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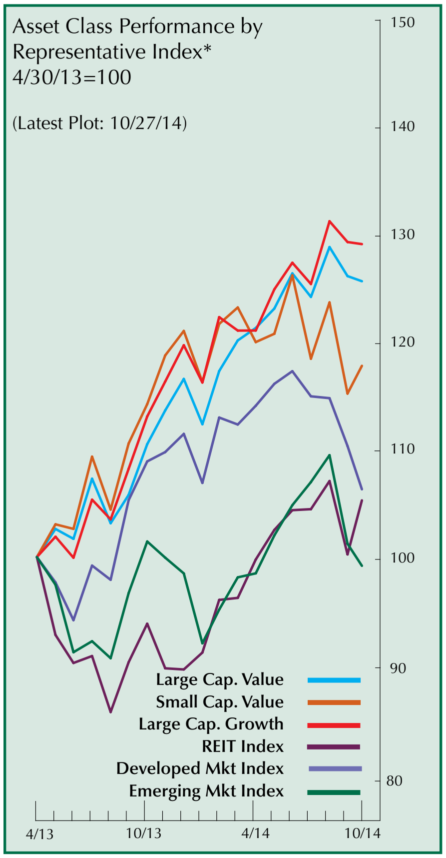

* See page 78 for representative indexes.

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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Living with Volatility, Again[1]

Volatility is back. Just as many people were starting to think markets only ever move in one direction, the pendulum has swung the other way. Anxiety is a completely natural response to these events. Acting on those emotions, though, can end up doing us more harm than good.

There are a number of tidy-sounding theories about why markets have become more volatile. Among the issues frequently splashed across newspaper front pages: global growth fears, policy uncertainty, geopolitical risk, and even the Ebola virus.

In many cases, these issues are not new. The U.S. Federal Reserve gave notice last year it was contemplating its exit from quantitative easing (an unconventional monetary policy used by central banks to stimulate the economy when standard monetary policy has become ineffective). Much of Europe has been struggling with sluggish growth or recession for years, and there are always geopolitical tensions somewhere.

In some ways, the increase in volatility in recent weeks could be just as much a reflection of the fact that volatility has been very low for some time. Investors in aggregate were satisfied earlier this year with a low price on risk, but now they are applying a higher discount rate to risky assets.

So the increase in market volatility is an expression of uncertainty. Markets do not move in one direction. If they did, there would be no return from investing in stocks and bonds. And if volatility remained low forever, there would probably be more reason to worry.

As to what happens next, no one knows for sure. That is the nature of risk. In the meantime, investors can help manage their risk by diversifying broadly across and within asset classes. We have seen the benefit of that in recent weeks as bonds have rallied strongly.

For those still anxious, here are seven simple truths to help you live with volatility:

1. Don't make presumptions. Remember that markets are unpredictable and do not always react the way the experts predict they will. When central banks relaxed monetary policy during the crisis of 2008-09, many analysts warned of an inflation breakout. If anything, the reverse has been the case with central banks fretting about deflation.

2. Someone is buying. Quitting the equity market when prices are falling is like running away from a sale. While prices have been discounted to reflect higher risk, that's another way of saying expected returns are higher. And while the media headlines proclaim that "investors are dumping stocks," remember someone is buying them. Those people are often the long-term investors.

3. Market timing is hard. Recoveries can come just as quickly and just as violently as the prior correction. For instance, in March 2009—when market sentiment was at its worst—the S&P 500 turned and put in seven consecutive months of gains totaling almost 80 percent. This is not to predict that a similarly vertically shaped recovery is in the cards, but it is a reminder of the dangers for long-term investors of turning paper losses into real ones and paying for the risk without waiting around for the recovery.

4. Never forget the power of diversification. While equity markets have turned rocky again, highly rated government bonds have flourished. This helps

(continued next page)

limit the damage to balanced fund investors. So diversification spreads risk and can lessen the bumps in the road.

5. Markets and economies are different things. The world economy is forever changing, and new forces are replacing old ones. This applies both between and within economies. For instance, falling oil prices can be bad for the energy sector but good for consumers. New economic forces are emerging as global measures of poverty, education, and health improve. A recent OECD study shows how far the world has come in the past 200 years.[2]

6. Nothing lasts forever. Just as smart investors temper their enthusiasm in booms, they keep a reserve of optimism during busts. And just as loading up on risk when prices are high can leave you exposed to a correction, dumping risk altogether when prices are low means you can miss the turn when it comes. As always in life, moderation is a good policy.

7. Discipline is rewarded. The market's volatility is worrisome, no doubt. The feelings being generated are completely understandable and familiar to those who have seen this before. But through discipline, diversification, and understanding how markets work, the ride can be made bearable. At some point, value re-emerges, risk appetites reawaken, and for those who acknowledged their emotions without acting on them, relief replaces anxiety.

[1] Jim Parker, "Living with Volatility, Again" Outside the Flags, Dimensional Fund Advisors, October 2014. Reprinted with permission.
[2] 'How Was Life? Global Well-Being Since 1820', OECD, Oct 2, 2014. http://www.oecd-ilibrary.org/economics/how-was-life_9789264214262-en.

QUARTERLY REVIEW OF CAPITAL MARKETS[1]

Global turmoil dominated the news during the third quarter while in the U.S. positive economic news emerged amidst an otherwise sluggish recovery. The recovery, coupled with weakness in Europe, boosted the dollar's value. As a result, foreign stocks in both developed and emerging markets declined.

U.S. stocks were volatile and, as so often is the case, these ups and downs were amplified by an entirely discretionary monetary policy that left the media and investors to nervously ponder "the Fed's next move." Equity indexes fell as the quarter opened, but were bolstered in August as economic indicators revealed continuing growth in manufacturing and services. However, in September the markets fell back upon speculation that the Fed, in the face of stronger growth, might accelerate its plan to increase the target Fed Funds Rate to early 2015.

Long-term interest rates in the U.S. ended the quarter just below second quarter rates, while short-term rates increased slightly. Changes appear to

AIS Model Portfolios[1]
For the Period Ending September 30, 2014

Asset Class	*Index*	*Recommended Percentage Allocations[2]*			*Asset Class Statistics: Risk and Return (%)*			
					Total Return (annualized)			*Std. Dev. (annualized)*
		Conservative	*Moderate*	*Aggressive*	*1 Year*	*10 Year*	*20 year*	*20 year*
Cash & Equivalent Assets (3)	Bank of America/Merrill Lynch 3 Mo. T Bills	20	10	0	0.05	1.59	2.91	0.72
Short/Int. Fixed Income	Barclays Capital 1-5 Yr Govt/Cred	28	21	0	1.15	3.34	4.90	2.26
	Citigroup World ex. US Govt. Bond 1-5 Yr	12	9	0	2.32	3.24	4.97	1.62
Real Estate	S&P Global REITs Index Gross Div	10	10	10	10.88	7.59	10.26	16.21
U.S. Large Cap Growth	Russell 1000 Growth Index (USD)	5	5	10	19.15	8.94	8.83	16.79
U.S. Large Cap Value	Russell 1000 Value Index (USD)	15	20	30	18.89	7.84	10.16	14.47
U.S. Small Cap Value	Russell 2000 Value Index (USD)	5	7	13	4.13	7.25	10.29	17.09
	DFA US Micro Cap Portfolio (USD)	0	3	7	4.80	8.43	11.39	20.19
Foreign Developed Markets	MSCI EAFE Index (USD) Gross Div	5	7	13	4.70	6.80	5.57	17.47
Foreign Emerging Markets	MSCI Emg. Mkts. Index (USD) Gross Div	0	3	7	4.66	11.03	5.43	23.41
Gold Related	Gold (London PM Fix Price)	0	5	10	-8.29	11.34	5.79	15.88
	Total	100	100	100				

Model Portfolio Statistics[4]: Risk, Return (%) and Growth

	Conservative	*Moderate*	*Aggressive*
Portfolio Return 1 Year	5.46	6.21	8.71
Portfolio Return 10 Year (annualized)	4.65	6.12	8.21
Portfolio Return 20 Year (annualized)	6.15	7.16	8.82
Portfolio Standard Deviation 20 Year (annualized)	5.46	7.74	13.18
Growth of $100 over 20 Years	$330	$398	$543

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 78.
3 Investors should maintain cash balances adequate to cover living expenses for up to 6 months in addition to the cash levels indicated.
4 AIS Model Portfolios strategy results reflect the deduction of 0.68% management fee, the annual rate assessed to a $500,000 account managed through our Professional Asset Management investment service ("PAM"). A maximum annual management fee for the PAM service of 1.50% applies to accounts of $100,000 (our minimum account size) in Assets Under Management ("AUM"). The fee decreases thereafter as AUM increases. Accounts with AUM less than $500,000 would incur a fee greater than 0.68% and, therefore, returns would be lower than indicated. See AIS ADV Part 2 for full details, available at http://americaninvestment.com/images/pdf/ADV_Part_2A.pdf.

have been driven, at least in part, by international strife which caused global capital to flow into the U.S. in a "flight to safety."

We have made no changes to our AIS Model Portfolios table (below). **We will conduct an initial appraisal and assessment of your current holdings at no charge and with no obligation.** For more information call us at (413) 528-1216 or email us at aisinfo@ americaninvestment.com.

Cash Equivalent Assets[2]

Despite a great deal of attention from the media, the Fed Open Market Committee (FOMC) meetings in July and September ultimately suggested no significant departure in current policy. With no change in the Fed funds target rate, three month nominal Treasury yields remained at nearly zero percent. Cash equivalent yields continue to lag price inflation. At quarter-end year-over-year price inflation measured by the CPI was 1.7 percent while AIER's Everyday Price Index (EPI) increased by 1.6 percent.

During the quarter it became clear that the Fed would end its quantitative easing by completing its longstanding bond-purchase program. Though price inflation has remained in check since the program's inception, the Fed's balance sheet has grown from over $2.8 trillion when the program began to $4.5 trillion presently. The Fed maintains it will not move to reduce its holdings until it begins to increase short-term interest rates.

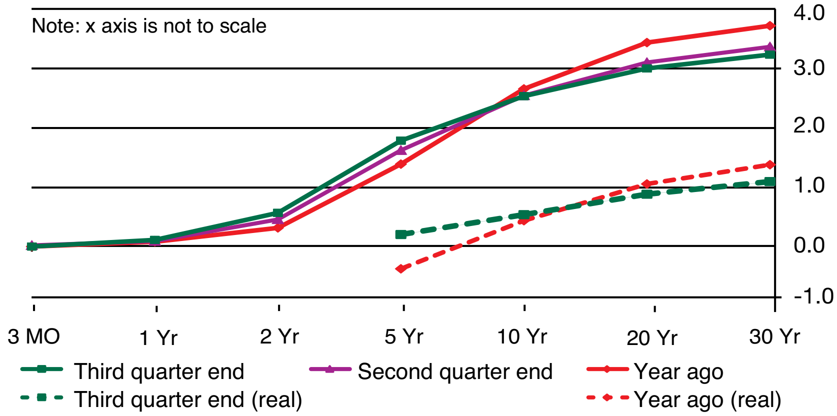
Fixed Income

Interest rates across all U.S. fixed income markets were mixed during the third quarter. The 10-year Treasury note ended the period at 2.49 percent, generally unchanged from the previous quarter. The 30-year Treasury bond finished with a yield of 3.21 percent, registering a decline of 13 basis points. While intermediate- and long-term rates declined, short-term rates increased. The 5-year Treasury note ended the period at 1.78 percent, up 16 basis points, while the 2-year Treasury note was up 13 basis points, finishing at 0.59 percent. TIPS fell 2 percent during the quarter as inflation expectations moderated (see accompanying table).

Investment grade corporate bonds overall were flat for the quarter, returning 0.0 percent. Long-term issues returned just 0.07 percent in the quarter but are ahead 11.30 percent for the year. Intermediate-term corporates lost 14 basis points in the quarter but are still ahead 3.47 percent for the year. High-yield (junk) bonds returned -1.9 percent as credit spreads widened.

Overall, municipal bonds returned 1.5 percent for the quarter. Long-term municipal bonds continue to outperform all other areas of the yield curve, returning 2.69 percent for the period and 13.01 percent for the year.

Chart 1:
U.S. Treasury Yield Curve (%)



Inflation Expectations (annual) Sep 30, 2014			
5 Yr	10 Yr	20 Yr	30 Yr
1.56	1.97	2.09	2.11

Calculated as the difference between the nominal and real yields on U.S. Treasury Securities.

Real Estate[3]

U.S. equity Real Estate Investment Trusts (REITs) returned -2.48 percent during the quarter while non-U.S. equity REITs returned -5.02 percent. At quarter-end U.S. REITs were providing a dividend yield of 3.75 percent, up from 3.52 percent when the quarter began.

U.S. and international REITs are valuable components in of a well-diversified investment portfolio. REIT returns are not strongly correlated to those of U.S. or foreign equities, and while they provide a high level of investment income on a regular basis, REIT returns are generally not as interest-rate sensitive as those of fixed income securities.

U.S. Equities[4]

The U.S. equity market recorded slightly positive performance for the quarter. While large caps returned only 1.13 percent, they significantly outperformed small caps, which registered a -7.43 percent return.

Value underperformed growth across all size ranges, with the exception of microcap indices. Large cap growth shares returned 1.49 percent, topping large cap value shares, which lost ground with a -0.19 percent performance. Small cap growth shares fell sharply as well, returning -6.13 percent, but topped small cap value stocks, which returned -8.58 percent, the lowest among U.S. equity asset classes.

International Equities[5]

Foreign stocks were hampered by a stronger dollar. The dollar rose amidst a host of unsettling developments throughout the globe, presumably sending investors to the safety of dollar-denominated assets. ISIS arose as a potent destabilizing force in the Middle East, The U.S. and the European Union strengthened sanctions against Russia and in Hong Kong pro-democracy protestors took to the streets, raising fears regarding possible responses from China. Ebola emerged as a possible threat to global health.

Developed market value stocks returned -5.24 percent in U.S. dollars but outpaced value shares, which fell -6.24 percent; both categories returned positive returns in local currencies. Large cap stocks returned -5.74 percent in dollar

(continued next page)

terms, while small caps were weakest, with a -8.27 percent return.

Emerging market indexes, which had rebounded strongly during the second quarter, provided negative returns in U.S. dollars, but outpaced developed market stocks. In dollar terms small cap stocks outperformed large caps, with returns of -1.37 percent and -3.50 percent, respectively. Value and growth stocks were roughly even, as value shares returned -3.42 percent versus -3.57 percent, respectively. Every category of emerging market stocks provided positive returns in local currencies.

During the first ten years of the new millennium emerging market stocks were bolstered by a generally weakening dollar, as well as from strong demand for commodities as the global economy was expanding. In recent years however this equity asset class has generally underperformed developed markets. So far in 2014 these shares have shown resilience despite weak commodity prices, but like developed market equities returns to U.S. investors have been reduced by a rising dollar.

Gold[6]

The gold price began the quarter at $1,315 per ounce and closed the three months at $1,216.50, for a total return of -7.49 percent. The daily price averaged $1,281.87 per ounce and ranged between $1,213.50 and $1,340.25.

We recommend gold primarily as a form of portfolio insurance in the event of financial crises. The gold price declined during the quarter despite continued unrest in Ukraine, the violent ascent of the terrorist group, ISIS, in Syria and Iraq, and, most recently, civil unrest in Hong Kong. However, we have examined gold's role in this capacity over much longer time periods (see the September 2012 *Investment Guide* "Is Gold a Safe Haven?") and we are confident that gold will once again serve well as a form of portfolio insurance should geopolitical events culminate in another global financial crisis. Holding physical gold entails no counterparty risk. The gold ETFs we recommend on page 80 provide low cost highly liquid and convenient exposure to the gold price.

[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 Corporate (investment grade) bonds: Barclays U.S. Credit Bond Index; Municipal bonds: Barclays Municipal Bond Index; TIPS: Barclays U.S. TIPS Index. High Yield: BofA ML Barclays U.S. High Yield Index. 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: 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.
[6] Gold Price: London PM fix. Source: World Gold Council

DAILY MONEY MANAGERS — MEETING A GROWING NEED

As the U.S. population ages, many investors are finding it difficult to manage many of the day-do-day aspects of personal finance. For senior citizens in particular, tasks that once seemed simple and routine can become daunting and complex. The resulting anxiety is a real cost, to seniors as well as to their children. Entrepreneurs, in the form of Daily Money Managers, have emerged to offer a solution to this growing need.

Have you or a loved one ever been overwhelmed by the task of managing your personal finances? Do you want to take advantage of financial or medical benefits, but don't know where to start? Are you worried about fraud?

A new profession has emerged to address these concerns. Daily Money Managers (DMMs) provide clarity, order and security to an individual's financial life by offering a wide variety of services. Typically, DMMs manage bill payments, balance check books, file insurance claims, sort mail, create and monitor budgets, organize financial and medical records, reconcile bank accounts, and help prevent fraud. DMMs do not sign any financial paperwork on behalf of their clients, but rather prepare the documents for a signature. Most DMMs conduct their work "on site" by visiting their clients' homes routinely.

Daily money managers can also undertake more arduous tasks. They might help to settle a dispute with a creditor or financial institution, act as an advocate in fraud cases, consolidate bank accounts, or capitalize on medical or financial opportunities. DMMs also serve as rich source for referrals. If you are in need of an accountant, lawyer or a financial planner, a DMM can tap his or her rich contact base. Lastly, DMMs can assist with non-financial tasks such as finding someone to mow your lawn or getting you tickets for an entertainment event.

The services of DMMs do not supplant those of CPA's, attorneys and investment managers, but rather complement them. In theory, CPAs, attorneys and investment managers could perform the tasks daily money managers perform, but most clients choose to complete these tasks on their own to avoid paying steep premiums. DMM fees, on the other hand, are fairly reasonable, ranging from $35-$150 per hour depending on the assigned task. For the right client, the fee is worth it. Penalties resulting from late payments, losses incurred through fraud or by overpaying for medical and financial benefits often exceed the cost of hiring a DMM. But just as important is peace of mind. For many the freedom from anxiety and worry is along well worth the cost of a dependable DMM.

An Aging Market Emerges

Though Daily Money Managers work with busy professionals and people with physical ailments, it is primarily seniors, some of whom suffer from Alzheimer's or another form of dementia, that comprise the majority of a typical DMM's client base.[1]

The growing number of senior citizens has broadened the market for Daily Money Managers. According to the 2010 U.S. Census, the percentage of Americans 80 years and older grew by more than 20 percent from 2000 to 2010. Over this same period, the percentage of 90-year-olds jumped by 30 percent.

America's ageing is largely a result of the baby-boomer generation reaching retirement age. From 2000-2010, the number of Americans between the ages of 55 and 59 increased by 46 percent, while those spanning the ages of 60-64 rose by more than 55 percent. As of 2010, Americans 65 years and older accounted for 13 percent (40 million) of the total population. And America's ageing population is not slowing down. A report by the National Institute on Aging projects that 1 in 5, or 72 million, Americans will be age 65 or older by 2030.[2]

In the past, children were called on to manage their elderly parents' finances. Nowadays, many children live far away from their parents, making it difficult to pay bills and reconcile financial and medical records.

Daily money managers assume the role children traditionally played in their parents lives. As a result, DMMs help to keep senior citizens independent. Seniors with DMMs can enjoy their retirement without having to worry about cumbersome financial matters. Moreover, time spent with their children is not consumed by managing stressful financial matters.

Industry Regulation

This industry is currently self-regulated; there is no government entity that regulates or licenses DMMs. The American Association of Daily Money Managers (AADMM) is a national membership organization that represents individuals and businesses in the daily money management industry and serves as the primary provider of industry oversight.

A membership in AADMM costs $175 and provides DMMs with specialized insurance benefits and networking opportunities. Perhaps the biggest advantage of membership is the opportunity to earn certification as a Professional Daily Money Manager (PDMM). This title provides consumers with assurance that a DMM has extensive experience in the field and adheres to strict industry standards. Candidates must have a high school diploma and at least 1,500 hours of paid working time as a DMM. Once these criteria are satisfied, practitioners are eligible to take an exam, which must be passed successfully in order to claim the PDMM designation.

Because the industry is relatively new the AADMM has only 700 members nationwide. Membership, however, is set to grow, as the number of senior citizens rises.

How to Hire a DMM

We have long counselled investors not to rely on the government, its agencies, or even self-regulatory bodies to protect them from fraud or unethical money managers, and we extend that rationale to DMMs. There is no substitute for performing your own thorough due diligence.

It is always smart to get referrals from friends or colleagues, and to interview several recommended candidates. If you do not have a referral, you can visit the AADMM website (http://aadmm.com), hover over the *DMM's and You* tab and click on *Find A DMM*. At the bottom of the page, type in your ZIP code to find DMM's in your area. The AADMM can also be reached by phone at 887-326-5991.

If you prefer to work with a certified DMM make sure the practitioner DMM has the letters PDMM (Professional Daily Money Manager) following their name. If the person does not have this title, it means he or she is a member of AADMM but does not yet have the official DMM certification. With that said, the majority of DMMs do not have AADMM licensing, suggesting that most clients do not require this credential when hiring.

'YOUR MOTHER IS RECEIVING TOP QUALITY CARE AND ATTENTION.'

Consumers should request and contact the DMM's references, and ask specific questions addressing the practitioner's professional fees, professional habits, punctuality, and other matters that might be of concern. Some DMMs are also financial planners, registered investment advisors, or brokers, in which case consumers can investigate the candidate's compliance history and investigate any history of litigation.

There is no need to cede significant power to a DMM right away. If you do not yet trust the DMM completely, set up a separate bank account with limited funds that the DMM can help administer. Another precaution is to have the manager provide monthly reports of his or her work, including copies of bills and other financial statements. DMMs exist to help, but it is important to not be too trusting too quickly, as fraudsters exist in every industry.

With the number of senior citizens rapidly growing, the demand for daily money management services is expected to increase. The service is a good example of free markets rising to meet a growing need, as DMMs can provide clients with security, confidence and peace of mind knowing their finances are in order. As always, however, consumers should proceed with caution.

[1] Roughly 5 million American currently suffering from Alzheimer's or another form of dementia.
[2] Loraine A. West, Samantha Cole, Daniel Goodkind, and Wan He. *65+ in the United States: 2010*. (Washington, D.C.: U.S. Government Printing Office, 2014), 5.

THE HIGH-YIELD DOW INVESTMENT STRATEGY

Recommended HYD Portfolio

As of October 15, 2014

	Rank	Yield (%)	Price ($)	Status	—-Percent of Portfolio—- Value (%)	No. Shares (%)[1]
AT&T	1	5.43	33.87	Holding**	23.46	27.30
Verizon	2	4.59	47.92	Holding**	23.78	19.56
Chevron	3	3.92	109.27	Buying	5.40	1.95
McDonald's	4	3.76	90.44	Buying	5.84	2.54
Pfizer	5	3.69	28.19	Holding	8.60	12.02
General Electric	6	3.62	24.28	Holding	1.32	2.13
Cisco	7	3.31	22.96	Holding	1.42	2.43
Merck	8	3.22	54.73	Selling	11.01	7.93
Intel Corp	13	2.88	31.28	Selling	19.16	24.14
Cash (6-mo. T-Bill)	N/A	N/A	N/A		0.01	N/A
Totals					100.00	100.00

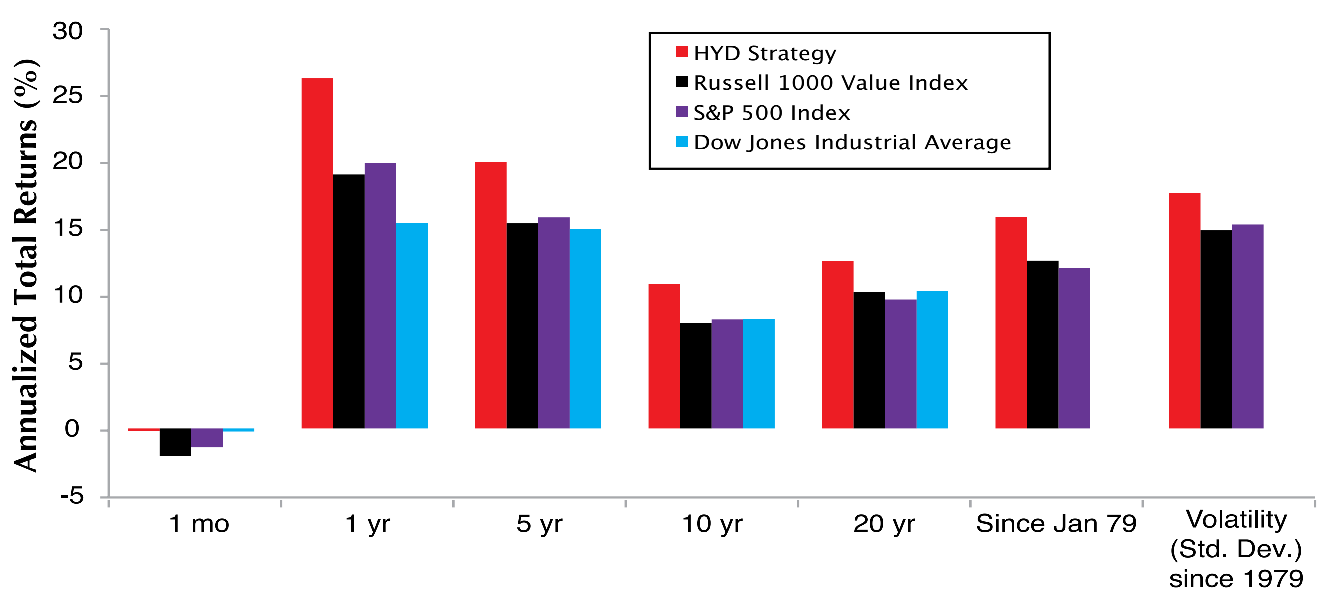
**Currently indicated purchases approximately equal to indicated purchases 18 months ago. 1 Because the percentage of each issue in the portfolio by value reflects the prices shown in the table, we are also showing the number of shares of each stock as a percentage of the total number of shares in the 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 September 30, 2014*. 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	-0.20	26.04	19.83	10.75	12.45	15.72	17.50
Russell 1000 Value Index	-2.06	18.89	15.26	7.84	10.16	12.47	14.74
S&P 500 Index	-1.40	19.73	15.70	8.11	9.59	11.94	15.17
Dow Jones Industrial Average	-0.23	15.29	14.85	8.15	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. A maximum annual management fee for the HYD service of 1.3% applies to accounts of $100,000 (our minimum account size) in Assets Under Management (AUM). The fee decreases thereafter, as AUM increases. Accounts with AUM less than $500,000 would incur a fee greater than 0.55% and therefore returns would be lower than indicated. See AIS ADV Part 2 for full detail, available at http://www.americaninvestment.com/images/pdf/ADV_Part_2A.pdf

RECENT MARKET STATISTICS

Precious Metals & Commodity Prices ($)

	10/15/14	Mo. Earlier	Yr. Earlier
Gold, London p.m. fixing	**1,237.50**	1,234.25	1,270.50
Silver, London Spot Price	**17.01**	18.64	20.49
Copper, COMEX Spot Price	**3.00**	3.08	3.30
Crude Oil, W. Texas Int. Spot	**81.77**	92.91	101.20
Dow Jones Spot Index	**371.14**	383.60	405.67
Dow Jones-UBS Commodity Index	**117.00**	121.36	127.76
Reuters-Jefferies CRB Index	**271.96**	282.52	286.88

Interest Rates ($)

U.S. Treasury bills -	91 day	**0.02**	0.02	0.14
	182 day	**0.05**	0.05	0.16
	52 week	**0.10**	0.10	0.15
U.S. Treasury bonds -	10 year	**2.15**	2.60	2.75
Corporates:				
High Quality -	10+ year	**3.78**	4.21	4.62
Medium Quality -	10+ year	**4.59**	4.88	5.41
Federal Reserve Discount Rate		**0.75**	0.75	0.75
New York Prime Rate		**3.25**	3.25	3.25
Euro Rates	3 month	**0.08**	0.08	0.23
Government bonds -	10 year	**0.76**	1.05	1.93
Swiss Rates -	3 month	**0.01**	0.01	0.02
Government bonds -	10 year	**0.52**	0.61	1.18

Exchange Rates ($)

British Pound	**1.595900**	1.624300	1.597400
Canadian Dollar	**0.885700**	0.905000	0.964100
Euro	**1.277800**	1.295100	1.349400
Japanese Yen	**0.009429**	0.009330	0.010100
South African Rand	**0.090380**	0.091030	0.100700
Swiss Franc	**1.058900**	1.070200	1.092700

Securities Markets

	10/15/14	Mo. Earlier	Yr. Earlier
S & P 500 Stock Composite	**1,862.49**	1,984.13	1,698.06
Dow Jones Industrial Average	**16,141.74**	17,031.14	15,168.01
Barclays US Credit Index	**2,586.19**	2,523.00	2,372.81
Nasdaq Composite	**4,215.32**	4,518.90	3,794.01
Financial Times Gold Mines Index	**1,300.61**	1,455.41	1,454.38
FT EMEA (African) Gold Mines	**1,262.33**	1,398.61	1,330.60
FT Asia Pacific Gold Mines	**4,245.02**	4,578.12	4,640.26
FT Americas Gold Mines	**1,143.96**	1,288.82	1,302.71

Coin Prices ($)

	10/15/14	Mo. Earlier	Yr. Earlier	Prem (%)
American Eagle (1.00)	**1,274.63**	1,276.22	1,314.82	3.00
Austrian 100-Corona (0.9803)	**1,198.03**	1,199.53	1,236.13	-1.24
British Sovereign (0.2354)	**299.60**	300.00	308.90	2.85
Canadian Maple Leaf (1.00)	**1,256.80**	1,258.40	1,299.30	1.56
Mexican 50-Peso (1.2057)	**1,476.30**	1,478.20	1,523.30	-1.06
Mexican Ounce (1.00)	**1,244.80**	1,246.30	1,283.80	0.59
S. African Krugerrand (1.00)	**1,258.97**	1,260.57	1,303.38	1.74
U.S. Double Eagle-$20 (0.9675)				
St. Gaudens (MS-60)	**1,285.00**	1,360.00	1,385.00	7.33
Liberty (Type I-AU50)	**2,225.00**	2,225.00	2,225.00	85.84
Liberty (Type II-AU50)	**1,525.00**	1,550.00	1,750.00	27.37
Liberty (Type III-AU50)	**1,255.00**	1,285.00	1,370.00	4.82
U.S. Silver Coins ($1,000 face value, circulated)				
90% Silver Circ. (715 oz.)	**12,925.00**	13,487.50	16,200.00	6.27
40% Silver Circ. (292 oz.)	**5,025.00**	5,427.50	6,275.00	1.17
Silver Dollars Circ.	**18,550.00**	19,600.00	21,550.00	40.97

Note: Premium reflects percentage difference between coin price and value of metal in a coin, with gold at $1,237.50 per ounce and silver at $17.01 per ounce. The weight in troy ounces of the precious metal in coins is indicated in parentheses. The Bloomberg Commodity Spot Index and the Bloomberg Commodity Index were previously the Dow Jones Spot Index and the Dow Jones-UBS Commodity Index, respectively, as of 7/1/14. Data that was being retrieved from Dow Jones is now being retrieved from Bloomberg.

THE DOW JONES INDUSTRIALS RANKED BY YIELD*

	Ticker Symbol		Market Prices ($) 10/15/14	9/15/14	10/15/13	12-Month ($) High	Low	Latest Dividend Amount ($)	Record Date	Payable Date	Indicated Annual Dividend ($)	Yield† (%)
AT&T	T		33.87	34.69	33.71	37.48	31.74	0.460	10/10/14	11/3/14	1.840	5.43
Verizon	VZ		47.92	48.56	46.32	53.66	45.45	0.550	10/10/14	11/3/14	2.200	4.59
Chevron	CVX		109.27	124.24	118.15	135.10	106.65 *L*	1.070	8/19/14	9/10/14	4.280	3.92
McDonald's	MCD	*I*	90.44	93.47	93.80	103.78	89.57 *L*	0.850	12/01/14	12/15/14	3.400	3.76
Pfizer	PFE		28.19	29.92	29.16	32.96	27.56 *L*	0.260	8/01/14	9/3/14	1.040	3.69
General Electric	GE		24.28	25.92	24.19	28.09	23.69	0.220	9/22/14	10/27/14	0.880	3.62
Cisco	CSCO		22.96	25.06	23.18	26.08	20.22	0.190	10/02/14	10/22/14	0.760	3.31
Merck	MRK		54.73	59.52	46.57	61.33	44.62	0.440	9/15/14	10/7/14	1.760	3.22
Procter and Gamble	PG		82.95	83.87	77.60	85.82	75.26	0.644	10/24/14	11/17/14	2.574	3.10
Exxon Mobil	XOM		90.22	96.29	86.79	104.76	86.72	0.690	8/13/14	9/10/14	2.760	3.06
Caterpillar	CAT		92.59	104.86	85.75	111.28	81.87	0.700	10/20/14	11/20/14	2.800	3.02
J P Morgan	JPM		55.53	59.94	52.31	61.85 *H*	51.30	0.400	10/06/14	10/31/14	1.600	2.88
Intel Corp	INTC		31.28	34.54	23.39	35.56	23.22	0.225	11/07/14	12/1/14	0.900	2.88
Microsoft Corp.	MSFT	*I*	43.22	46.24	34.49	47.57 *H*	33.57	0.310	11/20/14	12/11/14	1.240	2.87
Johnson & Johnson	JNJ		98.21	104.72	89.93	108.77 *H*	86.09	0.700	8/26/14	9/9/14	2.800	2.85
Dupont	DD		66.43	65.30	58.14	72.92 *H*	58.30	0.470	8/15/14	9/12/14	1.880	2.83
Coca-Cola	KO		43.23	41.50	37.66	44.87 *H*	36.89	0.305	9/15/14	10/1/14	1.220	2.82
Wal-Mart Stores	WMT		74.36	75.81	74.37	81.37	71.69	0.480	8/08/14	9/3/14	1.920	2.58
3M Company	MMM		134.22	144.48	119.82	147.87 *H*	120.14	0.855	8/22/14	9/12/14	3.420	2.55
Boeing	BA		120.19	126.31	118.18	144.57	116.32	0.730	8/08/14	9/5/14	2.920	2.43
IBM	IBM		181.75	191.81	184.66	199.21	172.19	1.100	8/08/14	9/10/14	4.400	2.42
Travelers	TRV		91.99	93.55	84.48	96.18	79.89	0.550	9/10/14	9/30/14	2.200	2.39
United Tech.	UTX		99.17	108.32	105.80	120.66	97.30 *L*	0.590	11/14/14	12/10/14	2.360	2.38
Home Depot, Inc.	HD		87.85	89.38	75.18	94.79 *H*	73.74	0.470	9/04/14	9/18/14	1.880	2.14
Unitedhealth Group	UNH		82.16	86.03	73.87	88.85	66.72	0.375	9/12/14	9/23/14	1.500	1.83
American Express	AXP		80.93	87.38	75.25	96.24	75.45	0.260	10/03/14	11/10/14	1.040	1.29
Goldman Sachs	GS		177.24	182.51	157.63	189.50 *H*	151.65	0.550	8/29/14	9/29/14	2.200	1.24
Nike	NKE		85.18	81.01	73.71	90.50 *H*	69.85	0.240	9/02/14	10/6/14	0.960	1.13
Walt Disney	DIS		82.08	90.08	66.44	91.20	65.98	0.860	12/16/13	1/16/14	0.860	1.05
Visa Inc.	V		200.25	214.64	191.37	235.50	191.84	0.400	8/15/14	9/3/14	1.600	0.80

* See the Recommended HYD Portfolio table on page 78 for current recommendations. † Based on indicated dividends and market price as of 10/15/14.
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 10/16/13.
I Dividend increased since 9/15/14 *D* Dividend decreased since 9/15/14

RECOMMENDED INVESTMENT VEHICLES

	Security Symbol	Avg. Market Cap. / Avg. Maturity	Descriptive Quarterly Statistics, as of 9/30/14 No. of Holdings	Expense[3] (%)	Ratios Sharpe	Turnover (%)	P/B	12 Mo. Yield (%)	Annualized Returns[4] (%), as of 9/30/14 Total 1 yr.	Total 3 yr.	Total 5 yr.	After Tax* 1 yr.	After Tax* 3 yr.	After Tax* 5 yr.
Short/Intermediate Fixed Income														
Vanguard Short-Term Bond Index	BSV[1] / VBISX	2.8 Yrs.	2063	0.20	1.00	49.6	--	1.07	0.94	1.08	1.99	0.42	0.51	1.32
iShares Barclays 1-3 Yr. Credit Bond	CSJ[1]	1.96 Yrs.	901	0.20	1.76	10	--	0.96	1.08	1.74	2.24	0.66	1.23	1.58
iShares Barclays 1-3 Yr. Treasury Bond	SHY[1]	1.91 Yrs.	74	0.15	0.73	136	--	0.31	0.37	0.35	0.90	0.24	0.21	0.65
Vanguard Limited-Term Tax-Exempt	VMLTX	3.3 Yrs.	2598	0.20	1.20	14.4	--	1.62	2.19	1.58	2.01	2.19	1.58	2.01
SPDR N.B. Short-Term Municipal Bond	SHM[1]	3.11 Yrs.	559	0.20	0.96	17	--	0.92	1.78	1.25	1.77	1.37	1.01	1.61
Inflation-Protected Fixed Income														
iShares Barclays TIPS Bond	TIP[1]	8.35 Yrs.	38	0.20	0.24	47	--	1.84	1.49	1.21	4.34	0.70	0.48	3.40
Vanguard Inflation-Protected Securities	VIPSX	8.6 Yrs.	43	0.20	0.22	44.3	--	1.70	1.42	1.13	4.32	0.67	0.20	3.26
International Fixed Income														
Vanguard Total International Bond Index	BNDX[1]/VTIBX	8.6 Yrs.	2896	0.23	--	81.2	--	1.40	6.57	--	--	5.91	--	--
Real Estate														
Vanguard REIT Index	VNQ[1] / VGSIX	8.47 B	138	0.24	1.09	10.9	2.14	3.38	13.03	16.41	15.75	11.36	15.13	14.50
SPDR Dow Jones REIT	RWR[1]	10.09 B	93	0.25	1.06	6	2.44	3.22	13.17	15.86	15.49	11.56	14.41	14.10
Vanguard Global ex-US Real Estate	VNQI[1] / VGXRX[5]	5.32 B	633	0.40	0.95	8.3	0.93	4.26	0.94	14.88	--	-1.15	13.07	--
iShares International Property ETF	WPS[1]	6.02 B	378	0.48	0.93	10	1.37	4.29	1.66	14.46	8.51	0.23	12.85	7.06
SPDR Dow Jones Global Real Estate ETF	RWO[1]	8.70 B	227	0.50	1.06	8	1.58	3.29	8.44	14.83	11.99	6.92	13.22	10.26
U.S. Large Cap Value														
Vanguard Value Index	VTV[1] / VIVAX	74.17 B	318	0.24	2.04	24.8	1.85	2.14	18.93	22.88	14.74	18.32	22.30	14.24
iShares Russell 1000 Value Index	IWD[1]	51.35 B	696	0.20	2.00	12	2.28	2.02	18.60	23.65	15.02	18.02	23.11	14.57
U.S. Small Cap Value														
iShares Russell Microcap Index	IWC[1]	0.37 B	1402	0.60	1.37	26	3.44	1.25	2.59	22.55	13.37	2.27	22.15	13.07
Vanguard Small-Cap Value Index	VBR[1] / VISVX	2.69 B	812	0.24	1.63	47.2	1.63	1.68	12.47	24.01	15.50	11.89	23.41	15.00
U.S. Large Cap Growth														
iShares Russell 1000 Growth Index	IWF[1]	52.14 B	681	0.20	1.87	15	7.02	1.34	18.90	22.20	16.28	18.51	21.84	15.97
Vanguard Growth Index	VUG[1] / VIGRX	51.05 B	373	0.24	1.82	32.3	3.87	1.06	19.13	22.77	16.45	18.82	22.48	16.21
U.S. Marketwide														
Vanguard Total Stock Market Index	VTI[1] / VTSMX	39.43 B	3772	0.17	1.93	4.3	2.34	1.66	17.60	22.91	15.70	17.11	22.45	15.31
Fidelity Spartan Total Market Index	FSTMX[2]	39.27 B	3372	0.10	1.93	2	2.37	1.42	17.59	22.92	15.75	17.15	22.53	15.40
Foreign- Developed Markets														
iShares MSCI EAFE Growth Index	EFG[1]	33.74 B	549	0.40	0.97	27	3.97	2.26	2.58	13.00	7.29	2.07	12.62	7.01
iShares MSCI EAFE Value Index	EFV[1]	40.39 B	480	0.40	0.92	29	1.67	4.59	5.38	13.66	5.37	4.29	12.93	4.86
Vanguard FTSE Developed Market	VEA[1] / VTMGX[6]	31.48 B	1399	0.09	0.99	13	1.46	3.45	3.88	14.00	6.58	2.95	13.23	6.05
SPDR S&P International Small Cap	GWX[1]	0.91 B	2242	0.59	0.86	21	1.24	2.94	2.69	11.61	7.89	1.77	10.89	7.33
Foreign- Emerging Markets														
Vanguard FTSE Emerging Market Stock	VWO[1] / VEIEX	18.30 B	983	0.33	0.50	26	1.58	2.66	6.12	7.72	4.32	5.17	6.93	3.75
Gold-Related Funds														
iShares Gold Trust	IAU[1]	--	1	0.25	-0.38	0	--	0.00	-8.54	-9.34	3.55	-8.54	-9.34	3.55
SPDR Gold Shares	GLD[1]	--	1	0.40	-0.43	0	--	0.00	-8.66	-9.46	3.67	-8.66	-9.46	3.67

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 or individual tax situations.