AIS INVESTMENT GUIDE

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* See page 44 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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Investment Grade Corporate Bonds: A Worthy Diversifier

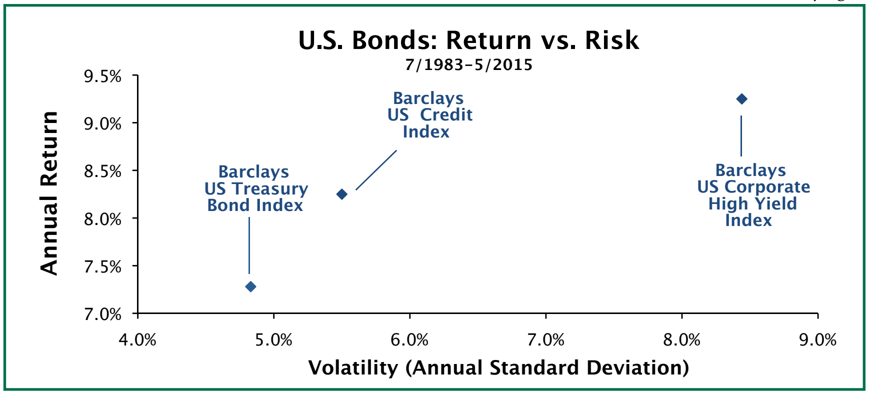
In the current low interest rate environment many investors are "reaching for yield" by increasing their exposure to bonds with greater credit risk as a means of generating higher income or pursuing higher expected returns. Corporate bonds are an extremely valuable tool for managing risk, but caution is in order.

For most individual investors, the purpose of holding fixed income securities is portfolio stability. Bond returns are generally far more stable than equity returns. A custom portfolio can be created with just the right "dose" of bonds to reduce the volatility inherent in stocks to a level suited to each investor's preference.

Investors can further refine their portfolio to match their tastes by considering different segments within the bond market. Tax sensitive investors can utilize municipal bonds. Investors worried about unexpected inflation can invest in TIPS, while those who prefer broader international diversification can tilt their holdings toward dollar-hedged foreign bonds. Investors less sensitive to credit risk can pursue expected returns above those of government bonds by tilting their bond portfolio toward high quality (investment grade) corporate bonds.

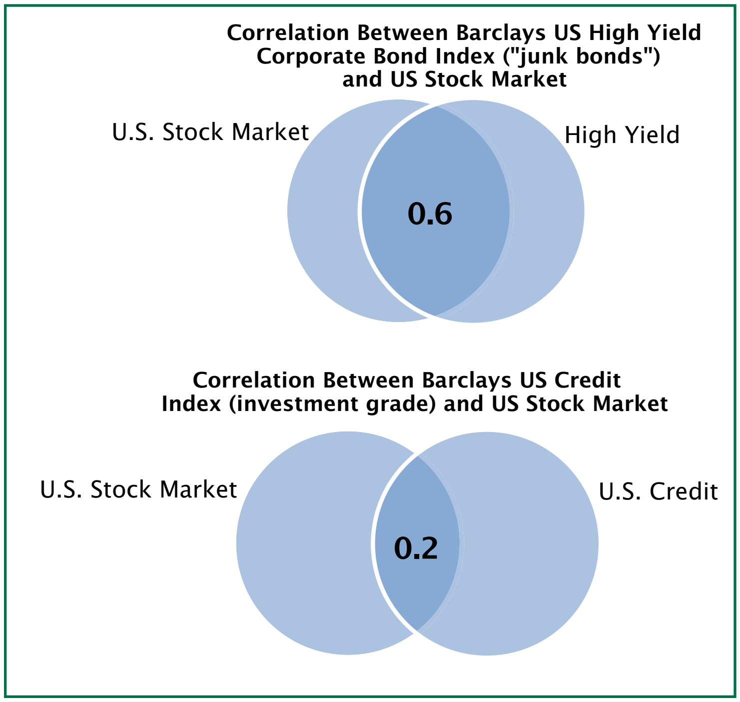
The chart below makes clear the trade-off between returns and volatility as it pertains to credit risk. Since July 1983

(continued on next page)



high-yield bonds (below investment grade, or "junk" bonds) have provided returns only 12% higher (9.3% vs 8.3%) but 53% more volatile (8.4% vs 5.5%), than those of investment grade bonds. For most individual investors high-yield bonds are not useful as a portfolio diversifier. The illustration nearby[1] shows that, compared with investment grade bonds, their returns are far more correlated with those of equities.

Clients in our Professional Asset Management program now have access to a bond fund that offers even further refinement. The DFA Targeted Credit Portfolio (DTCPX) excludes junk bonds but tilts heavily toward the highest expected return/credit risk bonds within the investment grade corporate bond segment. For more information contact us at (888) 528-1216 ext. 3149.



1. Monthly return series July 1973-May 2015 U.S. stock market: CRSP Deciles 1-10 Index

A READER INQUIRES: AT&T AND THE HYD MODEL

Q – *Why is the AIS high-yield Dow strategy now selling AT&T? The stock is still providing an attractive dividend yield of 5.4%.*

A -- AT&T was dropped from the 30 publicly traded stocks that comprise the Dow Jones Industrial Average in March, so it was no longer an eligible candidate for the model portfolio. When the change in the DJIA was announced, AT&T accounted for roughly 23% of the portfolio's (hypothetical) overall value. The model therefore began a process of selling off AT&T incrementally, month by month, to be continued over the next 18 months. AT&T will therefore be sold out of the model completely by September 2016.

It is helpful to recap the process by which the model selects and holds stocks. The model's universe of stocks for consideration is confined to the 30 stocks that comprise the DJIA. Stocks selected for inclusion in the DJIA are determined by the following process, as described on the Dow Jones Indices website:

"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 HYD model stock selection process further narrows the list of eligible stocks by limiting its purchases only to those stocks with a relatively high indicated dividend yield. The model was established by incrementally "investing" a hypothetical sum of $1 million over 18 months. Specifically, one eighteenth of $1 million was invested equally in the four highest-yielding issues of the DJIA each month beginning in July 1962.

Once fully invested (January 1964) the model began a regular monthly process of considering for sale only those shares purchased 18 months earlier, and replacing them with the shares of the four highest-yielding shares at that time. The model each month thus mechanically purchases shares that are relatively low in price (with a high dividend yield) and sells shares that are relatively high in price (with a low dividend yield), all the while garnering a relatively high level of dividend income.

When Dow Jones Indices decided to drop AT&T from the DJIA, AT&T became no longer eligible for purchase. Though it was still providing an indicated dividend yield higher than that of any stock in the DJIA, it was no longer in the universe of DJIA stocks, so in April the model began selling AT&T (while McDonalds became eligible for purchase).

This change highlights the fundamental nature of the HYD model. It is a rules-based strategy that selects stocks based on three criteria: whether a firm is included among the 30 stocks that comprise the DJIA, the firm's current indicated divided per share, and the market's estimate of a firm's value, reflected in its share price.

It is important to realize that, while AT&T's 5.4% yield may appear "attractive" it may also indicate a firm the market considers to be distressed or with few avenues for growth. The same can be said of Verizon, which is also in the model. In March these two stocks combined accounted for nearly 50% of the model's value despite being direct competitors in the same industry. The model would appear to be better diversified as a result of this change.

1. Source: Dow Jones Indexes http://www.djindexes.com/averages/

INTEREST RATES, CONVENTIONAL WISDOM, AND YOUR PORTFOLIO

Calendar Year	Barclays Aggregate Bond Index Return (hypothetical)
2004	4.34%
2005	2.43%
2006	4.33%
2007	6.97%

Many in the financial media are warning that if and when the Fed begins to increase short term interest rates, bond prices (which move in the opposite direction of rates), will surely fall. Many are warning investors to avoid or reduce their exposure to intermediate and long term bonds in an effort to avoid these potential losses.

Timing the bond market based on short term interest rate changes, however, can in fact be perilous. The accompanying chart serves as a reminder that the relationship between changes in short term rates and longer term rates is in fact tenuous.

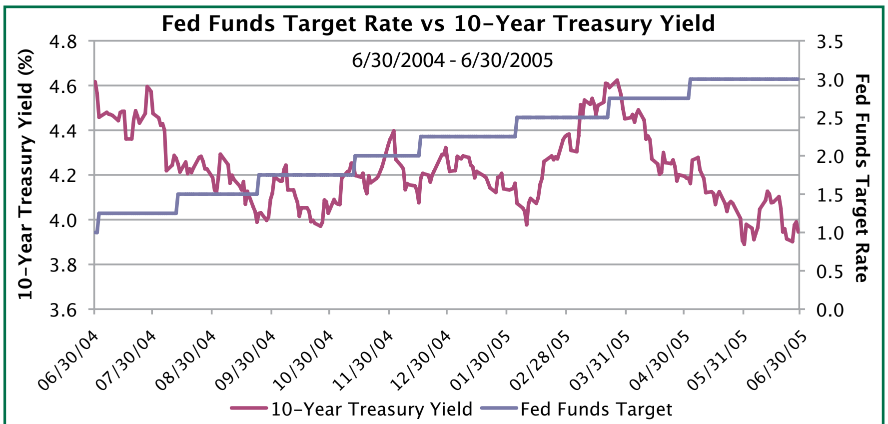
The Fed's last campaign to raise short term rates began in June 2006, when the economy was growing steadily. Then, as now, many pundits were suggesting that an increase in the fed funds rate was imminent, and that long term interest rates would follow suit, resulting in a decline in longer term bond prices and returns.

An investor who followed this reasoning, even had he guessed correctly that the Fed would indeed be raising rates beginning June 2006, would have lost out had he sold his long term bonds in anticipation of falling bond prices. Over the next 12-months, as the Fed set about methodically increasing its short term target from 1.0% to 3.25%, the 10-Year Treasury yield *fell,* from 4.6% to 3.9%, and returned 9.6%[1], while a broadly diversified bond portfolio spanning the entire yield curve (measured by the Barclays U.S. Aggregate Bond Index) would have returned 6.8%.

Over the longer span, between January 2004 and through December 2007, the Fed increased the fed funds target from 1.0% to 4.25%. The accompanying table reveals that the Barclays U.S. Aggregate Bond Index nevertheless turned in positive returns in all four calendar years.

The fact is, while the Fed has a great deal of influence over short term rates, its ability to influence long-term rates is quite limited. Long term yields and prices are driven by many factors; perhaps the most influential of which are expectations for price inflation.

As always, it is important to view forecasts through the lens of rational expectations. Bond prices reflect expectations of future interest rates and news affects those expectations as it emerges. Bond prices and returns, therefore, will be affected by an increase in the fed funds rate only to the extent it comes unexpectedly.



Source: Yahoo! Finance, St. Louis Federal Reserve, Charles Schwab & Co.

1. Citi Treasury Benchmark 10 Yr. USD.

INVESTMENT FALLACIES

We encourage investors to stick to the basics and to keep things simple. There are, however, widely held investment related notions that are in fact simplistic and can cost investors dearly. Some of these have even been promoted in the media as sound practices.

"Market Returns are for Suckers"

Humans observe patterns and make simplifying assumptions about the world in order to make life easier. We are also subject to certain biases including overconfidence that our recent observations of reality will extend to the future.

Capital markets provide a wealth of data for pattern seekers. The stock market attracts some of the greatest minds in mathematics, physics, and economics – after all that's where the money is! However, these great minds have consistently managed to underperform the average market rate of return.

Interpreting patterns is a poor investment strategy. How does an investor know whether an apparent winning strategy is genuine or occurred by chance? Even when a money manager's returns appear to have "beaten the market" on a risk-adjusted basis, decades of subsequent data are required[1], typically, to ensure that the manager is truly skilled. The fact is, while there may be a handful of money managers who possess such talent *they cannot be identified in advance*. Of course such scarce talent is not free and economic logic suggests that any excess returns earned through skill will invariably revert to the manager rather than accrue to the investor.

Our aim is not to beat the market but to help ensure that investors' financial objectives are met.

“I Don’t Want to Pay Capital Gains Taxes”

Not many people enjoy paying taxes, but sometimes tax-avoidance can entail greater risk and reduce overall returns. These investors lose sight of their objective—to maximize their risk-adjusted returns *after taxes*—and instead become fixated on avoiding taxes altogether, especially those levied on realized capital gains.

In some situations a single stock can account for a large portion of the investor’s portfolio value—25% or more. Sometimes these shares are held in a taxable account and carry a very low cost basis. It is clear that the investor should diversify to avoid the risks inherent in a single company and industry. But the investor becomes hung up on the fact that he will incur a certain cost (a federal levy as high as 20% on the realized gain), while ignoring an uncertain but potentially enormous cost should the stock collapse.

The optimal solution to this dilemma is not always cut and dried. Much depends on the particular situation. For our clients we often employ a strategy of selling off shares over several tax years if we decide, after consulting with the client, that the benefit of delaying the tax outweighs the risk of being less than optimally diversified.

Another possible solution is a charitable remainder unitrust (CRUT). This allows an investor to donate the full market value of his stock to a charity, which will be sold without incurring a capital gains tax and reinvested in assets that can provide the donor’s named beneficiary with an income stream for life. At the death of the last named beneficiary the assets become the property of the charity. The donor also gains an immediate tax deduction for the present value of his eventual donation. For more information on these programs, including that of our parent, the American Institute for Economic Research (AIER), contact Ute Defarlo at (413) 528-1216 ext. 3153.

“I’ll Wait for the Stock to Come Back”

Investors all too often fret about the price they have paid for a security, and allow that concern to influence their immediate investment decisions. We have often heard investors lament that the value of a particular security had fallen from what they had originally paid for it, and that they will not sell it until it “comes back” to that level.

This rationale is flawed. The cost of any asset is a sunk cost; it is irretrievable and therefore should not affect an investor’s decision. The holder of any asset has two basic choices at any given time: he can continue to hold it, or he can sell it and invest the proceeds in some alternative other asset. Each of these options has a future value that is unknown, *but the better outcome has nothing to do with what the investor paid for the asset once upon a time.*

“Always Dollar Cost Average”

Dollar cost averaging (DCA) is a popular but flawed notion. It simply refers to investing an equal dollar amount at fixed intervals of time. The idea is to take advantage of price volatility; fewer shares will be purchased when prices are high, and more will be purchased when prices are low. If there is any price volatility, an investor who follows the practice will wind up with an average cost per share that is below the average of the share prices at which he purchased his shares.

If you have a steady cash flow to invest, such as a portion of your monthly paycheck, there is nothing wrong with investing this income stream at regular intervals. Indeed millions of investors practice this regularly through tax deductible payroll contributions to their 401(k) plans. But what if you have a lump sum to invest? It turns out dollar cost averaging is not the panacea it is sometimes made out to be.

Proponents of dollar cost averaging often present an example such as the following. An individual has $1,500 to invest. He can invest $500 per month for three months or he can invest the $1,500 all at once. Suppose that initial purchase price is $20 per share, and that the price increases by $10 per month, so that the prices series is $20, $30, and $40. The average of these prices is $30.

The accompanying table shows that with dollar cost averaging the investor winds up with 54.17 shares, so that the average cost of his shares is $27.69 ($1,500 / 54.17), which is over 8% below the average price of $30.

But DCA proponents invariably neglect to point out that the investor would have been better off had he invested the $1,500 immediately. In that case he would have purchased 75 shares that would be worth $3,000 at the end of the three months versus 54.17 shares worth $2,167 under DCA.

Security prices change unpredictably over short term intervals, but trend upward over time. Therefore investors who have a truly long-run view, and who are constructing a portfolio that is well-diversified across asset classes should generally not be afraid to invest a large portion of their capital to a given asset class at any point in time. Subsequent rebalancing to match target allocations will ensure that no asset class will become disproportionately large relative to another and thereby help to improve portfolio stability.

Dollar Cost Averaging		
Monthly Investment	Price per share	Shares Purchased
$500	$20	25
$500	$30	16.67
$500	$40	12.5
	Total	54.17

1. Don’t Leave Your Savings to Chance Investment Guide (AIS) Vol. XXXIII, No. 12. December 2011, p. 89

* Asset classes and representative index chart on page 41: large cap value, Russell 1000 Value Index; small cap value, Russell 2000 Value Index; large cap growth, Russell 1000 Growth Index; Global REITs, S&P Global REIT Index; foreign developed markets, MSCI EAFE Index; emerging markets, MSCI Emerging Markets Index

SOUND MONEY, PROPERTY RIGHTS, AND SOUND INVESTING

The American Institute for Economic Research (AIER) asserts that free societies depend on reliable information. American Investment Services (AIS) in turn is charged with providing information that will help individuals grow and protect their wealth, and with helping to ensure that citizens are well informed regarding the functioning of capital markets.

In this article we review our investment approach to explain how our recommendations are consistent with three longstanding tenets of AIER's research: free markets, sound money and property rights.

Free Markets

Since its founding, AIER has pointed to the fallacies of centrally planned economies and emphasized the superiority of economies based on voluntary exchange. In particular, goods and services will be produced and allocated more efficiently when prices are determined by supply and demand rather than by a central authority.

This dichotomy, free markets versus central planning, is also reflected in the evolution of financial economics.

Since the 1950s the study of finance has evolved as a legitimate field of academic inquiry. Our approach to investing is informed by the work of giants in the field and embraces the central assertions of what is now widely recognized as the Efficient Market Hypothesis (EMH).

EMH asserts that current market prices are the best approximation of a security's intrinsic value and that prices adjust rapidly to reflect the impact of unforeseen events. In other words EMH is simply an extension of the fundamental assertion that markets work.

There is a great deal of misunderstanding regarding EMH. It does not claim that market prices are always "right." It only asserts that freely determined prices are an estimate of value superior to any other. Its central implication for investors is that it is impossible to identify in advance a money manager who, using publicly available information, can consistently identify profitable opportunities that result from capital market "mispricing."

We cannot rule out the possibility that skilled managers exist. But there is scarce evidence to date that any prognosticator can hope to provide risk adjusted returns greater than those of the market, just as no central planner can set prices effectively to ensure efficient distribution of goods and services.

Sound Money

AIER's staff economists have written extensively about the role of money. In order to serve effectively as a form of money any form of purchasing media must demonstrate five fundamental attributes. It must separate sales from purchases, serve as a social institution, be based on trust, provide a store of value, and form a contract.[1]

In a world of fiat currencies investors must be especially vigilant regarding money as a store of value. These currencies, because they can be created at the stroke of a pen, erode investors' purchasing power over time. Each of our recommended asset classes was selected with this reality in mind.

Ongoing price inflation reduces the real returns earned by long-term fixed income securities. Uncertainty regarding future price inflation further undermines the stability of long-term bond prices. Our bond recommendations are therefore restricted to short and intermediate-term fixed-income obligations and inflation adjusted securities. Common stocks provide ownership in the means of production of goods and services, and therefore provide strong prospects for returns that will outpace price inflation over time. Foreign based stocks offer the same potential and also provide diversification among currencies, which can further reduce the risk of dollar price inflation. Gold has long served as a form of money and provided a store of value during periods of hyperinflation.

Property Rights

Property rights include the exclusive right to determine the use of a resource, the exclusive right to the services of a resource, and the right to exchange the resource at terms acceptable to buyer and seller. Capital markets that recognize property rights ensure household investors that their property will not be seized or valued arbitrarily.

The right to offer shares of ownership in centralized stock exchanges provides an efficient means by which firms can raise capital needed to create goods and services. At the same time individual investors can instantly assume ownership in something as vast as the U.S. economy by simply purchasing a U.S. market-wide index fund. This remarkable mechanism generates hundreds of thousands of transactions per day that would not take place if strong property rights did not exist to ensure transferability of ownership.

Property rights vary among countries. No country is completely free of political risk, such as a change in government that could result in the nationalization of assets owned by U.S. citizens. This risk is generally highest within emerging market funds. The funds we offer on page 48 include access to capital markets around the globe. However, our recommended funds apply criteria designed to avoid investing in countries where property rights are not robust. For example, the Vanguard Emerging Markets Index fund states in its prospectus states that:

"The Fund's advisor employs a sampling technique, using its discretion—based on an analysis that considers liquidity, repatriation of capital, and entry barriers in various markets—to determine whether or not to invest in particular securities."

Looking Ahead

Human prosperity has arguably advanced more during the past 300 years than during the 12,000 years of preceding human history. It is no coincidence that only during the past three centuries have sound money, free markets and property rights all been extended broadly. These principles nonetheless continue to come under assault. We will continue to protect the interests of our readers and clients by recommending an optimal investment strategy amidst this ongoing struggle.

1. Steven R. Cunningham, PhD, AIER "The Five Pillars of Money" Economic Bulletin, Vol. LI, March 2011, p. 1

THE HIGH-YIELD DOW INVESTMENT STRATEGY

Recommended HYD Portfolio

As of June 15, 2015

	Rank	Yield (%)	Price ($)	Status	—Percent of Portfolio— Value (%)	No. Shares (%)[1]
Verizon	1	4.68	47.00	Holding**	24.08	22.67
Chevron	2	4.31	99.29	Buying	15.48	6.90
McDonald's	3	3.61	94.30	Buying	12.84	6.02
Caterpillar	4	3.53	87.13	Buying	1.53	0.77
General Electric	7	3.38	27.21	Holding	9.27	15.07
Pfizer	9	3.29	34.04	Holding	9.20	11.95
Merck	10	3.15	57.12	Selling	0.00	0.00
Intel Corp	13	3.06	31.39	Selling	5.85	8.25
Cisco	14	2.95	28.48	Holding	1.56	2.42
AT&T	N/A	5.40	34.41	Selling	20.19	25.95
Cash (6-mo. T-Bill)	N/A	N/A	N/A		0.00	N/A
Totals					100.00	100.00

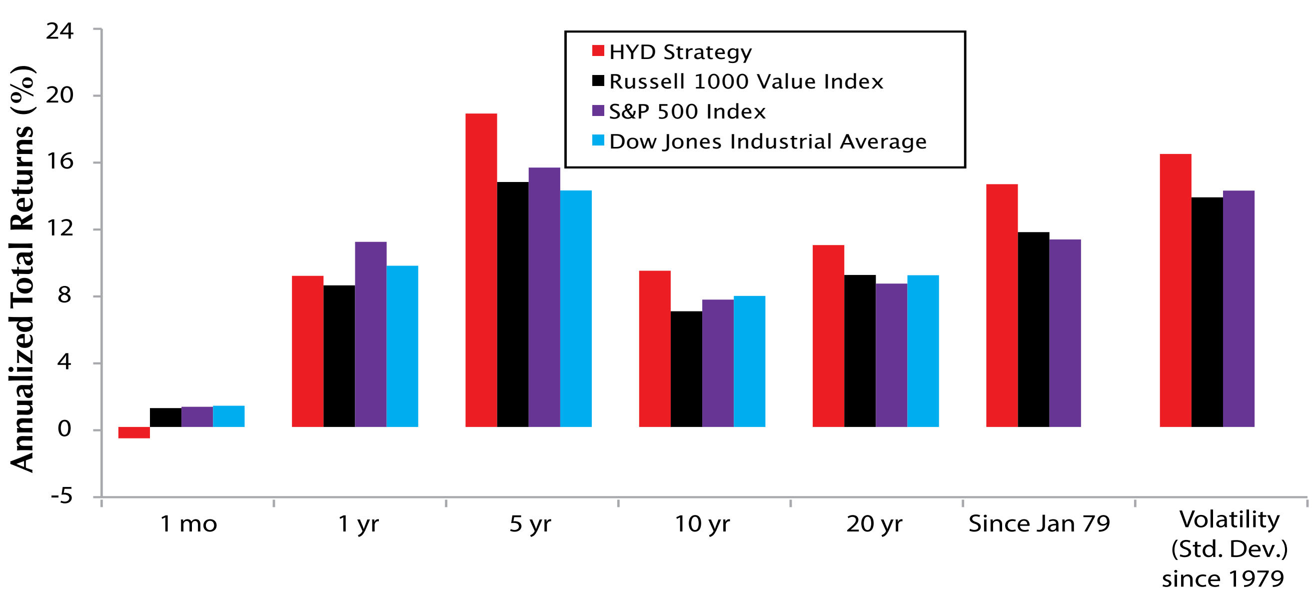
**Currently indicated purchases approximately equal to indicated purchases 18 months ago. [1] Because the percentage of each issue in the portfolio by value reflects the prices shown in the table, we are also showing the number of shares of each stock as a percentage of the total number of shares in 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 May 31, 2015*. 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	-0.72	9.64	19.99	9.96	11.60	15.48	17.41
Russell 1000 Value Index	1.20	9.03	15.62	7.38	9.69	12.42	14.64
S&P 500 Index	1.29	11.81	16.54	8.12	9.14	11.96	15.07
Dow Jones Industrial Average	1.35	10.28	15.08	8.36	9.68	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 0.73% 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 ($)

	6/15/15	*Mo. Earlier*	*Yr. Earlier*
Gold, London p.m. fixing	**1,181.40**	1,220.50	1,273.00
Silver, London Spot Price	**15.93**	17.25	19.58
Copper, COMEX Spot Price	**2.66**	2.95	3.03
Crude Oil, W. Texas Int. Spot	**59.52**	59.69	106.91
Bloomberg Commodity Spot Index	**330.80**	346.66	422.95
Bloomberg Commodity Index	**100.27**	105.35	134.77
Reuters-Jefferies CRB Index	**222.55**	231.46	309.98

Interest Rates ($)

U.S. Treasury bills -	91 day	**0.02**	0.02	0.04
	182 day	**0.11**	0.09	0.07
	52 week	**0.28**	0.23	0.11
U.S. Treasury bonds -	10 year	**2.36**	2.14	2.60
Corporates:				
High Quality -	10+ year	**4.19**	3.95	4.26
Medium Quality -	10+ year	**5.09**	4.86	4.79
Federal Reserve Discount Rate		**0.75**	0.75	0.75
New York Prime Rate		**3.25**	3.25	3.25
Euro Rates	3 month	**-0.01**	-0.01	0.26
Government bonds -	10 year	**0.82**	0.62	1.36
Swiss Rates -	3 month	**-0.78**	-0.79	0.01
Government bonds -	10 year	**0.12**	0.05	0.87

Exchange Rates ($)

British Pound	**1.557200**	1.577200	1.695300
Canadian Dollar	**0.811600**	0.832700	0.920100
Euro	**1.126600**	1.142800	1.352200
Japanese Yen	**0.008105**	0.008378	0.009798
South African Rand	**0.080600**	0.085000	0.093400
Swiss Franc	**1.069400**	1.090000	1.110100

Securities Markets

	6/15/15	*Mo. Earlier*	*Yr. Earlier*
S & P 500 Stock Composite	**2,084.43**	2,122.73	1,936.16
Dow Jones Industrial Average	**17,791.17**	18,272.56	16,775.74
Barclays US Credit Index	**2,553.63**	2,595.66	2,512.29
Nasdaq Composite	**5,029.97**	5,048.29	4,310.65
Financial Times Gold Mines Index	**1,140.81**	1,288.01	1,474.77
FT EMEA (African) Gold Mines	**1,174.64**	1,319.34	1,462.22
FT Asia Pacific Gold Mines	**5,352.92**	5,933.35	4,450.17
FT Americas Gold Mine	**935.59**	1,061.55	1,300.33

Coin Prices ($)

	6/15/15	*Mo. Earlier*	*Yr. Earlier*	*Prem (%)*
American Eagle (1.00)	**1,225.20**	1,237.40	1,300.82	3.71
Austrian 100-Corona (0.9803)	**1,146.53**	1,158.22	1,223.32	-1.00
British Sovereign (0.2354)	**287.10**	289.90	305.80	3.24
Canadian Maple Leaf (1.00)	**1,204.60**	1,216.70	1,283.10	1.96
Mexican 50-Peso (1.2057)	**1,412.90**	1,427.40	1,507.60	-0.81
Mexican Ounce (1.00)	**1,192.20**	1,204.20	1,270.70	0.91
S. African Krugerrand (1.00)	**1,204.97**	1,217.07	1,285.18	2.00
U.S. Double Eagle-$20 (0.9675)				
St. Gaudens (MS-60)	**1,245.00**	1,260.00	1,380.00	8.92
Liberty (Type I-AU50)	**2,225.00**	2,225.00	2,225.00	94.66
Liberty (Type II-AU50)	**1,425.00**	1,450.00	1,550.00	24.67
Liberty (Type III-AU50)	**1,235.00**	1,250.00	1,350.00	8.05
U.S. Silver Coins ($1,000 face value, circulated)				
90% Silver Circ. (715 oz.)	**12,180.00**	12,472.50	14,787.50	6.94
40% Silver Circ. (292 oz.)	**4,600.00**	4,707.50	5,552.50	-1.11
Silver Dollars Circ.	**17,160.00**	17,740.00	20,750.00	39.25

Note: Premium reflects percentage difference between coin price and value of metal in a coin, with gold at $1,181.40 per ounce and silver at $15.93 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 ($) 6/15/15*	*5/15/15*	*6/13/14*	*12-Month ($) High*	*Low*	*Latest Dividend Amount ($)*	*Record Date*	*Payable Date*	*Indicated Annual Dividend ($)*	*Yield† (%)*
Verizon	VZ		47.00	49.79	49.18	53.66	45.09	0.550	7/10/2015	8/3/2015	2.200	4.68
Chevron	CVX		99.29	108.03	127.26	135.10	98.81	1.070	5/19/2015	6/10/2015	4.280	4.31
McDonald's	MCD		94.30	98.04	100.49	102.30	87.62	0.850	6/1/2015	6/15/2015	3.400	3.61
Caterpillar	CAT	*I*	87.13	88.43	106.77	111.46	78.19	0.770	7/20/2015	8/20/2015	3.080	3.53
Exxon Mobil	XOM		83.72	87.35	102.65	104.76	82.68	0.730	5/13/2015	6/10/2015	2.920	3.49
Procter and Gamble	PG		78.12	81.05	79.64	93.89	77.10 *L*	0.663	4/27/2015	5/15/2015	2.652	3.39
General Electric	GE		27.21	27.27	27.04	28.68	23.41	0.230	6/22/2015	7/27/2015	0.920	3.38
Coca-Cola	KO		39.59	41.52	40.37	45.00	39.06	0.330	6/15/2015	7/1/2015	1.320	3.33
Pfizer	PFE		34.04	33.99	29.53	35.53	27.51	0.280	5/8/2015	6/2/2015	1.120	3.29
Merck	MRK		57.12	60.23	58.24	63.62	52.49	0.450	6/15/2015	7/8/2015	1.800	3.15
IBM	IBM		166.26	173.26	182.56	196.40	149.52	1.300	5/8/2015	6/10/2015	5.200	3.13
Johnson & Johnson	JNJ		97.49	102.30	102.53	109.49	95.10	0.750	5/26/2015	6/9/2015	3.000	3.08
Intel Corp	INTC		31.39	32.99	29.87	37.90	29.31	0.240	5/7/2015	6/1/2015	0.960	3.06
Cisco	CSCO		28.48	29.55	24.70	30.31	22.49	0.210	7/6/2015	7/22/2015	0.840	2.95
Dupont	DD		69.05	70.25	68.30	80.65	63.70	0.490	5/15/2015	6/12/2015	1.960	2.84
Microsoft Corp.	MSFT		45.48	48.30	41.23	50.05	40.12	0.310	8/20/2015	9/10/2015	1.240	2.73
Wal-Mart Stores	WMT		71.93	79.24	75.28	90.97	71.70 *L*	0.490	8/7/2015	9/8/2015	1.960	2.72
3M Company	MMM		155.87	163.30	143.36	170.50	130.60	1.025	5/22/2015	6/12/2015	4.100	2.63
J P Morgan	JPM	*I*	67.99	65.88	57.04	68.68 *H*	54.26	0.440	7/6/2015	7/31/2015	1.760	2.59
Boeing	BA		142.29	146.88	132.29	158.83	116.32	0.910	5/8/2015	6/5/2015	3.640	2.56
Travelers	TRV		98.79	102.68	95.41	110.49	88.81	0.610	6/10/2015	6/30/2015	2.440	2.47
United Tech.	UTX		114.61	118.49	116.79	124.45	97.30	0.640	8/14/2015	9/10/2015	2.560	2.23
Unitedhealth Group	UNH	*I*	118.98	119.33	79.18	123.76	77.53	0.500	6/15/2015	6/24/2015	2.000	1.68
Apple	AAPL		126.92	128.77	91.28	134.54	89.65	0.520	5/11/2015	5/14/2015	2.080	1.64
American Express	AXP		79.25	80.22	94.85	96.24	76.53	0.290	7/2/2015	8/10/2015	1.160	1.46
Home Depot, Inc.	HD		110.01	113.35	78.07	117.99	77.95	0.590	6/4/2015	6/18/2015	2.360	1.46
Goldman Sachs	GS		211.76	202.97	165.89	214.61 *H*	161.53	0.650	6/1/2015	6/29/2015	2.600	1.23
Nike	NKE		103.35	104.98	74.62	105.50 *H*	74.25	0.280	6/1/2015	7/6/2015	1.120	1.08
Walt Disney	DIS		110.18	110.30	82.80	113.30	78.54	1.150	12/15/2014	1/8/2015	1.150	1.04
Visa Inc.	V		68.57	69.57	52.82	70.69 *H*	48.80	0.120	5/15/2015	6/2/2015	0.480	0.70

* See the Recommended HYD Portfolio table on page 46 for current recommendations. † Based on indicated dividends and market price as of 6/15/15.
Extra dividends are not included in annual yields. *H* New 52-week high. *L* New 52-week low. All data adjusted for splits and spin-offs. 12-month data begins 6/16/14.
I Dividend increased since 5/15/15 *D* Dividend decreased since 5/15/15

RECOMMENDED INVESTMENT VEHICLES

	Security Symbol	Avg. Market Cap. / Avg. Maturity	Descriptive Quarterly Statistics, as of 3/31/15: No. of Holdings	Expense[3] (%)	Ratios: Sharpe	Turnover (%)	P/B	12 Mo. Yield (%)	Annualized Returns[4] (%), as of 5/31/15: 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	2.80 Yrs.	2069	0.20	0.88	45	-	1.37	1.22	1.10	1.80	0.67	0.56	1.16
iShares Barclays 1-3 Yr. Credit Bond	CSJ[1]	1.95 Yrs.	889	0.20	1.74	10	-	0.95	0.78	1.48	1.91	0.36	1.00	1.34
iShares Barclays 1-3 Yr. Treasury Bond	SHY[1]	1.89 Yrs.	92	0.15	0.58	136	-	0.41	0.71	0.50	0.78	0.52	0.36	0.59
Vanguard Limited-Term Tax-Exempt	VMLTX	3.00 Yrs.	-	0.20	0.90	15	-	1.57	0.55	1.04	1.70	0.55	1.04	1.70
SPDR N.B. Short-Term Municipal Bond	SHM[1]	3.07 Yrs.	604	0.20	0.49	20	-	0.92	0.26	0.77	1.43	-0.14	0.59	1.31
Inflation-Protected Fixed Income														
iShares Barclays TIPS Bond	TIP[1]	8.34 Yrs.	39	0.20	0.07	47	-	1.63	-0.65	-0.76	3.64	-1.25	-1.33	2.80
Vanguard Inflation-Protected Securities	VIPSX	8.60 Yrs.	-	0.20	0.06	39	-	2.19	-0.62	-0.88	3.55	-1.61	-1.77	2.52
International Fixed Income														
Vanguard Total International Bond Index	BNDX[1]/VTIBX	8.40 Yrs.	3301	0.23	-	16	-	1.52	5.58	-	-	4.90	--	--
Real Estate														
Vanguard REIT Index	VNQ[1] / VGSIX	11.08 B	141	0.24	1.11	11	2.58	3.55	9.92	12.24	13.91	8.69	11.07	12.77
SPDR Dow Jones REIT	RWR[1]	15.66 B	92	0.25	1.08	6	2.69	2.96	10.73	12.03	13.91	9.22	10.56	12.53
Vanguard Global ex-US Real Estate	VNQI[1] / VGXRX[5]	6.58 B	630	0.37	0.79	8	1.22	3.91	4.49	14.07	-	2.43	12.23	--
iShares International Property ETF	WPS[1]	7.50 B	376	0.48	0.84	10	1.16	3.63	3.48	14.94	12.17	2.18	13.25	10.77
SPDR Dow Jones Global Real Estate ETF	RWO[1]	12.98 B	226	0.50	1.05	7	1.79	2.92	6.70	12.48	13.16	5.31	10.84	11.37
U.S. Large Cap Value														
Vanguard Value Index	VTV[1] / VIVAX	80.71 B	313	0.23	1.71	6	2.16	2.34	9.73	19.62	15.35	9.13	19.02	14.83
iShares Russell 1000 Value Index	IWD[1]	57.73 B	699	0.20	1.73	12	1.89	2.08	8.83	19.79	15.38	8.29	19.24	14.91
U.S. Small Cap Value														
iShares Russell Microcap Index	IWC[1]	0.53 B	1411	0.60	1.20	26	2.13	1.21	11.32	20.77	14.75	10.95	20.36	14.44
Vanguard Small-Cap Value Index	VBR[1] / VISVX	3.35 B	818	0.23	1.48	12	1.94	1.77	10.08	21.10	15.48	9.55	20.49	14.96
U.S. Large Cap Growth														
iShares Russell 1000 Growth Index	IWF[1]	63.30 B	678	0.20	1.71	15	5.75	1.33	14.53	19.52	17.43	14.15	19.14	17.12
Vanguard Growth Index	VUG[1] / VIGRX	60.03 B	370	0.23	1.70	9	5.04	1.23	13.94	19.56	17.48	13.60	19.24	17.22
U.S. Marketwide														
Vanguard Total Stock Market Index	VTI[1] / VTSMX	46.33 B	3786	0.17	1.73	3	2.87	1.83	11.71	19.74	16.45	11.25	19.26	16.06
Fidelity Spartan Total Market Index	FSTMX[2]	48.39 B	-	0.10	1.73	2	2.87	1.55	11.77	19.77	16.49	n/a	n/a	n/a
Foreign- Developed Markets														
iShares MSCI EAFE Growth Index	EFG[1]	36.83 B	548	0.40	0.76	27	2.47	2.20	1.73	14.73	10.32	1.37	14.38	10.05
iShares MSCI EAFE Value Index	EFV[1]	47.40 B	491	0.40	0.67	29	1.26	4.64	-3.25	15.78	8.87	-4.08	15.06	8.35
Vanguard FTSE Developed Market	VEA[1] / VTMGX[6]	33.57 B	1401	0.09	0.74	4	1.65	2.86	-0.17	15.71	10.08	-0.93	14.96	9.56
SPDR S&P International Small Cap	GWX[1]	1.14 B	2214	0.40	0.57	51	1.28	12.70	2.47	14.20	10.21	-0.96	12.30	8.90
Foreign- Emerging Markets														
Vanguard FTSE Emerging Market Stock	VWO[1] / VEIEX	17.93 B	1017	0.33	0.09	9	1.70	2.68	2.80	6.45	4.46	2.18	5.93	4.09
Gold-Related Funds														
iShares Gold Trust	IAU[1]	6.40 B	1	0.25	-0.63	-	-	-	-4.97	-8.79	-0.60	-4.97	-8.79	-0.60
SPDR Gold Shares	GLD[1]	28.70 B	1	0.40	-0.64	-	-	-	-5.11	-8.92	-0.67	-5.11	-8.92	-0.67

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.