AIS INVESTMENT GUIDE

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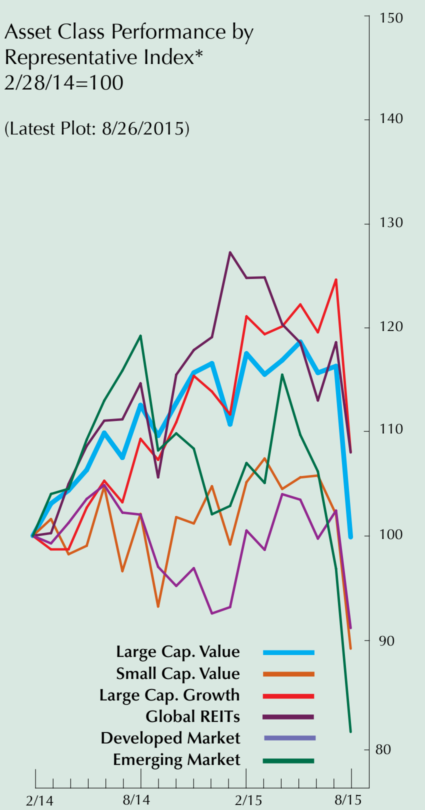
Asset Class Performance by Representative Index*
2/28/14=100

(Latest Plot: 8/26/2015)



* See page 59 for representative indexes.

Riding Out the Storm

"When the siren song starts to waft toward you, lash yourself to the mast of broad-market investing." --- Ben Stein[1]

On Monday August 24, the stock market took investors on a wild ride; the S&P 500 tumbled by over 5% as the market opened, trimmed its losses to roughly 1% by the early afternoon, but closed the day with a 4.1% decline. Commentators attributed the downturn to a culmination of factors including a slow-growing Chinese economy and uncertainty over Fed interest rate policy.

Rather than join the crowd of Tuesday morning quarterbacks by weighing in on world events and what investors can next expect, we will provide data to put this event in perspective.

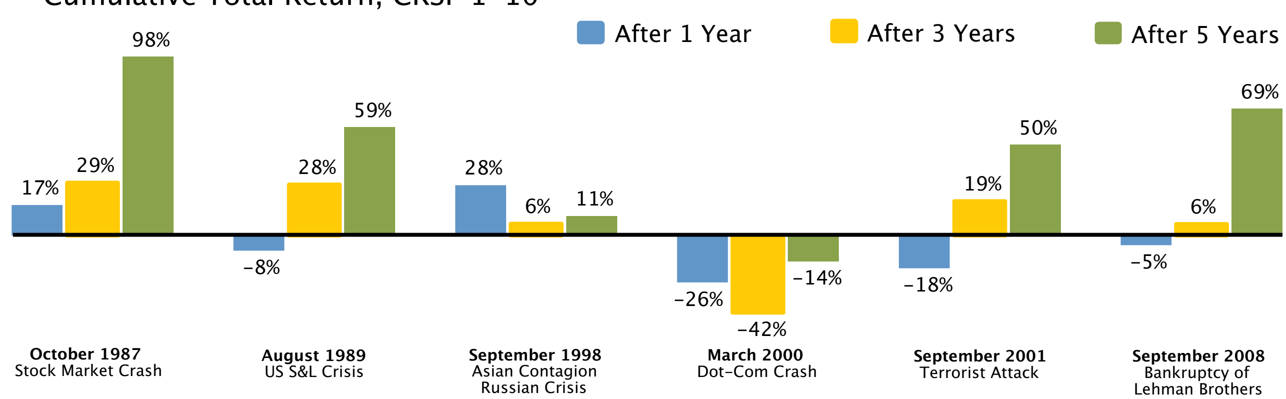
The chart below shows the total hypothetical return provided by the entire U.S. stock market following recent stock market crashes.

In five of these six episodes, the market rebounded and after five years had provided positive returns, with an average cumulative total return of over 45%. In only one instance were five year returns negative.

Investors should avoid the temptation to move in and out of markets based on emotions or the whims of prognosticators. In the face of short term volatility, the prudent course of action is to make no changes, or to rebalance your portfolio to your target allocations.

1. "Want to Be a Fairly Good Investor? Follow the Paw Prints", Ben Stein, New York Times, August 26, 2013.

The U.S. Stock Market's Response to Crisis
Cumulative Total Return, CRSP 1-10



Source: Center for Research in Sercurities Prices (CRSP), Dimensional Fund Advisors. 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. Indexes are not available for direct investment. 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. Returns depicted are hypothetical and do not reflect historical recommendations of AIS.

HEALTHY, WEALTHY AND WISE

As a subscriber to this newsletter you are familiar with our refrain that discipline is essential to meeting your financial objectives. Here we suggest an analogy[1] that we hope all of our readers will appreciate.

One of our advisors is married to a fitness instructor who constantly reminds her clients that there are no quick fixes when it comes to achieving physical health and fitness. She often encounters new clients who arrive at her doorstep disappointed after having tried the latest fad diet, fitness apparatus or diet pill.

The instructor's approach does not pursue the latest craze, nor is it built on promises. It is founded instead on the time-tested principles of balanced diet and exercise. This is a boring message to many, and one that does not provide instant results. But those who understand and adopt a plan tailored to their goals, age and current state of health can, in time, achieve profound results.

Few would dispute that moderate, regular exercise contributes to staying healthy and living longer, yet many of us still make excuses for skipping a workout. Very often we cite "higher priorities" that demand our time, especially family, work, or travel. Certainly these are important, but of course none of these things are possible if you are not alive and healthy. *Our instructor urges her clients to plan their day by first considering when they will do their daily work out.*

Good instructors may alter their exercise programs over time, but changes are adopted incrementally and are based on exercise physiology and empirical research. Long distance running for example will always rely fundamentally on "putting in the miles." But our knowledge regarding a myriad of factors such as cross-training, stretching, speed versus distance workouts, and rest and recovery, has advanced considerably over the past several decades. *The best instructors keep apprised of these advances and integrate them in their practice.*

Fitness objectives vary widely among people. Some focus on longevity, while others hope to lose weight and keep it off, build a better physique, or perhaps train for a particular sport. Clients may be old or young, in good shape or overweight. *A good instructor will therefore not apply a "one size fits all" training program for her clients.*

A health improvement program should be tailored to the individual. However, all plans share certain fundamentals, such as a diet that limits consumption of empty calories, and a commitment to structured, daily exercise. *A good program will therefore employ these fundamentals, but be customized depending on the individual's circumstances.*

A tailored fitness program based on these principles does not require a fitness instructor, but the fact is self-discipline comes more easily to some than to others. Individuals might also rely on an instructor in order to keep up with genuine advances in health and wellness that do emerge. *For many it is well worthwhile to hire a qualified expert to help formulate a plan and to help ensure they adhere to it.*

Fiscal Fitness

Your financial well-being also relies on a commitment that can be difficult to maintain. Quick fixes in the form of hot investment sectors, market "calls" or complex investment vehicles constantly tempt investors' discipline. It is no coincidence that television "infomercials" are devoted not only to pushing diet pills, miracle elixirs, and exercise machines, but also to get-rich-quick schemes based on "flipping" real estate or "black box" stock-picking software.

Putting aside part of your paycheck regularly is timeless advice for building wealth. But excuses to spend above our budgets abound. We convince ourselves that items on sale were too good to pass up, that we deserve an extra night out, or that a salary increase or bonus is reason to splurge. But no amount of rationalizing can refute the fact that spending today constrains our ability to spend tomorrow. *Good advisors help to set realistic budgets and goals, even if it means disappointing their clients.*

Advances in financial economics are rarely dramatic; they come incrementally. Our recommended asset classes, for example, have changed little over the years, and new recommendations (for example our expansion of REITs to include foreign REITs), are based on decades of monthly returns data and tested rigorously "out of sample" in different markets and time frames. *A rational investment plan will be based on sound science*.

Worthy investment advisors will not push investors into a "one size fits all" portfolio, but instead build an investment plan based on the needs of each client. Portfolios can therefore vary dramatically. Determining factors include, but are not limited to, age, income, employment and business considerations, health and family situations, taxes, and sensitivity to various types of risk.

The best advisors will therefore stay abreast of advances in financial economics on behalf of all clients but they will integrate those changes on a case-by-case basis, depending on the best interests of each client.

This newsletter is predicated on the notion that sound investing does not require a financial advisor. But many investors stand to benefit from tailored investment advice

"I think shopping is aerobic."

1. The purpose of this newsletter is to help our readers attain their financial objectives. We rely on empirical evidence both to form our recommendations and to convince our readers to maintain a sound portfolio strategy. Occasionally however we will employ other devices such as "thought experiments" or analogies if we find them useful to help investors to follow a sound course of action.

provided by a professional familiar with investment theory and ever-changing tax laws, and who understands that each investor's needs are unique. Smart investors know their own vulnerabilities and often hire an advisor to invoke the discipline they may not possess; advisors are often granted limited power of attorney to monitor and regularly rebalance their clients' portfolios. Others may be perfectly capable of managing their financial affairs directly but nevertheless hire an advisor simply because life is short; for these individuals the opportunity cost of time committed to financial management is high.

Whatever your circumstances and preferences, we are convinced that in matters of health and wealth there are no quick fixes or miracle solutions. But with regular effort and patience both can be enhanced over time. All it takes is a commitment to the fundamentals and honest introspection regarding your willingness to work independently or under the guidance of a professional.

TO SPEND OR TO SAVE: COMPOUND CONSEQUENCES

After winning the World Series in 1980, the late Philadelphia Phillies relief pitcher Tug McGraw was asked what he planned to do with his prize money. McGraw is said to have responded "Ninety percent I'll spend on good times, women and Irish whiskey. The other ten percent I'll probably waste."[1]

Economists have great respect for individual choice. We do not second-guess anyone's decision to spend today versus saving for tomorrow. However, it seems to us that many individuals underestimate the power of compound interest, and therefore underestimate the cost of present consumption.

Our mission in part is to extend the educational mission of our parent, the American Institute for Economic Research. To that end we will continue to remind investors of the trade-off they are accepting when they decide to spend.

Readers might find the table nearby to be useful, especially when explaining to young investors the opportunity cost of foregone saving.

Imagine two hypothetical investors, Milton and Maynard. At age 16 Milton decides to save $1,000 each and every year until age 25, when he decides to enjoy himself more by spending $1,000 per year. Maynard does the opposite, by spending $1,000 per year in his youth. He only begins to save at age 25.

Assuming both can earn 7.5% annually every year (a purely hypothetical return)[2] Maynard will not "catch up" to Milton, in terms of accumulated savings, until age 59. Over this time frame, Milton sacrificed a total of $9,000 in spending over only 9 years while Maynard sacrificed $35,000 in spending over 34 years.

1. http://www.brainyquote.com/quotes/quotes/t/tugmcgraw139696.html
2. This depiction assumes a purely hypothetical consecutive annual rate of return forecast that is unrealistic. It is included only for expository purposes in order to demonstrate the power of compound interest.

Age	Milton Total Cost (cumulative)	Milton Account Value	Maynard Total Cost (cumulative)	Maynard Account Value
16	$1,000	$1,075	-	-
17	2,000	2,231	-	-
18	3,000	3,473	-	-
19	4,000	4,808	-	-
20	5,000	6,244	-	-
21	6,000	7,787	-	-
22	7,000	9,446	-	-
23	8,000	11,229	-	-
24	9,000	13,146	-	-
25	-	14,132	$1,000	$1,075
30	-	20,288	6,000	7,787
35	-	29,126	11,000	17,423
40	-	41,815	16,000	31,257
45	-	60,030	21,000	51,117
50	-	86,181	26,000	79,630
55	-	123,725	31,000	120,563
59	**$9,000**	**$165,230**	**$35,000**	**$165,817**

For **9 years**, between the ages of 16 and 25, Milton saves $1,000 per year while Maynard saves $0.

It takes **34 years** for Maynard, who begins saving $1,000 per year at age 25, to catch up to Milton, even though Milton stopped saving at age 25.

Asset classes and representative index chart on page 57: 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

THE CHINA SYNDROME

In late August capital markets around the world tumbled in the face of mounting evidence that China's economy, now the largest in world, was faltering, coupled with continued uncertainty regarding the U.S. fed funds rate. The following article[1], reprinted in its entirety, was published in July, before the market decline. However, its central observations regarding the relative size and dynamics of China's economy and capital markets, and implications for U.S. investors, remain relevant.

The recent severe volatility in China's share markets has raised questions among many investors about the causes of the fall and the wider implications for the global economy and markets.

The Shanghai Composite Index—the mainland stock market barometer and one dominated overwhelmingly by retail investors—more than doubled during the year from mid-2014, only to lose more than 30% of its value between mid-June and mid-July this year.

The volatility was much less in Hong Kong, where foreign investors tend to get their exposure to China. The Hang Seng Index fell about 17% from April's seven-year high, though it had a more modest run-up in the prior year of about 25%.

Nevertheless, the speed and scale of the fall on the Chinese mainland markets unsettled global markets, fueling selling in equities, industrial commodities, and allied currencies like the Australian dollar and buoying perceived safe havens such as US Treasuries and the Japanese yen.

The decline in Chinese stocks triggered repeated interventions by China's government, which has been seeking to transition the economy from a long-lasting, export-led boom toward more sustainable growth based on domestic demand.

Investors naturally are concerned about what the volatility in the Chinese market means for their own investments and what it might signify for the global economy, particularly given the rapid growth of China in the past 20 years.

Share Market vs. Economy

Measured in terms of purchasing power parity (which takes into account the relative cost of local goods), the Chinese economy is now the biggest in the world, ranking ahead of the US, India, Japan, Germany, and Russia.[2]

Yet China's share market is still relatively small in global terms. It makes up just 2.6% of the MSCI All Country World Index, which takes into account the proportion of a company's shares that are available to be traded by the public.

The Chinese market is also not a large part of the local economy. According to Bloomberg, it is capitalized at less than 60% of the country's GDP. By comparison, the US total equity market is capitalized at more than 100% of US GDP as of July 2015, according to Bloomberg.

China is classified by some index providers as an emerging market. These are markets that fall short of the definition of developed markets on a number of measures such as economic development, size, liquidity, and property rights.

China's stock market is still relatively young. The two major national exchanges, Shanghai and the southern city of Shenzhen, were established only in 1990 and have grown rapidly since then as China has industrialized.

With foreign participation in mainland Chinese markets still heavily restricted, many foreign investors have sought exposure to China through Hong Kong or China shares listed on the New York Stock Exchange.

As a consequence, domestic investors account for about 90% of the activity on the Chinese mainland market. And even then, the participation is relatively narrow. According to a China household finance survey, only 37 million, or 8.8% of Chinese families, held shares as of June 2015.[3] As a comparison, just over half of all Americans own stocks, according to Gallup. In Australia, the proportion is 36%.

While the Chinese stock market is about 30% off its June highs, it nevertheless was still about 70% higher than it was 12 months before, as of late July 2015. As such, much of the pain of the recent falls will have been felt by people who entered the market in the past year.

A final point of perspective is that while the Chinese economy has been slowing, it is still expanding at around 7% per annum, which is more than twice the rate of most developed economies.

The IMF in April projected growth would slow to 6.8% this year and to 6.3% in 2016. Still, it expects structural reforms and lower oil and commodity prices to expand consumer-oriented activities, partly buffering the slowdown.[4]

While such forecasts are subject to change, markets have priced in the risk of a further slowdown to what was previously expected, as seen in the renewed fall in the prices of commodities like copper and iron ore, which recently hit six-year lows.

Drivers of the Boom

The Chinese share market boom of the past year cannot be attributed to a single factor, but certainly two major influences have been the Chinese government's promotion of share ownership and investors' increased use of leverage.

The government has been seeking to achieve more sustainable, balanced, and stable economic growth after nearly four decades of China notching up heady annual growth rates averaging 10% on the back of an official investment boom.

But the transition to a shareholding economy has created its own strains. The outstanding balance of margin loans on the Shanghai and Shenzhen markets grew to 4.4% of market capitalization by early July, according to Bloomberg.[5]

Under a margin loan, investors borrow to invest in shares or other securities. While this can potentially increase their return, it also exposes them to the potential of bigger losses in the event of a market downturn.

When prices fall below a level set by the lender as part of the original agreement, the investor is called to deposit more money or sell stock to repay the loan. These margin call liquidations can amplify falling markets.

Chinese regulators, mindful of the potential fallout from the stock market drop, have instituted a number of measures to curb the losses and cushion the impact on the real economy.

These have included a reduction in official interest rates, suspension of initial public offerings, and enlisting brokerages to buy stocks backed by cash from the central bank. In the latest move, regulators banned holders of more than 5% of a company's stock from selling for six months.

The government also has begun an investigation into short selling, which involves selling borrowed stock to take advantage of falling prices. In the meantime, about half of the companies listed on the two major mainland exchanges were granted applications for their shares to be suspended.

While such interventionist measures may seem alien to people in developed market economies, they need to be seen in the context of China's status as an emerging market where governments typically play a more active role in the economy.

Whether the intervention works in the long term remains to be seen. But the important point is that this is a relatively immature market dominated by domestic investors and prone to official intervention.

Summary

The re-emergence of China as a major force in the global economy has been one of the most significant drivers of markets in the past decade and a half.

China's rapid industrialization as the population urbanized drove strong demand for commodities and other materials. Investment and property boomed as credit expanded and people took advantage of gradual liberalization.

Now, China is entering a new phase of modernization. The government and regulators are seeking to rebalance growth and bring to maturity the country's still relatively undeveloped capital markets.

Nevertheless, China remains an emerging market with all the additional risks that this status entails. Navigating these markets can be complex. There can be particular challenges around regulation and restrictions on foreign investment.

We have seen those risks appearing in recent weeks, as about a third of the sharp rise in the Chinese mainland market over the previous year was unwound in a matter of weeks, prompting intense government intervention.

Markets globally are weighing the wider implications, if any, of this correction. We have seen concurrent weakness in other equity markets and falls in commodity prices and related currencies.

Yet it is important to understand that the stock market is not the economy. China's market is only about 2.6% of global market cap and its volatile mainland exchanges are, for the most part, out of bounds for foreign investors anyway.

For individual investors, the best course in this climate, as always, is to maintain diversification and discipline and remember that markets accommodate new information instantaneously.

1. Outside the Flags By Jim Parker Vice President DFA Australia Limited
2. IMF World Economic Outlook, April 2015.
3. "China Households Raise Housing Investment in Q2," Reuters July 9, 2015.
4. IMF World Economic Outlook, April 2015.
5. "China's Stock Plunge Leaves Market More Leveraged than Ever," Bloomberg, July 6, 2015.

A READER INQUIRES

Q -- *In the June 30, 2015* Investment Guide*, I was pleased to see on p.45 the section Sound Money, Property Rights, and Sound Investing… I was particularly struck by the topic of Property Rights and the last two paragraphs therein, beginning*:

"Property rights vary among countries. No country is completely free of political risk ...this is generally highest within emerging market funds. ... Our recommended funds apply criteria designed to avoid investing in countries where property rights are not robust."

A quote from the prospectus of Vanguard's Emerging Markets Index Fund was provided:

"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." …

While I was pleased to see this, it seems a hardly sufficient treatment of the risk, especially in comparison with the Efficient Market Hypothesis (EMH)-Modern Portfolio Theory (MPT) emphasis of risk as volatility.

A – For many investors we recommend emerging market (EM) stocks as a distinct asset class within a well-diversified portfolio. Emerging market stocks have provided higher returns versus developed market stocks, albeit with much greater volatility. Because EM returns are not perfectly correlated with those of developed and U.S. stocks they can, over time, enhance a portfolio's *risk-adjusted* returns, a principal at the heart of MPT.

Indeed risk is by no means limited to volatility. EM stocks are vulnerable to specific risks that investors ignore at their peril. Criteria can be applied to mitigate these risks, however. These pertain to a country's *embrace of free markets* (including property rights and the rule of law), *fair treatment of foreign owners* (concerns can include ownership ceilings or even suspension of interest payments), *quantitative cut-offs* (pertaining to aggregate liquidity, market capitalization, and concentration), *agency risk* (some countries grant broad powers to local custodians) and *trading mechanisms* that are transparent and efficient.

Few people could control for these risks by investing directly in EMs. However the investment vehicles listed on page 64 (as well as funds from Dimensional Fund Advisors we purchase on behalf of our clients) provide strict risk-control measures and economies of scale that allow individuals to invest prudently in EMs.

Investors can further control EM risk by underweighting or overweighting EM stocks within their portfolios; of course EM stocks are not suitable for everyone so it is not uncommon for investors to exclude them entirely. Our recommended investment vehicles are selected specifically in order to provide this flexibility.

THE HIGH-YIELD DOW INVESTMENT STRATEGY

Recommended HYD Portfolio

As of August 14, 2015

	Rank	Yield (%)	Price ($)	Status	—-Percent of Portfolio-— Value (%)	No. Shares (%)[1]
Chevron	1	4.98	85.99	Holding**	15.38	8.16
Verizon	2	4.63	47.49	Holding**	24.93	23.96
Caterpillar	3	3.92	78.49	Buying	4.32	2.52
Exxon Mobil	4	3.73	78.36	Buying	2.98	1.74
General Electric	5	3.53	26.08	Holding	8.83	15.45
McDonald's	7	3.43	99.27	Holding	12.23	5.62
Intel Corp	9	3.31	29.02	Selling	2.76	4.35
Pfizer	11	3.17	35.32	Holding	9.49	12.26
Cisco	14	2.89	29.03	Holding	1.58	2.48
AT&T	N/A	5.50	34.05	Selling	17.50	23.46
Cash (6-mo. T-Bill)	N/A	N/A	N/A		0.00	N/A
Totals					100.00	100.00

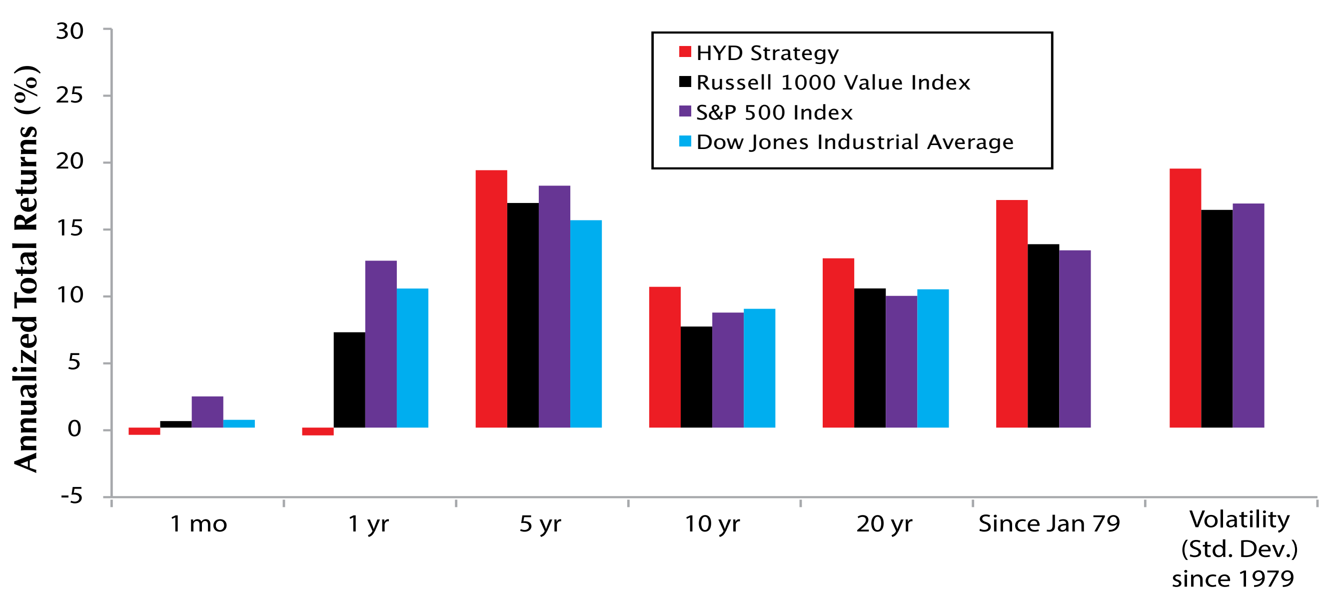
**Currently indicated purchases approximately equal to indicated purchases 18 months ago. [1] Because the percentage of each issue in the portfolio by value reflects the prices shown in the table, we are also showing the number of *shares* of each stock as a percentage of the total number of shares in 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 July 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	-0.48	-0.52	17.28	9.45	11.37	15.28	17.39
Russell 1000 Value Index	0.44	6.40	15.08	6.79	9.35	12.32	14.62
S&P 500 Index	2.10	11.21	16.24	7.72	8.85	11.91	15.05
Dow Jones Industrial Average	0.52	9.34	13.93	7.98	9.29	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 ($)

	8/14/15	Mo. Earlier	Yr. Earlier
Gold, London p.m. fixing	**1,118.25**	1,147.40	1,296.00
Silver, London Spot Price	**15.55**	15.31	19.86
Copper, COMEX Spot Price	**236.40**	253.05	309.70
Crude Oil, W. Texas Int. Spot	**42.50**	51.41	97.35
Bloomberg Commodity Spot Index	**299.38**	324.74	395.22
Bloomberg Commodity Index	**90.36**	99.44	125.71
Reuters-Jefferies CRB Index	**197.97**	216.62	289.93

Interest Rates ($)

		8/14/15	Mo. Earlier	Yr. Earlier
U.S. Treasury bills -	91 day	**0.09**	0.02	0.03
	182 day	**0.25**	0.11	0.05
	52 week	**0.41**	0.28	0.09
U.S. Treasury bonds -	10 year	**2.20**	2.36	2.34
Corporates:				
High Quality -	10+ year	**4.03**	4.20	4.00
Medium Quality -	10+ year	**5.17**	5.27	4.63
Federal Reserve Discount Rate		**0.75**	0.75	0.75
New York Prime Rate		**3.25**	3.25	3.25
Euro Rates	3 month	**-0.03**	-0.02	0.20
Government bonds -	10 year	**0.66**	0.83	0.95
Swiss Rates -	3 month	**-0.73**	-0.76	0.02
Government bonds -	10 year	**-0.19**	0.07	0.55

Exchange Rates ($)

	8/14/15	Mo. Earlier	Yr. Earlier
British Pound	**1.562500**	1.562100	1.668600
Canadian Dollar	**0.764800**	0.773100	0.916600
Euro	**1.111000**	1.096500	1.339200
Japanese Yen	**0.008047**	0.008072	0.009786
South African Rand	**0.078100**	0.080400	0.094300
Swiss Franc	**1.022500**	1.050300	1.107900

Securities Markets

	8/14/15	Mo. Earlier	Yr. Earlier
S & P 500 Stock Composite	**2,091.54**	2,107.40	1,955.06
Dow Jones Industrial Average	**17,477.40**	18,050.17	16,662.91
Barclays US Credit Index	**2,562.04**	2,550.87	2,554.20
Nasdaq Composite	**5,048.24**	5,098.94	4,464.93
Financial Times Gold Mines Index	**895.99**	1,029.59	1,634.89
FT EMEA (African) Gold Mines	**989.16**	1,103.38	1,565.37
FT Asia Pacific Gold Mines	**4,291.23**	5,031.70	5,012.89
FT Americas Gold Mines	**715.44**	827.15	1,453.15

Coin Prices ($)

	8/14/15	Mo. Earlier	Yr. Earlier	Prem (%)
American Eagle (1.00)	**1,192.05**	1,197.80	1,349.82	6.60
Austrian 100-Corona (0.9803)	**1,118.05**	1,120.03	1,270.82	1.99
British Sovereign (0.2354)	**280.12**	280.60	317.40	6.41
Canadian Maple Leaf (1.00)	**1,174.15**	1,177.20	1,332.20	5.00
Mexican 50-Peso (1.2057)	**1,377.80**	1,380.20	1,566.10	2.19
Mexican Ounce (1.00)	**1,163.05**	1,165.00	1,319.20	4.01
S. African Krugerrand (1.00)	**1,176.50**	1,177.57	1,334.18	5.21
U.S. Double Eagle-$20 (0.9675)				
St. Gaudens (MS-60)	**1,285.00**	1,245.00	1,365.00	18.77
Liberty (Type I-AU50)	**2,225.00**	2,225.00	2,225.00	105.66
Liberty (Type II-AU50)	**1,425.00**	1,425.00	1,550.00	31.71
Liberty (Type III-AU50)	**1,265.00**	1,240.00	1,340.00	16.92
U.S. Silver Coins ($1,000 face value, circulated)				
90% Silver Circ. (715 oz.)	**12,890.00**	12,775.00	14,470.00	18.37
40% Silver Circ. (292 oz.)	**4,335.00**	4,437.50	5,850.00	-2.52
Silver Dollars Circ.	**15,920.00**	16,600.00	20,250.00	35.12

Note: Premium reflects percentage difference between coin price and value of metal in a coin, with gold at $1,118.25 per ounce and silver at $15.55 per ounce. The weight in troy ounces of the precious metal in coins is indicated in parentheses. Note: 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 ($) 8/14/15	7/15/15	8/15/14	12-Month ($) High	Low	Latest Dividend Amount ($)	Record Date	Payable Date	Indicated Annual Dividend ($)	Yield† (%)
Chevron	CVX		85.99	94.24	126.10	129.53	82.89 *L*	1.070	8/19/2015	9/10/2015	4.280	4.98
Verizon	VZ		47.49	47.33	48.80	51.73	45.09	0.550	7/10/2015	8/3/2015	2.200	4.63
Caterpillar	CAT		78.49	84.16	105.74	109.73	74.77 *L*	0.770	7/20/2015	8/20/2015	3.080	3.92
Exxon Mobil	XOM		78.36	82.76	99.03	100.31	76.33 *L*	0.730	8/13/2015	9/10/2015	2.920	3.73
General Electric	GE		26.08	26.77	25.64	28.68	23.41	0.230	6/22/2015	7/27/2015	0.920	3.53
Procter and Gamble	PG		75.62	82.15	81.78	93.89	74.75	0.663	7/24/2015	8/17/2015	2.652	3.51
McDonald's	MCD		99.27	99.07	93.79	101.10 *H*	87.62	0.850	9/1/2015	9/16/2015	3.400	3.43
IBM	IBM		155.75	168.53	187.38	195.00	149.52	1.300	8/10/2015	9/10/2015	5.200	3.34
Intel Corp	INTC		29.02	29.69	34.17	37.90	27.62 L	0.240	8/7/2015	9/1/2015	0.960	3.31
Coca-Cola	KO		41.25	41.13	40.88	45.00	39.12	0.330	9/15/2015	10/1/2015	1.320	3.20
Pfizer	PFE		35.32	34.98	28.64	36.46 *H*	27.51	0.280	8/7/2015	9/2/2015	1.120	3.17
Merck	MRK		59.18	58.22	58.61	63.62	52.49	0.450	9/15/2015	10/7/2015	1.800	3.04
Johnson & Johnson	JNJ		98.81	100.42	101.17	109.49	95.10	0.750	8/25/2015	9/8/2015	3.000	3.04
Cisco	CSCO		29.03	28.11	24.43	30.31	22.49	0.210	7/6/2015	7/22/2015	0.840	2.89
Dupont	DD	*D*	53.86	59.00	61.98	80.65	52.36 *L*	0.380	8/14/2015	9/11/2015	1.520	2.82
3M Company	MMM		148.28	156.00	141.92	170.50	130.60	1.025	8/21/2015	9/12/2015	4.100	2.77
Wal-Mart Stores	WMT		72.38	73.65	73.90	90.97	70.36	0.490	12/4/2015	1/4/2016	1.960	2.71
Microsoft Corp.	MSFT		47.00	45.76	44.79	50.05	40.12	0.310	8/20/2015	9/10/2015	1.240	2.64
United Tech.	UTX		98.70	111.25	105.63	124.45	96.65 *L*	0.640	8/14/2015	9/10/2015	2.560	2.59
J P Morgan	JPM		67.89	69.19	56.75	70.61 *H*	54.26	0.440	7/6/2015	7/31/2015	1.760	2.59
Boeing	BA		145.09	146.89	123.16	158.83	116.32	0.910	8/7/2015	9/4/2015	3.640	2.51
Travelers	TRV		107.71	102.42	92.13	110.49	90.83	0.610	9/10/2015	9/30/2015	2.440	2.27
Home Depot, Inc.	HD		119.75	115.58	83.69	120.75	83.29	0.590	6/4/2015	6/18/2015	2.360	1.97
Apple	AAPL		115.96	126.82	97.98	134.54	95.18	0.520	8/10/2015	8/13/2015	2.080	1.79
Unitedhealth Group	UNH		121.02	125.86	81.47	126.05 *H*	80.72	0.500	9/11/2015	9/22/2015	2.000	1.65
American Express	AXP		80.91	78.54	86.60	94.89	74.30 *L*	0.290	7/2/2015	8/10/2015	1.160	1.43
Goldman Sachs	GS		202.02	212.96	171.90	218.77	171.26	0.650	9/1/2015	9/29/2015	2.600	1.29
Walt Disney	DIS		107.16	118.30	89.28	122.08 *H*	78.54	0.660	7/6/2015	7/29/2015	1.320	1.23
Nike	NKE		114.36	111.90	77.13	117.72 *H*	76.49	0.280	9/8/2015	10/5/2015	1.120	0.98
Visa Inc.	V		74.22	70.02	52.55	76.92 *H*	48.80	0.120	8/14/2015	9/1/2015	0.480	0.65

* See the Recommended HYD Portfolio table on page 62 for current recommendations. † Based on indicated dividends and market price as of 8/15/15.
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 8/16/14.
I Dividend increased since 7/15/15 *D* Dividend decreased since 7/15/15

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 7/31/15 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	2.8 Yrs.	2078	0.20	0.87	45	-	1.25	1.53	0.93	1.48	0.97	0.39	0.87
iShares Barclays 1-3 Yr. Credit Bond	CSJ[1]	2.05 Yrs.	919	0.20	1.83	17	-	1.02	0.79	1.15	1.60	0.35	0.68	1.04
iShares Barclays 1-3 Yr. Treasury Bond	SHY[1]	1.87 Yrs.	100	0.15	0.58	122	-	0.46	0.92	0.47	0.66	0.72	0.32	0.46
Vanguard Limited-Term Tax-Exempt	VMLTX	3.3 Yrs.	-	0.20	0.74	15	-	1.54	0.89	1.06	1.58	0.89	1.06	1.58
SPDR N.B. Short-Term Municipal Bond	SHM[1]	3.00 Yrs.	602	0.20	0.33	20	-	0.92	0.74	0.85	1.31	0.34	0.65	1.17
Inflation-Protected Fixed Income														
iShares Barclays TIPS Bond	TIP[1]	8.41 Yrs.	40	0.20	-0.16	47	-	1.44	-1.71	-1.43	3.16	-1.94	-1.89	2.38
Vanguard Inflation-Protected Securities	VIPSX	8.7 Yrs.	-	0.20	-0.17	39	-	1.23	-1.45	-1.43	3.18	-2.01	-2.29	2.20
International Fixed Income														
Vanguard Total International Bond Index	BNDX[1]/VTIBX	9.0 Yrs.	3612	0.23	-	16	-	1.55	4.12	-	-	3.47	--	--
Real Estate														
Vanguard REIT Index	VNQ[1] / VGSIX	9.94 B	142	0.26	0.91	8	2.40	4.04	9.44	9.78	13.20	8.04	8.55	12.03
SPDR Dow Jones REIT	RWR[1]	15.02 B	93	0.25	0.89	6	2.37	3.31	10.91	9.80	13.30	9.42	8.35	11.91
Vanguard Global ex-US Real Estate	VNQI[1] / VGXRX[5]	B1646	633	0.37	1.03	8	1.22	4.06	-2.43	8.50	-	-4.34	6.68	--
iShares International Property ETF	WPS[1]	6.74 B	378	0.48	1.08	8	1.14	3.20	-1.57	9.47	9.70	-2.68	7.90	8.30
SPDR Dow Jones Global Real Estate ETF	RWO[1]	11.81 B	226	0.50	0.99	7	1.65	2.94	5.19	9.11	11.62	3.93	7.53	9.84
U.S. Large Cap Value														
Vanguard Value Index	VTV[1] / VIVAX	83.64 B	315	0.23	2.10	6	2.16	2.39	7.70	16.84	14.80	7.13	16.25	14.28
iShares Russell 1000 Value Index	IWD[1]	57.45 B	682	0.20	2.08	13	1.85	2.06	6.24	16.87	14.84	5.68	16.30	14.36
U.S. Mid Cap														
Vanguard Mid-Cap ETF	VO	11.2 B	372	0.09	0.75	11	2.47	1.25	12.83	20.17	16.96	12.46	19.82	16.67
iShares Russell Mid-Cap Index	IWR	10.5 B	830	0.20	0.74	10	2.56	1.43	10.53	19.27	16.58	10.12	18.82	16.20
U.S. Small Cap Value														
iShares Russell Microcap Index	IWC[1]	0.46 B	1433	0.60	1.43	26	1.85	1.17	12.40	18.43	15.22	12.03	18.03	14.89
Vanguard Small-Cap Value Index	VBR[1] / VISVX	3.29 B	824	0.23	1.79	12	1.92	1.78	8.06	18.61	15.19	7.54	18.01	14.68
U.S. Marketwide														
Vanguard Total Stock Market Index	VTI[1] / VTSMX	49.00 B	3803	0.17	2.11	3	2.85	1.86	11.03	17.78	16.21	10.56	17.29	15.81
Fidelity Spartan Total Market Index	FSTMX[2]	49.99 B	-	0.10	2.12	2	2.81	1.57	11.13	17.81	16.24	n/a	n/a	n/a
Foreign- Developed Markets														
iShares MSCI EAFE Growth Index	EFG[1]	35.02 B	560	0.40	1.38	27	2.62	1.96	3.06	12.01	8.54	2.62	11.59	8.23
iShares MSCI EAFE Value Index	EFV[1]	46.53 B	491	0.40	1.22	29	1.25	3.57	-4.16	11.91	6.88	-4.93	11.10	6.29
Vanguard FTSE Developed Market	VEA[1] / VTMGX[6]	35.35 B	1392	0.09	1.35	4	1.71	2.88	-0.51	12.36	7.87	-1.29	11.52	7.28
SPDR S&P International Small Cap	GWX[1]	1.13 B	2299	0.40	1.20	51	1.36	1.64	-2.27	11.80	7.98	-5.50	9.99	6.72
Foreign- Emerging Markets														
Vanguard FTSE Emerging Market Stock	VWO[1] / VEIEX	20.27 B	1010	0.33	0.51	9	1.88	2.64	-10.35	1.52	0.89	-11.09	0.73	0.30
Gold-Related Funds														
iShares Gold Trust	IAU[1]	6.30 B	1	0.25	-0.52	-	-	-	-14.78	-12.41	-1.70	-14.78	-12.41	-1.70
SPDR Gold Shares	GLD[1]	26.71 B	-	0.40	-0.53	-	-	-	-14.88	-12.54	-1.63	-14.88	-12.54	-1.63

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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