburbs. And wherever people happen to move, they are buying smaller, more fuel-efficient cars. ... All this means that autos—one of the biggest industries in the United States—will not soon regain the explosive growth of the early 2000s.”

Some Americans are indeed buying more fuel-efficient cars; electric-only Tesla luxury sedans are popping up in driveways in tony neighborhoods across the country. But many other Americans are eagerly signing contracts for powerful full-size pickup trucks; light-duty truck sales were up roughly 20% through November, and the Ford F-150 continues to be the best-selling vehicle in America by a substantial margin. Last year turned out to be a rewarding one for shareholders of most auto manufacturers and suppliers as well (see table nearby).

What can investors learn from this year’s market behavior? Most of us accept the idea that predicting the future

is difficult. And predicting how other investors will respond to unpredictable events is harder still. But, for some of us, the temptation to engage in such efforts is irresistible. If only we could do so, we could be so much wealthier, have the satisfaction of outwitting other clever market participants, and make ourselves more attractive to members of the opposite sex. But results from this past year tell us we should be skeptical of our ability—or anyone else’s—to do this well enough to outperform a simple buy-and-hold strategy. When investors are studying the long-run record of US stock market returns several years from now, we suspect many of them will find it difficult to recall exactly what it was that they were so worried about and discouraged them from pursuing the capital market rewards that were there for the taking.

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- A. Gary Shilling, “Prepare for a Market Plunge,” *Forbes*, January 21, 2013.
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¹ This article was written by Weston Wellington of Dimensional Fund Advisors

THE HIGH-YIELD DOW INVESTMENT STRATEGY

Recommended HYD Portfolio

As of January 15, 2014

	Rank	Yield (%)	Price (\$)	Status	—Percent of Portfolio—	
					Value (%)	No. Shares (%) ¹
AT&T	1	5.45	33.79	Holding**	22.08%	24.37%
Verizon	2	4.39	48.27	Holding**	23.56%	18.20%
McDonald's	3	3.39	95.46	Buying	1.53%	0.60%
Intel Corp	4	3.37	26.67	Buying	25.48%	35.63%
Merck	6	3.35	52.52	Selling	22.05%	15.66%
Pfizer	7	3.34	31.18	Selling	1.42%	1.69%
Dupont (E.I.)	12	2.82	63.73	Holding	1.62%	0.95%
Hewlett Packard	-	2.00	28.84	Holding	2.25%	2.91%
Cash (6-mo. T-Bill)	N/A	N/A	N/A		0.01%	N/A
Totals					100.00	100.00

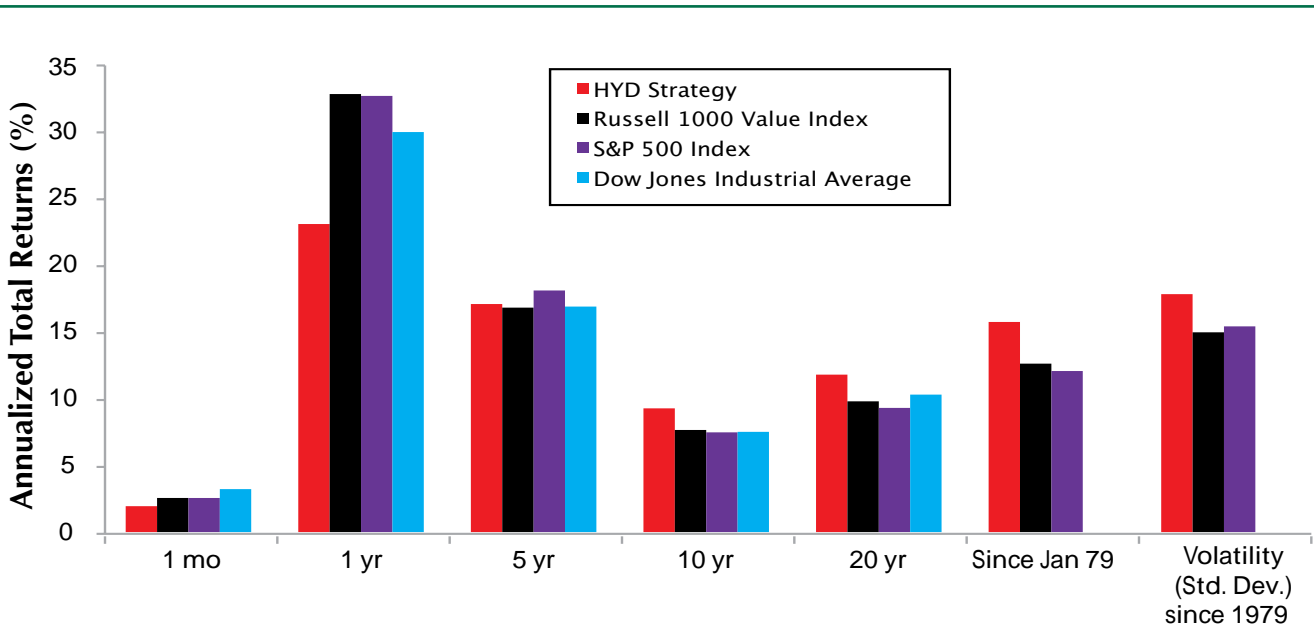
**Currently indicated purchases approximately equal to indicated purchases 18 months ago. 1 Because the percentage of each issue in the portfolio by value reflects the prices shown in the table, we are also showing the number of shares of each stock as a percentage of the total number of shares in the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

	<u>1 mo.</u>	<u>1 yr.</u>	<u>5 yrs.</u>	<u>10 yrs.</u>	<u>20 yrs.</u>	<u>Since Jan 79</u>	<u>Volatility (Std. Dev.) since 1979</u>
HYD Strategy	1.92	22.87	16.93	9.19	11.69	15.60	17.67
Russell 1000 Value Index	2.53	32.53	16.67	7.58	9.71	12.51	14.83
S&P 500 Index	2.53	32.39	17.94	7.41	9.22	11.96	15.28
Dow Jones Industrial Average	3.19	29.70	16.75	7.44	10.21	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 (\$)

	1/15/14	Mo. Earlier	Yr. Earlier
Gold, London p.m. fixing	1,236.00	1,232.00	1,680.50
Silver, London Spot Price	20.09	19.55	31.19
Copper, COMEX Spot Price	3.41	3.35	3.62
Crude Oil, W. Texas Int. Spot	94.16	96.59	93.27
Dow Jones Spot Index	399.27	401.93	442.14
Dow Jones-UBS Commodity Index	124.91	126.11	139.92
Reuters-Jefferies CRB Index	277.84	279.67	298.10

Interest Rates (%)

U.S. Treasury bills - 91 day	0.04	0.07	0.09
182 day	0.06	0.09	0.11
52 week	0.12	0.14	0.14
U.S. Treasury bonds - 10 year	2.90	2.88	1.86
Corporates:			
High Quality - 10+ year	4.50	4.63	3.74
Medium Quality - 10+ year	5.22	5.38	4.67
Federal Reserve Discount Rate	0.75	0.75	0.75
New York Prime Rate	3.25	3.25	3.25
Euro Rates			
3 month	0.28	0.27	0.20
Government bonds - 10 year	1.83	1.82	1.49
Swiss Rates - 3 month	0.02	0.02	0.02
Government bonds - 10 year	1.17	1.13	0.67

Exchange Rates (\$)

British Pound	1.637500	1.629400	1.608900
Canadian Dollar	0.914700	0.943900	1.016360
Euro	1.360400	1.372400	1.334200
Japanese Yen	0.009580	0.009680	0.011280
South African Rand	0.092090	0.096970	0.113570
Swiss Franc	1.100800	1.123100	1.078200

Securities Markets

	1/15/14	Mo. Earlier	Yr. Earlier
S & P 500 Stock Composite	1,848.38	1,775.32	1,472.34
Dow Jones Industrial Average	16,481.94	15,755.36	13,534.89
Barclays US Credit Index	2,411.96	2,393.02	2,438.55
Nasdaq Composite	4,214.88	4,000.98	3,110.78
Financial Times Gold Mines Index	1,375.90	1,288.62	2,791.14
FT EMEA (African) Gold Mines	1,193.19	1,176.33	2,561.24
FT Asia Pacific Gold Mines	3,771.00	3,391.39	11,043.79
FT Americas Gold Mines	1,268.59	1,177.77	2,428.14

Coin Prices (\$)

	1/15/14	Mo. Earlier	Yr. Earlier	Prem (%)
American Eagle (1.00)	1,286.22	1,303.63	1,742.80	4.06
Austrian 100-Corona (0.9803)	1,209.22	1,225.32	1,633.82	-0.20
British Sovereign (0.2354)	302.40	306.30	406.00	3.93
Canadian Maple Leaf (1.00)	1,268.40	1,288.10	1,712.30	2.62
Mexican 50-Peso (1.2057)	1,490.10	1,510.00	2,013.10	-0.01
Mexican Ounce (1.00)	1,256.20	1,272.70	1,690.20	1.63
S. African Krugerrand (1.00)	1,270.57	1,292.18	1,713.18	2.80
U.S. Double Eagle-\$20 (0.9675)				
St. Gaudens (MS-60)	1,375.00	1,380.00	1,825.00	14.98
Liberty (Type I-AU50)	2,225.00	2,225.00	2,075.00	86.06
Liberty (Type II-AU50)	1,700.00	1,700.00	1,937.50	42.16
Liberty (Type III-AU50)	1,355.00	1,360.00	1,785.00	13.31
U.S. Silver Coins (\$1,000 face value, circulated)				
90% Silver Circ. (715 oz.)	15,400.00	15,425.00	23,012.50	7.21
40% Silver Circ. (292 oz.)	5,825.00	5,802.50	9,162.50	-0.70
Silver Dollars Circ.	20,425.00	20,500.00	28,625.00	31.42

Note: Premium reflects percentage difference between coin price and value of metal in a coin, with gold at \$1,236.00 per ounce and silver at \$20.09 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 (\$)			12-Month (\$)		Latest Dividend Amount (\$)	Record Date	Payable Date	Indicated Annual Dividend (\$)	Yield† (%)
		1/15/14	12/13/13	1/15/13	High	Low					
AT&T	T	33.79	33.85	33.76	39.00	32.76	0.460	1/10/14	2/3/14	1.840	5.45
Verizon	VZ	48.27	47.84	41.97	54.31	41.50	0.530	1/10/14	2/3/14	2.120	4.39
McDonald's	MCD	95.46	94.44	91.51	103.70	90.91	0.810	12/02/13	12/16/13	3.240	3.39
Intel Corp	INTC	26.67	24.29	21.88	27.12 H	20.10	0.225	11/07/13	12/1/13	0.900	3.37
Chevron	CVX	119.18	119.90	113.44	127.83	113.17	1.000	11/18/13	12/10/13	4.000	3.36
Merck	MRK	52.52	48.38	42.87	53.44 H	40.83	0.440	12/16/13	1/8/14	1.760	3.35
Pfizer	PFE	31.18	30.25	26.62	32.50	26.34	0.260	2/07/14	3/4/14	1.040	3.34
General Electric	GE	27.34	26.84	21.20	28.09 H	21.06	0.220	12/23/13	1/27/14	0.880	3.22
Microsoft Corp.	MSFT	36.76	36.69	27.21	38.98	27.00	0.280	2/20/14	3/13/14	1.120	3.05
Cisco	CSCO	22.78	20.24	20.98	26.49	19.98	0.170	1/06/14	1/22/14	0.680	2.99
Procter and Gamble	PG	80.79	82.37	69.88	85.82	69.11	0.602	1/24/14	2/18/14	2.406	2.98
Dupont	DD	63.73	60.24	46.25	65.00 H	45.62	0.450	11/15/13	12/13/13	1.800	2.82
Coca-Cola	KO	39.76	39.23	37.32	43.43	36.54	0.280	12/02/13	12/16/13	1.120	2.82
Johnson & Johnson	JNJ	94.80	91.35	72.37	95.99	72.25	0.660	2/25/14	3/11/14	2.640	2.78
Caterpillar	CAT	92.41	86.05	95.67	99.70	79.49	0.600	1/21/14	2/20/14	2.400	2.60
J P Morgan	JPM	59.49	56.17	46.35	59.65 H	45.57	0.380	1/06/14	1/31/14	1.520	2.56
Exxon Mobil	XOM	98.78	95.31	89.53	101.74 H	84.79	0.630	11/12/13	12/10/13	2.520	2.55
3M Company	MMM	138.44	126.43	97.29	140.43 H	96.92	0.855	2/14/14	3/12/14	3.420	2.47
Wal-Mart Stores	WMT	77.66	78.08	68.98	81.37	68.13	0.470	12/06/13	1/2/14	1.880	2.42
Travelers	TRV	87.88	86.49	75.56	91.68	75.11	0.500	12/10/13	12/31/13	2.000	2.28
Boeing	BA	140.62	133.83	76.94	142.80 H	72.68	0.730	2/14/14	3/7/14	2.920	2.08
United Tech.	UTX	114.07	107.35	85.96	114.71 H	85.15	0.589	11/15/13	12/10/13	2.356	2.07
IBM	IBM	187.74	172.80	192.50	215.90	172.57	0.950	11/08/13	12/10/13	3.800	2.02
Home Depot, Inc.	HD	81.07	79.01	63.95	82.57 H	63.55	0.390	12/05/13	12/19/13	1.560	1.92
Unitedhealth Group	UNH	74.84	70.48	53.62	77.33 H	52.51	0.280	12/06/13	12/17/13	1.120	1.50
Nike	NKE	75.43	76.40	53.64	80.26	52.81	0.240	12/16/13	1/6/14	0.960	1.27
Goldman Sachs	GS	178.75	168.39	135.59	181.13 H	137.29	0.550	12/02/13	12/30/13	2.200	1.23
Walt Disney	DIS	74.28	69.62	51.09	76.84 H	50.80	0.860	12/16/13	1/16/14	0.860	1.16
American Express	AXP	88.25	83.68	60.76	91.08 H	58.70	0.230	1/10/14	2/10/14	0.920	1.04
Visa Inc.	V	223.76	207.36	160.45	224.90 H	154.14	0.400	11/15/13	12/3/13	1.600	0.72

* See the Recommended HYD Portfolio table on page 6 for current recommendations. † Based on indicated dividends and market price as of 1/15/14.

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 1/16/13.

/ Dividend increased since 12/15/13 D Dividend decreased since 12/15/13

RECOMMENDED INVESTMENT VEHICLES

Descriptive Quarterly Statistics, as of 12/31/13

Annualized Returns⁴ (%), as of 12/31/13

Security Symbol	Avg. Market Cap./Avg. Maturity	No. of Holdings	Expense ³ (%)	Sharpe Ratio	Turnover (%)	P/B	12 Mo. Yield (%)	Annualized Returns ⁴ (%)					
								1 yr.	3 yr.	5 yr.	1 yr.	3 yr.	5 yr.
Short-/Intermediate Fixed Income													
Vanguard Short-Term Bond Index	BSV ¹ / VBISX	1784	0.20	1.32	51	--	1.10	0.07	1.65	2.62	-0.48	1.03	1.87
iShares Barclays 1-3 Yr. Credit Bond	CSJ ¹	871	0.20	1.62	8	--	1.17	1.03	1.88	3.96	0.52	1.30	3.14
iShares Barclays 1-3 Yr. Treasury Bond	SHY ¹	58	0.15	1.03	104	--	0.26	0.23	0.65	0.94	0.11	0.48	0.62
Vanguard Limited-Term Tax-Exempt SPDR N.B. Short-Term Municipal Bond	VMLTX SHM ¹	2174 522	0.20 0.20	1.49 1.03	14 20	--	1.67 0.98	0.49 0.89	1.98 1.88	2.69 2.43	0.49 0.46	1.98 1.72	2.69 2.33
Inflation-Protected Fixed Income													
iShares Barclays TIPS Bond	TIP ¹	38	0.20	0.61	47	--	1.15	-8.65	3.42	5.51	-9.08	2.48	4.49
Vanguard Inflation-Protected Securities	VIPSX	42	0.20	0.60	33	--	1.66	-8.92	3.27	5.31	-9.63	2.14	4.32
International Fixed Income													
Vanguard Total International Bond Index	BNDX ¹ /VTIBX	2169	0.23	--	31	--	--	--	--	--	--	--	--
Real Estate													
Vanguard REIT Index	VNQ ¹ / VGSIX	133	0.24	0.61	9	2.1	4.16	2.31	9.26	16.74	0.54	8.03	15.32
SPDR Dow Jones REIT	RWR ¹	86	0.25	0.58	7	2.1	3.39	0.94	8.78	16.15	-0.47	7.47	14.63
Vanguard Global ex-US Real Estate	VNQI ¹ / VGXRX ⁵	525	0.40	0.45	8	1.1	3.14	3.23	6.76	--	1.52	5.26	--
iShares International Property ETF	WPS ¹	338	0.48	0.51	9	1.1	4.09	7.60	7.70	15.79	5.64	6.19	14.17
SPDR Dow Jones Global Real Estate ETF	RWO ¹	220	0.50	0.53	8	1.4	3.79	2.78	7.74	15.75	1.15	6.30	13.88
U.S. Large Cap Value													
Vanguard Value Index	VTV ¹ / VIVAX	314	0.24	1.23	22	2.0	2.08	32.85	15.56	16.09	32.14	15.05	15.60
iShares Russell 1000 Value Index	IWD ¹	663	0.20	1.20	16	1.8	1.95	32.18	15.81	16.46	30.97	15.19	15.91
U.S. Small Cap Value													
iShares Russell Microcap Index	IWC ¹	1359	0.60	0.93	29	1.9	1.01	45.39	16.25	20.36	44.68	15.83	20.03
Vanguard Small-Cap Value Index	VBR ¹ / VISVX	806	0.24	1.01	25	1.8	1.71	36.41	15.73	20.32	35.70	15.17	19.80
U.S. Large Cap Growth													
iShares Russell 1000 Growth Index	IWF ¹	626	0.20	1.28	17	4.9	1.29	33.19	16.22	20.15	32.36	15.81	19.78
Vanguard Growth Index	VUG ¹ / VIGRX	352	0.24	1.24	21	4.2	1.06	32.16	16.25	20.16	31.79	16.00	19.92
U.S. Marketwide													
Vanguard Total Stock Market Index	VTI ¹ / VTSMX	3619	0.17	1.24	3	2.6	1.64	33.35	16.11	18.72	32.75	15.71	18.34
Fidelity Spartan Total Market Index	FSTMX ²	3303	0.10	1.24	3	2.5	1.48	33.37	16.13	18.74	32.88	15.77	18.38
Foreign-Developed Markets													
iShares MSCI EAFE Growth Index	EFG ¹	559	0.40	0.54	26	2.3	1.87	22.15	7.68	12.54	21.06	7.23	12.18
iShares MSCI EAFE Value Index	EFV ¹	503	0.40	0.53	27	1.3	3.21	22.61	8.14	11.79	20.73	7.34	11.17
Vanguard FTSE Developed Market	VEA ¹ / VTMGX ⁶	1311	0.10	0.56	7	1.5	2.61	22.12	8.19	12.01	21.41	7.74	11.63
SPDR S&P International Small Cap	GWX ¹	1187	0.59	0.43	21	1.3	3.09	21.71	5.92	15.92	20.07	5.14	15.22
Foreign-Emerging Markets													
Vanguard FTSE Emerging Market Stock	VWO ¹ / VIEIX	916	0.33	-0.06	26	1.6	2.57	-5.00	-2.81	14.00	-5.73	-3.28	13.56
Gold-Related Funds													
iShares Gold Trust	IAU ¹	1	0.25	-0.17	0.00	--	0.00	-27.94	-5.32	6.04	-27.94	-5.32	6.04
SPDR Gold Shares	GLD ¹	1	0.40	-0.18	0.00	--	0.00	-28.09	-5.58	6.36	-28.09	-5.58	6.36

Data provided by the funds and Morningstar. ¹Exchange Traded Fund, traded on NYSE. ²0.5% fee for redemption in 90 days. ³For Vanguard funds, Expense Ratios shown are for Mutual Funds. ETFs have lower expenses. ⁴For Vanguard Funds, returns shown are for Mutual Funds; ETFs' returns may deviate. ⁵VGXRX includes a 0.25% fee on purchases and redemptions, which are paid directly into the fund. ⁶These 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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