AIS INVESTMENT GUIDE

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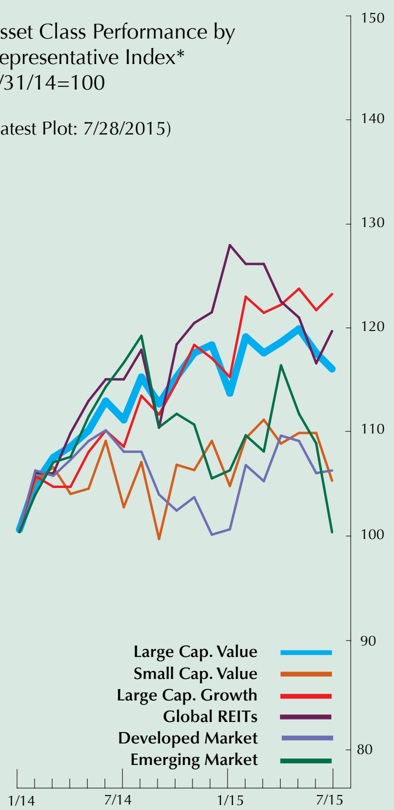
Asset Class Performance by Representative Index*
1/31/14=100

(Latest Plot: 7/28/2015)



* See page 51 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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Revised Model Portfolio Allocations

The AIS Model Portfolios table on page 52 includes revisions to our previous allocations, which have not changed for some time. Here we provide the rationale for those changes so that our readers can consider whether and to what extent they should modify their own portfolios in response.

While we have changed the percentage allocations assigned to our recommended asset classes, these revisions are not based on an assessment of relative future performance among these asset classes. That is, these new allocations should not be construed as an attempt to time the market.

Instead these changes reflect our recognition of varying preferences among investors. This is a challenge because this newsletter is published on behalf of thousands of individual investors, yet each investor should in fact form a portfolio that is custom designed for his or her circumstances. We cannot address the individual concerns of each reader (as we do through our Professional Asset Management service), but we can strive to identify common concerns and tendencies and publish model allocations that can serve as guidelines, from which each reader can depart according to individual objectives and preferences.

Readers should therefore not necessarily change their current portfolios to match these model allocations. As we explain, these changes are driven largely by our estimate of the "average investor's" preferences, especially regarding their willingness to deviate from the market's returns. If the changes we describe better suit your tolerance to withstand such deviations, then it may well be reasonable to revise your allocation targets.

Returns Versus the Market

Capital markets offer investors with choices that entail trade-offs. Our Model Allocations have deliberately adopted asset class weightings that "tilt" toward U.S. value and small cap stocks, REITs, and gold compared with a hypothetical portfolio that simply matched the market capitalization-weights that exist across global financial markets. Asset classes such as foreign stocks and bonds have, oppositely, been underweighted relative to these "passive" weightings.

The pie charts nearby provide a profile of global financial markets at the end of 2014. Chart 1 reveals that the global market value of bonds was over twice that of equities. An investor content to limit his holdings to stocks and bonds and simply "follow the global market" would allocate roughly 70% of his holdings to global bonds and 30% to global stocks. This however would not suit the needs of many investors, particularly younger investors seeking strong real returns over time.

Chart 1 is also unrealistic because a substantial portion of these global fixed income investments are inaccessible or entail extremely high credit risk. This undermines the purpose of holding bonds, which is to provide portfolio stability. Chart 2, which excludes high credit-risk bonds, is more realistic. In that case, a passive investor would simply invest 55.5% of his portfolio in a low cost fund (index-type mutual fund or ETF) that seeks to replicate the global equity market, and invest the remaining 44.5% in index-type fund that seeks to do the same with respect to the global investment grade bond market. This hypothetical investor would never have to rebalance such a portfolio given that his goal is to simply replicate global capital market allocations.

continued on page 50

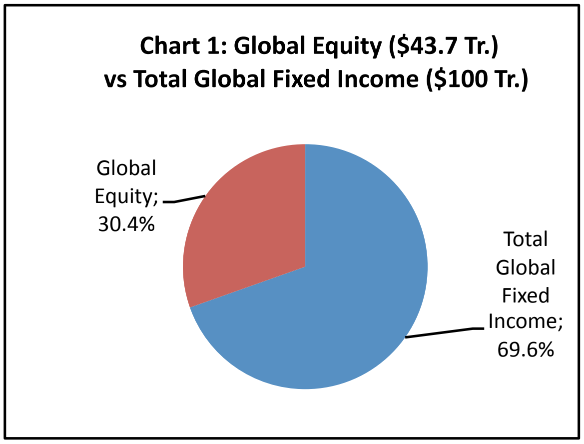


Chart 1: Global Equity ($43.7 Tr.) vs Total Global Fixed Income ($100 Tr.)

However, the strategy implied in Chart 2 would also be ill suited to most investors. For example, Chart 3 breaks down the global equity "slice" in Chart 2 to depict the global allocation between U.S. and foreign equities. There is a well-documented "home bias"[1] among investors and few U.S. investors would elect to allocate 47.5% of their equity portfolio to foreign markets.

Though not depicted, equities could be further broken down by return factors we have often described (large versus small cap stocks, value versus growth), and bonds could be further distinguished based on term risk (short versus long term). Investors can vary the weights assigned to stocks and to bonds in order to "tilt away" from these global allocations to form portfolios suited to their circumstances.

Many investors are in fact willing, in varying degrees, to pursue higher expected returns, albeit with more risk, than such a purely passive global portfolio would provide. Global portfolios can be tilted, for example, further toward small cap and/or value stocks within their overall equity allocation. These risks can come in many forms including greater volatility, greater risk of default, tax risk, and the extent to which these tilted returns diverge from the market, to name a few.

The Big Trade Off

Based on feedback from readers and from working directly with our clients we have observed that many investors are especially sensitive to a fundamental trade-off that, while obvious, gets little attention. It is axiomatic that a portfolio that holds securities in different proportion than that of the global market will provide returns that deviate, above or below, those of the global market. However, while many investors eagerly embrace these tilts in pursuit of higher returns over time, many overestimate their ability to tolerate returns that deviate from the market during interim periods.

For example under our previous model allocations an investor following our moderate risk Model Portfolio would have allocated 10% of her entire portfolio holdings (or roughly 29% of her entire U.S. stock market exposure), to U.S. small cap stocks. This is nearly three times what her exposure to U.S. small caps would have been had he chosen instead to passively hold the U.S. stock market on a market cap weighted basis. Many investors establish portfolios with this tilt toward small caps in order to pursue higher returns over time; over the 86 years ending in December 2014 a hypothetical dollar invested in small caps would have grown to $22,766 or over six times the $3,366 ending value of a dollar invested in the overall stock market. *However, many fail to grasp that they must be prepared to endure periods of underperformance that can last years; during this period the size premium was negative during 27 out of 82 five-year rolling time spans.*

We have observed that even on a very short term basis investors tend to dwell on relative performance. Unfortunately the media caters to stock traders fixated on daily returns. Unable to avoid this "noise", small cap tilted investors can become anxious upon learning that the S&P 500 might have returned 1.0% while their small cap index fund returned only 0.50%, or that their tilted portfolio returns have for several months fallen short of their neighbor's returns, who might simply hold the S&P 500.

Dialing Back Exposures

The difference between a portfolio's returns and those of the market is sometimes referred to as "tracking risk." For example, the hypothetical differences between the returns of a size/value tilted model U.S. equity portfolio and those of the overall cap weighted U.S. equity market can be calculated.[2] This allowed us to determine the tracking risk associated with each Model Portfolio and to assess that risk relative to each portfolio's expected returns. As expected, portfolios with higher expected returns generally had greater tracking risk.

Through this process we were able to consider alternative portfolios in pursuit of improved trade-offs. It became clear that we could improve the trade-offs inherent in our current models. The revisions that emerged are presented in the Model Portfolios table nearby and described below for each asset class.

Cash Equivalent Assets: We have reduced our exposure to cash in our conservative and moderate risk portfolios while increasing cash (from 0% to 3%) in our aggressive portfolio. These reductions are warranted given that the value of cash as a form of liquidity overshadows its value as a form of return stability, and in light of our longstanding recommendation that investors hold an additional cash account adequate to fund living expenses for six months.

Bonds: Changes to our bond allocations are greatest in our conservative risk portfolio, in which we shifted into a much larger bond allocation (while reducing cash), and in our aggressive risk portfolio, in which we introduced a 12% bond allocation.

Real Estate Investment Trusts: We have reduced our exposure to global REITs in all three portfolios. While these still provide a tilt toward REITs relative to market cap weights, they are well below

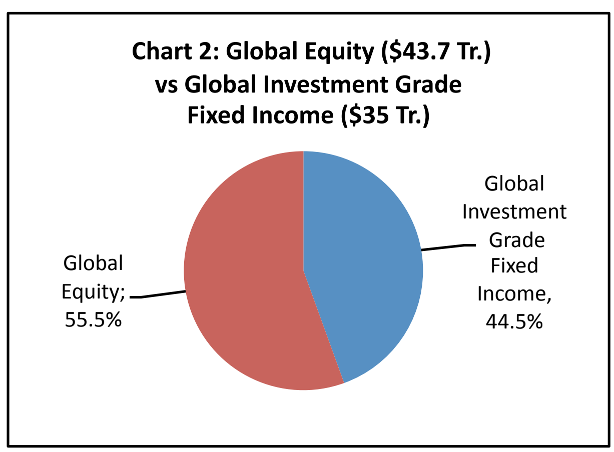
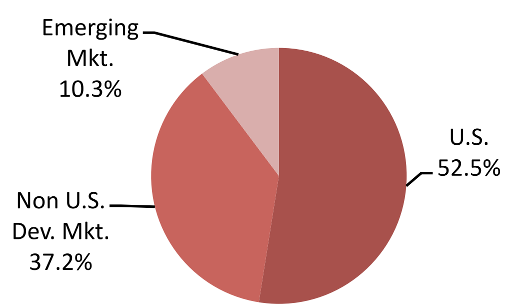


Chart 2: Global Equity ($43.7 Tr.) vs Global Investment Grade Fixed Income ($35 Tr.)

Chart 3: Global Equity Breakdown ($43.7 Trillion)



our previous weights. These revisions account for REITs held in our equity allocations.

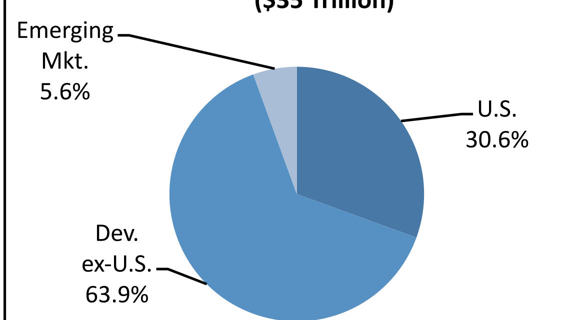
U.S. Equities: Our revised allocations continue to tilt toward value and small cap stocks relative to market cap weightings, but these tilts are scaled back from previous levels.

An investor's returns from equities are determined by his portfolio's overall exposure to known factors of returns: the overall market, size, and style (value versus growth). The higher expected returns from small cap and value stocks must be balanced with each investor's willingness to deviate from a market cap weighted portfolio. In order to target an allocation that offered an improved trade-off we found it necessary to introduce a U.S. market wide index as well as a U.S. midcap index, and to eliminate the U.S. large cap growth index. The addition of the midcap index does not imply that midcaps to constitute a distinct asset class, nor does the elimination of the growth index suggest that we are allocating 0% to large cap growth stocks.[3] *What matters in terms of effective targeting is the underlying exposure provided by all these funds on a combined basis.*

Foreign Equities: We have revised the AIS moderate risk portfolio to include a higher allocation to foreign equities. The previous portfolio underweighted foreign equities relative to their world market capitalization, even after allowing for a rational home bias for U.S. investors. Excluding our dedicated 10% allocation to global REITs, the previous total equity portfolio had a 22% weighting to foreign stocks (10%/45%), or less than half the 47.5% world market cap allocation.[4] The foreign equity allocations for the conservative and aggressive risk portfolios were similarly under-allocated. Based on our experience with clients, we assigned a stronger home bias (lower foreign weighting) to the conservative portfolio and a lower home bias (higher foreign weighting) for the aggressive portfolio.

Gold: At the end of 2014 there were approximately 183,600 tonnes of gold held above ground around the globe[5] worth roughly $7.8 trillion. This was equal to 5.5% of the approximate total market value of global bond and equity markets combined. Our previous allocations to gold included a 0%, 5% and 10% weighting for the conservative, moderate, and aggressive portfolios, respectively. The AIS recommended portfolios should be modified. We have long regarded gold as a form of insurance against financial crises. Since all investors are subject to this risk, all three portfolios should have exposure to gold. However, because the gold price is highly volatile, the allocation to gold should be limited. Our revised allocations therefore assign a 5% weighting to all three portfolios.

Chart 4: Global Investment Grade Fixed Income Breakdown ($35 Trillion)



Risk, Return and Portfolio Efficiency

In order to achieve the "optimal tilts" described in the accompanying article, we weighted our U.S. equity allocations across five commercial indexes that target specific risk exposures. Investors can build portfolios using these Model Portfolios as a reference, and by using the mutual funds and ETFs found on the back page of this publication, which track these or similar indexes. These tilts can be achieved more efficiently through funds from Dimensional Fund Advisors, which are available through our Professional Asset Management service.

1. Several rational and behavioral explanations for this bias have been posited.
2. Specifically we track and measure the monthly returns of the U.S. stock market and those of our Model Portfolios, and calculate the standard deviation in the differences of those returns.
3. We retain substantial, broadly diversified exposure to large cap growth stocks through the U.S. Marketwide allocation.
4. If the global REIT allocation is accounted for, foreign exposure was still low, at 25% of total equity exposure.
5. World Gold Council

Asset classes and representative index chart on page 49: 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

QUARTERLY REVIEW OF CAPITAL MARKETS[1]

Foreign stocks outperformed the U.S. equity market during the quarter. Gold fell slightly over the three months while global REITs fell furthest among our recommended asset classes. Interest rates in the U.S. generally increased.

In early May the S&P 500 had reached a new high, but by quarter-end the U.S. equity market had registered only slightly positive performance. Small caps as a group outperformed large caps while on a market-wide basis value underperformed growth.

We have revised our AIS Model Portfolios table (below). These changes do not reflect a substantial departure from the previous model, nor do they reflect an attempt to time the markets. We have simply concluded that these model allocations better match the preferences of *most investors* regarding their willingness to trade off the various risks and expected returns associated with investing in capital markets. Individual circumstances in fact vary greatly among investors. *You should not therefore necessarily change your current holdings to match these allocations.*

We present our rationale for these revisions in the accompanying article.

Cash Equivalent Assets[2]

Cash equivalent assets include Treasury bills, bank CDs, bankers' acceptances, commercial paper, fixed income securities with less than one year to maturity, and other money market instruments.

Short-term interest rates remained near zero during the quarter while price inflation remained tame. At the end of June three month Treasury bills were yielding 0.01% while 12 month issues were yielding 0.28%. Meanwhile price inflation measured by the Consumer Price Index (CPI) had risen only 0.1% over the previous 12 months. AIER's Everyday Price Index (EPI) fell 2.4% over the same period. Once again the sharper decline in the EPI was largely attributable to a drop in gasoline prices, which fell 23% over the past 12 months. EPI weights gasoline and other frequently-purchased items more heavily compared with the CPI.

During the quarter a stronger consensus emerged suggesting that the Federal Reserve's Open Market Committee (FOMC) will raise its targeted Fed funds rate before year-end. The level and number of increases that might occur remains unknown but Fed comments suggest that increases will not be large. Comments by the FOMC have hinted at increases of no more than 0.25% beginning in September.

AIS Model Portfolios[1]
For the Period Ending June 30, 2015

Asset Class	*Index*	*Recommended Percentage Allocations[2]* *Conservative*	*Moderate*	*Aggressive*	*Asset Class Statistics: Risk and Return (%)* *Total Return (annualized)* *1 Year*	*10 Year*	*20 year*	*Std. Dev. (annualized)* *20 year*
Cash & Equivalent Assets[3]	Bank of America/Merrill Lynch 3 Mo. T Bills	5	5	3	0.02	1.42	2.69	0.67
Short/Int. Fixed Income	Barclays Capital 1-5 Yr Govt/Cred	45	20	8	1.31	3.36	4.57	2.07
	Citigroup World ex. US Govt. Bond 1-5 Yr	20	10	4	1.22	2.94	4.58	1.39
Real Estate	S&P Global REITs Index Gross Div	4	5	6	1.37	6.01	10.24	17.53
U.S. Marketwide	Russell 3000 Index (USD)	5	9	13	7.29	8.15	9.10	15.47
U.S. Large Cap Value	Russell 1000 Value Index (USD)	2	4	7	4.13	7.05	9.51	15.05
U.S. Mid Cap	Russell Midcap Index (USD)	5	9	13	6.63	9.40	11.13	16.92
U.S. Small Cap Value	Russell 2000 Value Index (USD)	3	6	9	0.78	6.87	10.33	17.70
	DFA US Micro Cap Portfolio (USD)	1	2	2	5.68	8.52	11.19	21.28
Foreign Developed Markets	MSCI EAFE Index (USD) Gross Div	4	20	24	-3.82	5.60	5.58	16.64
Foreign Emerging Markets	MSCI Emg. Mkts. Index (USD) Gross Div	1	5	6	-4.77	8.46	6.35	23.47
Gold Related	Gold (London PM Fix Price)	5	5	5	-10.95	10.36	5.69	16.75
	Total	100	100	100				

Model Portfolio Statistics[4]: Risk, Return (%) and Growth[5]

	Conservative	*Moderate*	*Aggressive*
Portfolio Return 1 Year	0.27	-0.25	0.04
Portfolio Return 10 Year (annualized)	4.34	5.82	6.56
Portfolio Return 20 Year (annualized)	5.40	6.69	7.56
Portfolio Standard Deviation 20 Year (annualized)	3.95	9.17	12.31
Growth of $100 over 20 Years	$286	$365	$430

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 AIS), or product made reference to directly or indirectly, will be profitable or equal to past performance levels. Historical performance results for 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 56.

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 0.725% management fee, the rate charged to a $500,000 account managed by AIS. 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 0.725% 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.

5 The percentage allocations assigned to our recommended asset classes have changed in this issue. This revision is not based on an assessment of relative future performance among the asset classes, rather it reflects our recognition of varying preferences among investors. These Models should serve only a guideline. Each investor should form a portfolio suited to his/her own circumstances. See related article "Revised Model Portfolio Allocations" for further information.

Fixed Income

Interest rates generally increased for fixed income securities with maturities between one and 30 years. The yield on the 5-year Treasury note added 0.25% to end the quarter at 1.63%. The 10-year Treasury note added 0.42% to end the quarter at 2.35% while the yield on the 30-year Treasury bond added 0.56%, ending the three months at 3.10%.

Higher interest rates combined with wider credit spreads pushed most bond returns into negative territory for the quarter. Municipal bonds returned -0.9% while investment grade corporate bonds returned -2.9%. TIPS fell as well, returning -1.1%. Global bonds (hedged) were essentially flat, returning 0.01%.

Real Estate[3]

Global equity REITs underperformed the broader equity markets by a wide margin during the second quarter and registered the lowest returns among our recommended asset classes. U.S. REITs were hit especially hard, returning -9.1%. Global (ex-U.S.) REITs lost less ground, turning in a -3.2% return.

Because REITs distribute a strong level of dividend income they can be sensitive to long term interest rate changes and indeed during the second quarter REIT prices and returns fell as the yield grew steeper.

U.S. Equities[4]

U.S. equities recorded slightly positive performance for the quarter as the overall market eked out a 0.14% return. Differences in returns were modest across the size and growth/value spectrums. Growth outperformed value across size ranges, while small caps outperformed large caps, helped by the strong performance of microcap stocks. On a year-to-date basis small caps and growth stocks have been the biggest outperformers as well.

The U.S. economy's steady growth relative to other global economies favored domestic-oriented sectors such as health care, consumer discretionary and financial stocks; these sectors returned 2.8%, 1.9% and 1.7%, respectively. Utilities were an exception, returning -5.8% as their high dividend payouts became less attractive in light of rising long term interest rates.

International Equities[5]

Foreign developed markets outperformed the U.S. equity market but underperformed emerging markets indices in U.S. dollar terms. Within ex-U.S. developed markets small caps significantly outperformed large caps, returning 4.16% versus 0.48% respectively. Value stocks trailed growth indices across all size ranges.

In a reversal of recent trends, the dollar fell against the euro and other developed market currencies. This bolstered the returns of U.S. dollar investors.

In emerging markets small caps returned 4.5% in dollar terms versus only 0.69% among large caps, while value stocks posted returns of 1.79% versus -0.29% for growth stocks. Following a very strong first quarter Chinese equities rose again, finishing the second quarter with a 7.8% return, but suffered a sharp reversal as the quarter came to a close.

Gold[6]

The gold price fell 1.3% over the three months, ending at $1,171 per ounce, while ranging between a low of $1,164 and a high of $1,225. Gold closed the quarter at nearly its lowest price since September 2011, when it reached $1,895.

While AIS, AIER and others regard gold as a cornerstone investment for most investors, many economists regard gold as a non-productive commodity and claim it serves no useful role within a well-constructed portfolio. Skeptics assert that because gold produces no income it is impossible to value, and are dismissive of its role as a form of money. Most recently they have pointed to gold's lackluster response to the Greek financial crisis as evidence that its role as a safe haven is unwarranted.

We have cited empirical evidence showing that the gold price responds strongly in reaction to severe and unanticipated financial crises. During the global market crisis of 2008-2011 gold provided exactly the role we have described, rising from roughly $700 per ounce to nearly $1,900 per ounce. As for Greece, we note that the financial crisis there has been playing out for years and that every bit of news, good and bad has been readily reflected in capital market prices, while the U.S. housing crisis that precipitated the 2008-2009 stock market crash came suddenly amidst robust U.S. economic growth and came as a shock to the global economy.

Gold skeptics invariably find their voice when the gold price has plummeted, yet their reasoning rarely finds its way into headlines when gold is shining, as it was only eight years ago. We on the other hand have consistently described the results of our research regardless of the prevailing gold price. We do not "tout" gold when its price is ascending, nor do we shy from explaining gold's purpose when its price is languishing.

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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. Long term government bonds: Barclays Long US Government Bond Index. Global bonds: Citigroup WGBI 1-5 Years (USD hedged). U.S Corporate (investment grade) bonds: Barclays U.S. Credit Bond Index; Municipal bonds: Barclays Municipal Bond Index; TIPS: Barclays U.S. TIPS Index. Mortgage rates: Freddie Mac.
3. US REIT data provided by National Association of Real Estate Trusts (NAREIT). U.S. REITs: 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: S&P 500 Index, Large Cap Value stocks: Russell 1000 Value Index Large Cap Growth Stocks: Russell 1000 Growth Index. 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. 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

THE HIGH-YIELD DOW INVESTMENT STRATEGY

Recommended HYD Portfolio

As of July 15, 2015					—-Percent of Portfolio-—	
	Rank	*Yield (%)*	*Price ($)*	*Status*	*Value (%)*	*No. Shares (%)*[1]
Verizon	1	4.65	47.33	Holding**	24.35	23.34
Chevron	2	4.54	94.24	Buying	16.04	7.72
Caterpillar	3	3.66	84.16	Buying	2.98	1.61
Exxon Mobil	4	3.53	82.76	Buying	1.53	0.83
General Electric	5	3.44	26.77	Holding	9.00	15.26
McDonald's	6	3.43	99.07	Selling	12.12	5.55
Intel Corp	8	3.23	29.69	Selling	4.18	6.39
Pfizer	11	3.20	34.98	Holding	9.33	12.11
Cisco	14	2.99	28.11	Holding	1.52	2.45
AT&T	N/A	5.50	34.73	Selling	18.94	24.74
Cash (6-mo. T-Bill)	N/A	N/A	N/A		0.01	N/A
Totals					100.00	100.00

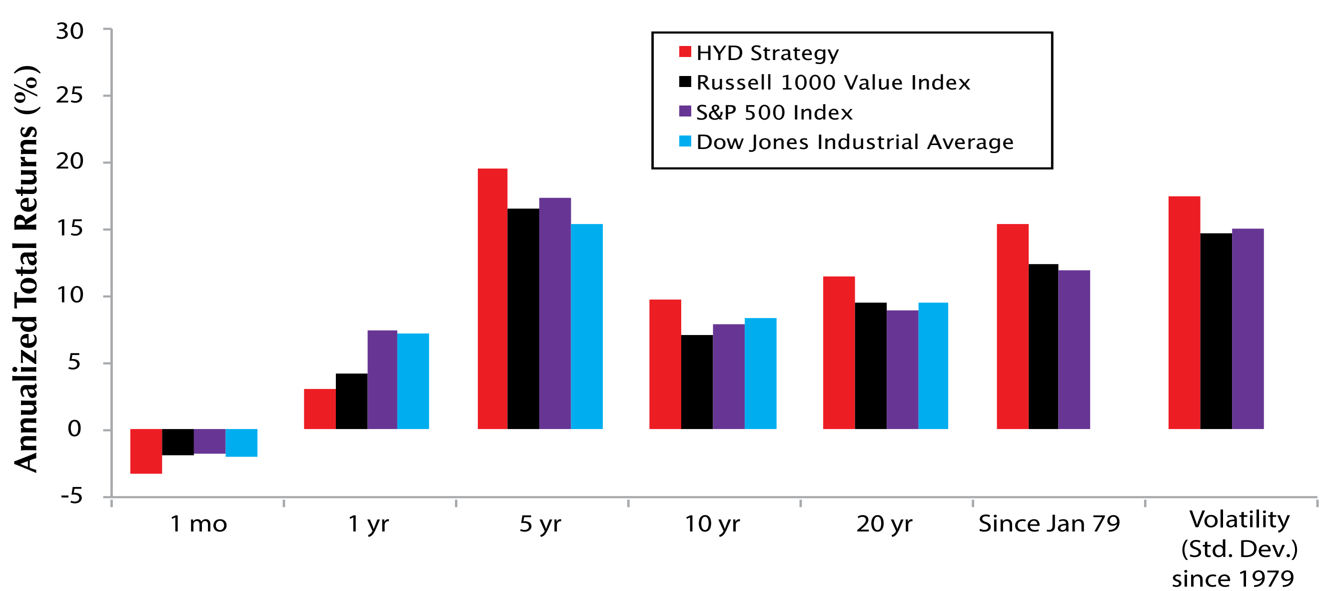
**Currently indicated purchases approximately equal to indicated purchases 18 months ago. [1] Because the percentage of each issue in the portfolio by value reflects the prices shown in the table, we are also showing the number of *shares* of each stock as a percentage of the total number of shares in 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 June 30, 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	-3.41	2.94	19.60	9.76	11.45	15.34	17.41
Russell 1000 Value Index	-2.00	4.13	16.50	7.05	9.51	12.33	14.64
S&P 500 Index	-1.94	7.42	17.34	7.89	8.91	11.87	15.06
Dow Jones Industrial Average	-2.06	7.21	15.41	8.32	9.44	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 ($)

	7/15/15	*Mo. Earlier*	*Yr. Earlier*
Gold, London p.m. fixing	**1,147.40**	1,181.40	1,310.00
Silver, London Spot Price	**15.31**	15.93	20.93
Copper, COMEX Spot Price	**253.05**	265.90	323.85
Crude Oil, W. Texas Int. Spot	**51.41**	59.52	99.96
Bloomberg Commodity Spot Index	**324.74**	330.80	405.43
Bloomberg Commodity Index	**99.44**	100.27	129.48
Reuters-Jefferies CRB Index	**216.62**	222.55	296.02

Interest Rates ($)

U.S. Treasury bills -	91 day	**0.02**	0.02	0.02
	182 day	**0.11**	0.11	0.06
	52 week	**0.28**	0.28	0.11
U.S. Treasury bonds -	10 year	**2.36**	2.36	2.56
Corporates:				
High Quality -	10+ year	**4.20**	4.19	4.19
Medium Quality -	10+ year	**5.27**	5.09	4.76
Federal Reserve Discount Rate		**0.75**	0.75	0.75
New York Prime Rate		**3.25**	3.25	3.25
Euro Rates	3 month	**-0.02**	-0.01	0.20
Government bonds -	10 year	**0.83**	0.82	1.20
Swiss Rates -	3 month	**-0.76**	-0.78	0.01
Government bonds -	10 year	**0.07**	0.12	0.74

Exchange Rates ($)

British Pound	**1.562100**	1.557200	1.714900
Canadian Dollar	**0.773100**	0.811600	0.928900
Euro	**1.096500**	1.126600	1.357300
Japanese Yen	**0.008072**	0.008105	0.009841
South African Rand	**0.080400**	0.080600	0.093400

Securities Markets

	7/15/15	*Mo. Earlier*	*Yr. Earlier*
S & P 500 Stock Composite	**2,107.40**	2,084.43	1,973.28
Dow Jones Industrial Average	**18,050.17**	17,791.17	17,060.68
Barclays US Credit Index	**2,550.87**	2,553.63	2,525.11
Nasdaq Composite	**5,098.94**	5,029.97	4,416.39
Financial Times Gold Mines Index	**1,029.59**	1,140.81	1,581.37
FT EMEA (African) Gold Mines	**1,103.38**	1,174.64	1,602.68
FT Asia Pacific Gold Mines	**5,031.70**	5,352.92	4,844.48
FT Americas Gold Mines	**827.15**	935.59	1,383.38

Coin Prices ($)

	7/15/15	*Mo. Earlier*	*Yr. Earlier*	*Prem (%)*
American Eagle (1.00)	**1,197.80**	1,237.40	1,357.03	4.39
Austrian 100-Corona (0.9803)	**1,120.03**	1,158.22	1,277.72	-0.42
British Sovereign (0.2354)	**280.60**	289.90	319.10	3.89
Canadian Maple Leaf (1.00)	**1,177.20**	1,216.70	1,339.40	2.60
Mexican 50-Peso (1.2057)	**1,380.20**	1,427.40	1,574.60	-0.23
Mexican Ounce (1.00)	**1,165.00**	1,204.20	1,326.40	1.53
S. African Krugerrand (1.00)	**1,177.57**	1,217.07	1,341.38	2.63
U.S. Double Eagle-$20 (0.9675)				
St. Gaudens (MS-60)	**1,245.00**	1,260.00	1,420.00	12.15
Liberty (Type I-AU50)	**2,225.00**	2,225.00	2,225.00	100.43
Liberty (Type II-AU50)	**1,425.00**	1,450.00	1,550.00	28.37
Liberty (Type III-AU50)	**1,240.00**	1,250.00	1,380.00	11.70
U.S. Silver Coins ($1,000 face value, circulated)				
90% Silver Circ. (715 oz.)	**12,775.00**	12,472.50	15,737.50	-98.46
40% Silver Circ. (292 oz.)	**4,437.50**	4,707.50	6,087.50	-98.69
Silver Dollars Circ.	**16,600.00**	17,740.00	20,312.50	-98.15

Note: Premium reflects percentage difference between coin price and value of metal in a coin, with gold at $1,147.40 per ounce and silver at $15.31 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 ($) 7/15/15*	*6/16/15*	*7/15/14*	*12-Month ($) High*	*Low*	*Latest Dividend Amount ($)*	*Record Date*	*Payable Date*	*Indicated Annual Dividend ($)*	*Yield† (%)*
Verizon	VZ	47.33	47.00	50.71	53.66	45.09	0.550	7/10/2015	8/3/2015	2.200	4.65
Chevron	CVX	94.24	99.29	129.26	135.10	93.26 *L*	1.070	5/19/2015	6/10/2015	4.280	4.54
Caterpillar	CAT	84.16	87.13	109.85	111.46	78.19	0.770	7/20/2015	8/20/2015	3.080	3.66
Exxon Mobil	XOM	82.76	83.72	102.39	104.76	81.49 *L*	0.730	5/13/2015	6/10/2015	2.920	3.53
General Electric	GE	26.77	27.21	26.61	28.68	23.41	0.230	6/22/2015	7/27/2015	0.920	3.44
McDonald's	MCD	99.07	94.30	100.30	101.09	87.62	0.850	6/1/2015	6/15/2015	3.400	3.43
Dupont	DD	59.00	69.05	64.58	80.65	57.87 *L*	0.490	5/15/2015	6/12/2015	1.960	3.32
Intel Corp	INTC	29.69	31.39	31.71	37.90	28.82 *L*	0.240	5/7/2015	6/1/2015	0.960	3.23
Procter and Gamble	PG	82.15	78.12	81.26	93.89	77.10	0.663	7/24/2015	8/17/2015	2.652	3.23
Coca-Cola	KO	41.13	39.59	42.10	45.00	39.06	0.330	9/15/2015	10/1/2015	1.320	3.21
Pfizer	PFE	34.98	34.04	30.41	35.53	27.51	0.280	8/7/2015	9/2/2015	1.120	3.20
Merck	MRK	58.22	57.12	57.91	63.62	52.49	0.450	6/15/2015	7/8/2015	1.800	3.09
IBM	IBM	168.53	166.26	188.49	196.40	149.52	1.300	5/8/2015	6/10/2015	5.200	3.09
Cisco	CSCO	28.11	28.48	25.67	30.31	22.49	0.210	7/6/2015	7/22/2015	0.840	2.99
Johnson & Johnson	JNJ	100.42	97.49	103.28	109.49	95.10	0.750	5/26/2015	6/9/2015	3.000	2.99
Microsoft Corp.	MSFT	45.76	45.48	42.45	50.05	40.12	0.310	8/20/2015	9/10/2015	1.240	2.71
Wal-Mart Stores	WMT	73.65	71.93	76.84	90.97	70.36 *L*	0.490	8/7/2015	9/8/2015	1.960	2.66
3M Company	MMM	156.00	155.87	145.06	170.50	130.60	1.025	5/22/2015	6/12/2015	4.100	2.63
J P Morgan	JPM	69.19	67.99	58.27	69.95	54.26	0.440	7/6/2015	7/31/2015	1.760	2.54
Boeing	BA	146.89	142.29	129.10	158.83	116.32	0.910	8/7/2015	9/4/2015	3.640	2.48
Travelers	TRV	102.42	98.79	95.95	110.49	88.81	0.610	6/10/2015	6/30/2015	2.440	2.38
United Tech.	UTX	111.25	114.61	114.84	124.45	97.30	0.640	8/14/2015	9/10/2015	2.560	2.30
Home Depot, Inc.	HD	115.58	110.01	79.86	117.99	79.23	0.590	6/4/2015	6/18/2015	2.360	2.04
Apple	AAPL	126.82	126.92	95.32	134.54	92.57	0.520	5/11/2015	5/14/2015	2.080	1.64
Unitedhealth Group	UNH	125.86	118.98	83.90	126.05 *H*	78.74	0.500	6/15/2015	6/24/2015	2.000	1.59
American Express	AXP	78.54	79.25	94.45	95.09	75.75 *L*	0.290	7/2/2015	8/10/2015	1.160	1.48
Goldman Sachs	GS	212.96	211.76	169.17	218.77 *H*	168.02	0.650	9/1/2015	9/29/2015	2.600	1.46
Walt Disney	DIS	118.30	110.18	86.15	118.90	78.54	0.660	7/6/2015	7/29/2015	1.320	1.12
Nike	NKE	11.90	103.35	78.03	113.06 *H*	75.90	0.280	6/1/2015	7/6/2015	1.120	1.00
Visa Inc.	V	70.02	68.57	55.45	70.69	48.80	0.120	5/15/2015	6/2/2015	0.480	0.69

* See the Recommended HYD Portfolio table on page 54 for current recommendations. † Based on indicated dividends and market price as of 7/15/15.
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 7/16/14.
I Dividend increased since 6/15/15 *D* Dividend decreased since 6/15/15

RECOMMENDED INVESTMENT VEHICLES

	Security Symbol	Avg. Market Cap. / Avg. Maturity	Descriptive Quarterly Statistics, as of 6/30/15: No. of Holdings	Expense[3] (%)	Ratios: Sharpe	Turnover (%)	P/B	12 Mo. Yield (%)	Annualized Returns[4] (%), as of 6/30/15: 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.	2078	0.20	0.87	45	-	1.41	1.13	1.03	1.59	0.58	0.49	0.97
iShares Barclays 1-3 Yr. Credit Bond	CSJ[1]	2.05 Yrs.	919	0.20	1.83	17	-	1.02	0.69	1.34	1.77	0.26	0.87	1.21
iShares Barclays 1-3 Yr. Treasury Bond	SHY[1]	1.87 Yrs.	100	0.15	0.58	122	-	0.46	0.79	0.53	0.70	0.59	0.39	0.50
Vanguard Limited-Term Tax-Exempt	VMLTX	3.30 Yrs.	-	0.20	0.74	15	-	1.54	0.72	1.10	1.69	0.72	1.10	1.69
SPDR N.B. Short-Term Municipal Bond	SHM[1]	3.00 Yrs.	602	0.20	0.33	20	-	0.92	0.46	0.85	1.44	0.06	0.66	1.31
Inflation-Protected Fixed Income														
iShares Barclays TIPS Bond	TIP[1]	8.41 Yrs.	40	0.20	-0.16	47	-	1.44	-1.88	-0.87	3.15	-2.23	-1.36	2.35
Vanguard Inflation-Protected Securities	VIPSX	8.70 Yrs.	-	0.20	-0.17	39	-	2.22	-1.90	-0.98	3.07	-2.45	-1.84	2.09
International Fixed Income														
Vanguard Total International Bond Index	BNDX[1]/VTIBX	9.00 Yrs.	3612	0.23	-	16	-	1.55	3.49	-	-	2.82	--	--
Real Estate														
Vanguard REIT Index	VNQ[1] / VGSIX	9.94 B	142	0.26	0.91	8	2.40	4.04	3.68	8.49	14.07	2.35	7.28	12.89
SPDR Dow Jones REIT	RWR[1]	15.02 B	93	0.25	0.89	6	2.37	3.31	4.94	8.40	14.14	3.53	6.96	12.73
Vanguard Global ex-US Real Estate	VNQI[1] / VGXRX[5]	B1646	633	0.37	1.03	8	1.22	4.06	-0.35	9.99	-	-2.31	8.16	--
iShares International Property ETF	WPS[1]	6.74 B	378	0.48	1.08	8	1.14	3.20	-1.73	10.97	11.36	-2.84	9.38	9.94
SPDR Dow Jones Global Real Estate ETF	RWO[1]	11.81 B	226	0.50	0.99	7	1.65	2.94	1.33	8.85	12.93	0.11	7.27	11.13
U.S. Large Cap Value														
Vanguard Value Index	VTV[1] / VIVAX	83.64 B	315	0.23	2.10	6	2.16	2.39	5.33	16.93	16.04	4.75	16.34	15.52
iShares Russell 1000 Value Index	IWD[1]	57.45 B	682	0.20	2.08	13	1.85	2.06	3.94	17.08	16.24	3.43	16.58	15.77
U.S. Mid Cap														
Vanguard Mid-Cap ETF	VO	11.2 B	372	0.09	0.75	11	2.47	1.25	8.62	19.68	18.24	8.26	19.33	17.93
iShares Russell Mid-Cap Index	IWR	10.5 B	830	0.20	0.74	10	2.56	1.43	6.48	19.07	18.04	6.08	18.66	17.65
U.S. Small Cap Value														
iShares Russell Microcap Index	IWC[1]	0.46 B	1433	0.60	1.43	26	1.85	1.17	8.33	19.11	17.27	7.96	18.73	16.94
Vanguard Small-Cap Value Index	VBR[1] / VISVX	3.29 B	824	0.23	1.79	12	1.92	1.78	4.02	18.84	17.09	3.52	18.24	16.57
U.S. Marketwide														
Vanguard Total Stock Market Index	VTI[1] / VTSMX	49.00 B	3803	0.17	2.11	3	2.85	1.86	7.08	17.54	17.41	6.62	17.06	17.00
Fidelity Spartan Total Market Index	FSTMX[2]	49.99 B	-	0.10	2.12	2	2.81	1.57	7.15	17.55	17.42	6.75	17.14	17.06
Foreign- Developed Markets														
iShares MSCI EAFE Growth Index	EFG[1]	35.02 B	560	0.40	1.38	27	2.62	1.96	-1.63	11.76	9.77	-2.05	11.34	9.46
iShares MSCI EAFE Value Index	EFV[1]	46.53 B	491	0.40	1.22	29	1.25	3.57	-7.31	11.49	8.69	-8.06	10.68	8.09
Vanguard FTSE Developed Market	VEA[1] / VTMGX[6]	35.35 B	1392	0.09	1.35	4	1.71	2.88	-3.97	12.00	9.83	-4.71	11.14	9.22
SPDR S&P International Small Cap	GWX[1]	1.13 B	2299	0.40	1.20	51	1.36	11.81	-2.03	12.51	9.95	-5.27	10.69	8.67
Foreign- Emerging Markets														
Vanguard FTSE Emerging Market Stock	VWO[1] / VEIEX	20.27 B	1010	0.33	0.51	9	1.88	2.64	-2.41	4.14	4.14	-3.19	3.35	3.53
Gold-Related Funds														
iShares Gold Trust	IAU[1]	6.30 B	1	0.25	-0.52	-	-	-	-11.16	-10.09	-1.47	-11.16	-10.09	-1.47
SPDR Gold Shares	GLD[1]	26.71 B	-	0.40	-0.53	-	-	-	-11.31	-10.22	-1.60	-11.31	-10.22	-1.60

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.

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