AIS INVESTMENT GUIDE

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Asset Class Performance by Representative Index*
4/30/14=100

(Latest Plot: 10/27/2015)

* See page 75 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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Will Your Broker Sign This?

For many years investors have endured a confusing dual legal standard of care that exists within the money management industry. Registered Investment Advisers (RIAs) such as AIS must place their clients' interests first while others, such as brokers, are held to a lower standard which only requires that they offer investment choices that are "suitable" to their clients' circumstances.

RIAs have a fiduciary duty to their clients. They must put your interests ahead of their own at all times, by providing advice and recommending investments that they consider to be *best for you*. RIAs are also required to provide up-front disclosures about their qualifications, what services they provide, how they are compensated, possible conflicts of interest, and whether they have any record of disciplinary actions against them. *Brokers are generally not considered*

(continued on next page)

I believe in placing your best interests first. Therefore, I am proud to commit to the following five fiduciary principles:

- I will always put your best interests first.
- I will act with prudence; that is, with the skill, care, diligence, and good judgment of a professional.
- I will not mislead you, and I will provide conspicuous, full and fair disclosure of all important facts.
- I will avoid conflicts of interest.
- I will fully disclose and fairly manage, in your favor, any unavoidable conflicts.

Advisor ____

Firm Affiliation _________________________________

Date ____ *to have a fiduciary duty to customers*, though that standard may apply in certain, limited circumstances. Instead, brokers are required: 1) to know your financial situation well enough to understand your financial needs, and 2) to recommend investments that are *suitable for you* based on that knowledge. They are not required to provide up-front disclosure of the type provided by investment advisers.[1]

This distinction has profound implications for investors. For example under the looser "suitability standard" brokers have far greater latitude (versus an RIA) to sell high cost mutual funds from fund families that provide "revenue flow" (some would say kickbacks) to the broker who sold them, or to promote alternatives from a range of products carried by the broker's firm. Brokers are also more likely to be paid through sales commissions, while RIAs often assess a fee based on the market value of assets managed.

In April the Department of Labor proposed a new "Fiduciary Rule" that would extend the "best interest" standard to brokers and other non-fiduciary managers in situations involving employer-sponsored retirement accounts[2]. Currently brokers can advise clients to roll over 401(k) or other retirement plan assets into an individual IRA account, where the client's assets might be subject to the questionable practices described above. The proposed rule would effectively raise the bar for brokers by requiring that assets rolled over be managed under the best interest standard.

In its executive summary the DOL noted that "*IRA holders receiving conflicted investment advice can expect their investments to underperform by an average of 100 basis points per year over the next 20 years and that this underperformance in the mutual fund segment alone could cost IRA investors more than $210 billion over the next ten years*."

Make Your Own Rule

The Fiduciary Rule is a step in the right direction, but it does not go far enough. Most significantly, it only applies to retirement plan assets.

Our parent, AIER, has long counselled citizens to educate themselves and to be self-reliant. Rather than rely on state or federal regulation to protect their interests, investors should hold their investment professionals to the highest standard of care possible at all times, and this should apply to all financial assets under management.

Nearby we have reprinted a pledge provided by the Committee for the Fiduciary Standard (www.thefiduciarystandard.org), for your benefit. **We recommend that you present this simple statement to your investment professional and ask that he or she sign it. If this individual demurs, we would be happy to discuss our services with you.**

1. Cutting Through the Confusion: Where to Turn for Help with Your Investments, North American Securities Administrators Association. For a full copy see www.nasaa.org/wp-content/uploads/2011/08/CuttingThroughTheConfusion-1.pdf. Federal Register/Vol 80, no 75, 4/20/2015/Proposed Rules p 21929
2. The fate if the proposed DOL rule is indeterminate pending legislation intended to address the issue at a broader level.

QUARTERLY REVIEW OF CAPITAL MARKETS[1]

The third quarter was marked by lower interest rates in the U.S market and sharply negative returns in global stock markets.

Intermediate and long term interest rates fell by quarter end, bringing the yield curve essentially back to where it stood at the beginning of the year. Bond index investors garnered modest quarterly gains for the three months.

U.S. stocks fell across the board. The market was roiled largely by news of slow growth in China and continuing speculation regarding the Fed's next interest rate move. In overseas markets emerging market stocks suffered the most amidst tumbling commodity prices and the apparent slowdown in China's economy. Developed market stocks were hardly immune to the global decline but held up better than emerging market shares.

Cash Equivalent Assets[2]

Household consumers experienced falling prices over the quarter. AIER's Everyday Price Index (EPI) fell 1.6% while the broader Consumer Price Index (CPI) (non-seasonally adjusted) fell 0.30%. Over the past 12 months the EPI fell 3.56% while the CPI registered no change. The EPI fell further because it weights energy prices more heavily.

For many households however, this apparent increase in purchasing power over the short term was offset by meager interest rates on equivalent assets such as Treasury bills, bank CDs, and money market instruments. At quarter-end three month Treasury bills were providing a 0% nominal yield and 12 month issues were paying only 0.33%.

During its much-anticipated September meeting the Fed elected to leave the fed funds target unchanged, despite earlier speculation that it might raise rates. In July the Fed had hinted that during the next 12 months rates would likely be increased, but as the summer wore on a slowing global economy and a growing concern with disinflation prompted a more cautious approach.

Fixed Income

Interest rates fell during the quarter for U.S. Treasuries with maturities greater than two years (see accompanying yield curve chart), providing diversified bondholders with slight gains. U.S. Treasuries overall returned 1.8%, while global bonds hedged to the dollar returned 0.61%. By quarter end the yield curve generally reflected rates that prevailed when the year began. The yield on the 5-year Treasury note dropped 0.25% to end the period at 1.38%. The yield on the 10-year Treasury note decreased 0.27% to end at 2.06% while the 30-year Treasury bond fell 0.22% to finish with a yield of 2.88%.

U.S. corporate bond returns were positive but trailed Treasuries, registering a gain of 0.5%, as credit spreads increased during the quarter. Municipal bonds gained 1.7% while Treasury Inflation Protected Securities (TIPS) returned -1.1%. Long term (30 year) mortgage rates were averaging 4.2% with four points as the quarter drew to a close.

Inflation expectations over 10 years stood at 1.41% based on nominal and real yields at quarter-end.

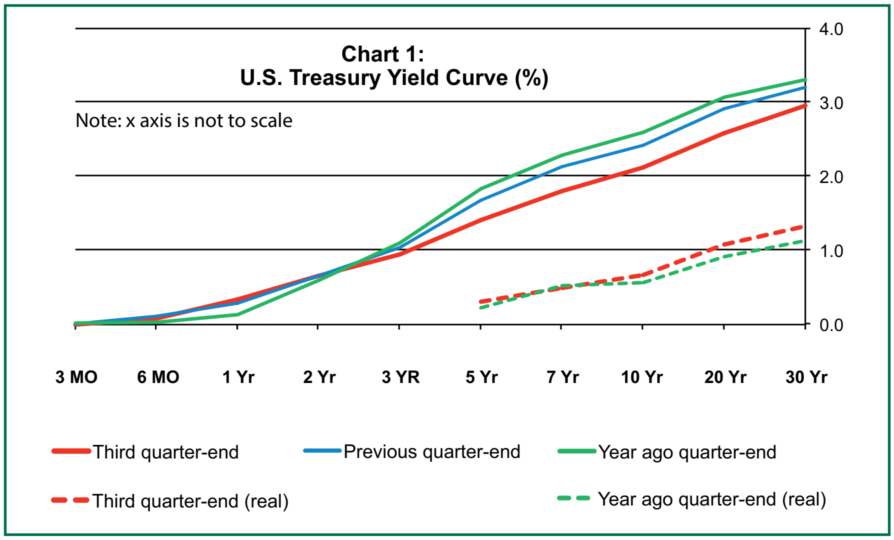
Real Estate[3]

U.S. REITs were one of the best-performing asset classes during the third quarter, turning in a modest 0.99% return, but outperforming U.S. equities. In a reversal of the previous quarter global REITs outside the U.S. underperformed

U.S. REITs, returning -4.29%.

Equity REITs typically provide a strong, steady income stream. REITs were yielding 4% at the end of the quarter.

To qualify as a REIT under the Internal Revenue Code, a company must distribute 90% of its taxable income to shareholders, and because a REIT can deduct dividends paid from its taxable corporate income, a REIT will often distribute 100% of its taxable income as a dividend. This recurring income distribution is a feature shared with bonds. REITs however are not debt instruments but a form of equity and therefore provide direct ownership. Because they share attributes of both bonds and stocks their returns are not strongly correlated with either asset class and therefore provide a valuable source of portfolio diversification.



U.S. Equities[4]

The U.S. stock market declined sharply during the third quarter following news of slower than expected growth in China and in response to mixed signals from the Fed regarding the timing and magnitude of any increase in interest rates. Markets did not respond positively to the Fed's decision to hold rates steady, perhaps interpreting the decision as a sign of economic weakness.

U.S. stocks turned in substantial losses, returning -7.25% over the three months. Large caps provided better

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

Asset Class	*Index*	*Recommended Percentage Allocations[2]*			*Asset Class Statistics: Risk and Return (%)*			
					Total Return (annualized)			*Std. Dev. (annualized)*
		Conservative	*Moderate*	*Aggressive*	*1 Year*	*10 Year*	*20 year*	*20 year*
Cash & Equivalent Assets[3]	Bank of America/Merrill Lynch 3 Mo. T Bills	5	5	3	0.02	1.33	2.61	0.73
Short/Int. Fixed Income	Barclays Capital 1-5 Yr Govt/Cred	45	20	8	1.97	3.43	4.52	2.24
	Citigroup World ex. US Govt. Bond 1-5 Yr	20	10	4	1.24	2.96	4.43	1.61
Real Estate	S&P Global REITs Index Gross Div	4	5	6	5.16	5.57	10.07	16.10
U.S. Marketwide	Russell 3000 Index (USD)	5	9	13	-0.49	6.92	8.22	14.79
U.S. Large Cap Value	Russell 1000 Value Index (USD)	2	4	7	-4.42	5.71	8.57	14.35
U.S. Mid Cap	Russell Midcap Index (USD)	5	9	13	-0.25	7.87	10.20	16.26
U.S. Small Cap Value	Russell 2000 Value Index (USD)	3	6	9	-1.60	5.35	9.26	16.94
	DFA US Micro Cap Portfolio (USD)	1	2	2	2.11	7.15	10.51	19.99
Foreign Developed Markets	MSCI EAFE Index (USD) Gross Div	4	20	24	-8.27	3.44	4.80	17.32
Foreign Emerging Markets	MSCI Emg. Mkts. Index (USD) Gross Div	1	5	6	-18.98	4.60	5.34	23.21
Gold Related	Gold (London PM Fix Price)	5	5	5	-8.43	8.94	5.47	15.73
	Total	100	100	100				

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

	Conservative	*Moderate*	*Aggressive*
Portfolio Return 1 Year	-0.43	-3.24	-4.25
Portfolio Return 10 Year (annualized)	3.95	4.69	5.09
Portfolio Return 20 Year (annualized)	5.14	6.16	6.87
Portfolio Standard Deviation 20 Year (annualized)	3.97	9.22	12.38
Growth of $100 over 20 Years	$273	$330	$377

1 **Performance was achieved by means of retroactive application of a model designed with the benefit of hindsight.** 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 80.

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.

Asset classes and representative index chart on page 73: 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 performance relative to small caps, with returns of -6.44% and -11.92%, respectively. Within large caps growth shares returned -5.29%, outpacing the -8.39% turned in by value shares. Among small caps however, value shares outperformed growth shares with returns of -10.73% and -13.06%, respectively.

Nearly all industrial sectors posted negative returns in the third quarter. The energy and materials sectors were the worst-performing sectors as commodity prices fell worldwide. Utilities and consumer staples fared relatively well.

International Equities[5]

Global equities and commodities were hit hard by global weakness in Asia that arose during the third quarter. Especially hard-hit were emerging market nations linked closely to the Chinese economy. The dollar generally rose amidst the turmoil in Asia, detracting from equity returns for U.S. investors.

In August global markets were rocked when evidence emerged that growth in China, home to the world's second largest economy, was much weaker than expected. As Chinese stocks tumbled, the government's actions to reduce interest rates, to intervene in equity markets, and to allow devaluation of the renminbi sent equity markets into decline worldwide.

Developed markets outside the U.S. underperformed the U.S. equity market but outperformed emerging markets indices in U.S. dollar terms. Within developed markets small caps stocks registered a -8.03% return, outpacing large cap returns of -10.57%. Value underperformed growth indices across all size ranges, with returns of -12.05% and -9.11% respectively.

Emerging market stocks registered the worst performance among our recommended asset classes during the quarter. Large caps returned -17.90% in U.S. dollars, while small caps fared only slightly better, returning -16.67%. Value shares underperformed growth shares.

No individual country avoided negative returns in U.S. dollar terms during the third quarter. Within developed markets returns ranged from -1.12% (Ireland) to -18.79% (Singapore), while emerging market country returns ranged between -3.10% (Hungary) to -33.66% (Brazil).

Gold[6]

The gold price began at $1,171 per ounce and closed at $1,114 for a loss of 4.9 percent. The daily price averaged $1,012 but ranged between $1,080 and $1,168 in response to vacillating news from around the globe. Average daily volatility reached its highest level in the past seven quarters.

The gold price reacts in response to many variables, including expected changes in interest rates. Gold is considered by many to be a "safe haven" asset, a role shared by U.S. Treasury securities, which are widely regarded to bear zero risk of default. Unlike Treasuries however, gold does not pay interest. Therefore, there is downward pressure on the gold price when speculation grows that the Fed is likely to increase interest rates.

During the third quarter inconsistent messaging from the Fed led to heightened uncertainty and speculation regarding the next move in interest rates, which served to increase volatility in the gold price.

1. This article contains information and excerpts from The Vanguard Group, Fidelity Investments, and Dimensional Fund Advisors as well as data obtained from several index providers.
2. Sources for cash and equivalent and fixed income statistics: U.S. Treasury, U.S. Labor Department (Bureau of Labor Statistics), Fidelity Management and Research Company, Dimensional Fund Advisors EPI: American Institute for Economic Research. U.S. Treasuries: Barclays U.S. Treasury 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. U.S. 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

UNHEALTHY ATTACHMENTS[1]

Have you ever made yourself suffer through a bad movie because, having paid for the ticket, you felt you had to get your money's worth? Some people treat investments the same way.

Behavioral economists have a name for this tendency of people to stick with a losing strategy purely on the basis that they have put so much time and money into it already. It's called the "sunk cost fallacy."

Let's say a couple buy a property next to a freeway, believing that planting trees and double-glazing will block out the noise. Thousands of dollars later the place is still unlivable, but they won't sell because "that would be a waste of money".

This is an example of a sunk cost. Despite the strong likelihood that you'll never get your money back, regardless of outcomes, you are reluctant to cut your losses and sell because that would involve an admission of defeat.

It works like this in the equity market too. People will often speculate on a particular stock on the basis of newspaper articles about prospects for the company or industry. When those forecasts don't come to pass, they hold on regardless.

It might be a mining stock that is hyped based on bullish projections for a new tenement. Later, when it becomes clear the prospect is not what its promoters claimed, some investors will still hold on, based on the erroneous view that they can make their money back.

The motivations behind the sunk cost fallacy are understandable. We want our investments to do well and we don't want to believe our efforts have been in vain. But there are ways of dealing with this challenge. Here are seven simple rules:

1. Accept that not every investment will be a winner. Stocks rise and fall based on news and on the markets' collective view of their prospects. That there is risk around outcomes is why there is the prospect of a return.
2. While risk and return are related, not every risk is worth taking. Taking big bets on individual stocks or industries leaves you open to idiosyncratic influences like changing technology.
3. Diversification can help wash away these individual influences. Over time, we know there is a capital market rate of return. But it is not divided equally among stocks or uniformly across time. So spread your risk.
4. Understand how markets work. If you hear on the news about the great prospects for a particular company or sector, the chances are the market already knows that and has priced the security accordingly.
5. Look to the future, not to the past. The financial news is interesting, but it is about what has already happened and there is nothing much you can do about that. Investment is about what happens next.
6. Don't fall in love with your investments. People often go wrong by sinking emotional capital into a losing stock that they just can't let go. It's easier to maintain discipline if you maintain a little distance from your portfolio.
7. Rebalance regularly. This is another way of staying disciplined. If the equity part of your portfolio has risen in value, you might sell down the winners and put the money into bonds to maintain your desired allocation.

These are simple rules. But they are all practical ways of taking your ego out of the investment process and avoiding the sunk cost fallacy.

There is no single perfect portfolio, by the way. There are in fact an infinite number of possibilities, but based on the needs and risk profile of each individual, not on "hot tips" or the views of high-profile financial commentators.

This approach may not be as interesting. But by keeping an emotional distance between yourself and your portfolio, you can avoid some unhealthy attachments.

1. By Jim Parker, Vice President DFA Australia Limited, Outside the Flags, October 2015 Dimensional Fund Advisors

WHY IT'S SO HARD TO DELAY SOCIAL SECURITY[1]

Behavioral economists have found that traditional economic models cannot explain what people actually choose to do with their money including filing for Social Security benefits early – a move that can cost them a lot of money in the long run.

A recent article[2] from Michael Mauboussin and Dan Callahan discusses four prominent investor biases that throw a monkey wrench in our economic models. I want to discuss a mental miscue that is particularly relevant to the decision regarding when to collect Social Security. It is known as hyperbolic discounting, and it could be a big reason why retirees claim Social Security earlier than most economists and financial planners would suggest.

Economists and planners almost universally agree that at least one member of a household should delay Social Security collection until age 70, at which point they max out benefits. For today's retirees, delaying from the earliest possible claiming age of 62 until the delayed claiming age of 70 would increase monthly benefits by about 76 percent. You have to give up income during those years from age 62 to 69, but you get a guaranteed annuity from the government that will last as long as you do.

Despite this claiming advice, data show that over half of current claimants took their Social Security before age 65, and only about 3 percent delayed until age 70! People are not listening to economists or advisers.

Hyperbolic discounting is a phenomenon that may help describe why people make this seemingly poor decision. Hyperbolic discounting may best be explained through a couple of examples. The first comes from a 2002 research paper titled "Time Discounting and Time Preferences: A Critical Review." In it, the authors first asked respondents whether they would prefer $10 today or $11 tomorrow. The majority chose $10 today. They then asked respondents whether they would prefer $10 one year from now, or $11 one year and one day from now. The respondents chose $11.

On its face, this is the same decision: Are you willing to wait one day in order to increase the amount you receive by $1? When they're asked about today and tomorrow, they found that respondents overwhelming preferred the money today. When asked about one year from now, respondents thought "what's an extra day when I'm already waiting an entire year?" This is hyperbolic discounting. We discount the present at a higher rate than the future.

A second example, from Mauboussin and Callahan, is something we can all relate to. When subjects have to choose a snack between a piece of fruit or a donut right now, they choose the donut. When you ask them what they'd like to have for a snack next week, they choose the healthy option. The authors say, "we insist that our future selves will be good even as our present selves enjoy some candy."

This all relates to claiming Social Security benefits. Everyone I talk to insists that they will delay their Social Security when the time comes. If they've read the literature, they understand the value of delaying benefits. And the trends do show that more people are delaying, even if by a modest amount. But the overwhelming majority still claim before age 70.

When offered $1,500 per month today or $2,640 per month starting in eight years, hyperbolic discounting takes over and many people opt for the early claiming. The donut is very tempting.

Other sources: Shane Frederick, George Loewenstein, and Ted O'Donoghue, "Time Discounting and Time Preference: A Critical Review," Journal of Economic Literature, Vol. 40, No. 2, June 2002, 351-401 Daniel Read and Barbara van Leeuwen, "Predicting Hunger: The Effects of Appetite and Delay on Choice," Organizational Behavior and Human Decision Processes, Vol. 76, No. 2, November 1998, 189- 205.

1. By Luke Delorme, Research Fellow. Daily Economy October 27, 2015
2. Mauboussin and Callahan, What's Going on in Your Brain, October 20, 2015. Munnell and Chen, Trends in Social Security Claiming, May 2015.

THE HIGH-YIELD DOW INVESTMENT STRATEGY

Recommended HYD Portfolio

As of October 15, 2015

	Rank	Yield (%)	Price ($)	Status	—-Percent of Portfolio-— Value (%)	No. Shares (%)[1]
Verizon	1	5.06	44.67	Holding**	23.67	26.19
Chevron	2	4.72	90.72	Buying	19.15	10.43
Caterpillar	3	4.35	70.83	Buying	6.73	4.69
Exxon Mobil	4	3.58	81.48	Buying	6.18	3.75
Pfizer	9	3.29	34.08	Selling	7.60	11.03
General Electric	10	3.28	28.03	Selling	8.00	14.10
McDonald's	11	3.28	103.66	Holding	12.53	5.97
Intel Corp	16	2.93	32.75	Holding	1.54	2.32
AT&T	N/A	5.62	33.49	Selling	14.59	21.52
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.

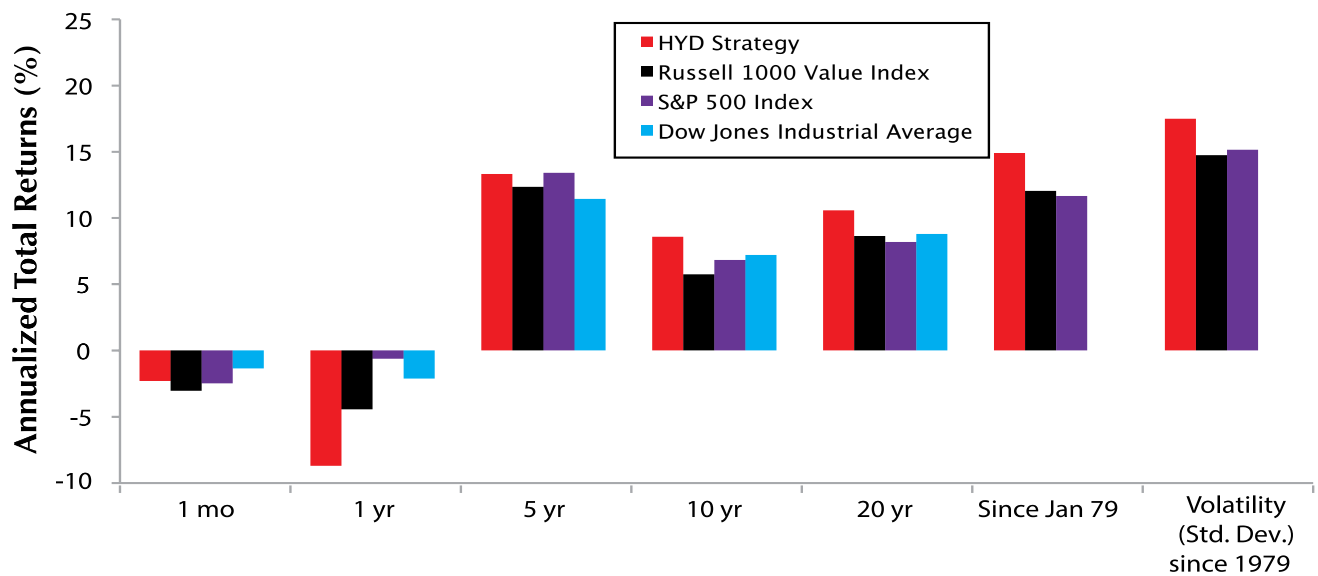
Performance was achieved by means of retroactive application of a model designed with the benefit of hindsight.

Subscribers can find a full description of the strategy and methodology in the "Subscribers Only" (Log in required) section of our website: www.americaninvestment.com.

Comparative Hypothetical Total Returns (%) and Volatility

The data presented in the table and chart below represent total returns generated by a hypothetical HYD portfolio and by benchmark indexes for periods ending September 30, 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	-2.28	-8.65	13.23	8.54	10.51	14.81	17.39
Russell 1000 Value Index	-3.02	-4.42	12.29	5.71	8.57	11.98	14.65
S&P 500 Index	-2.47	-0.61	13.34	6.80	8.14	11.58	15.07
Dow Jones Industrial Average	-1.35	-2.11	11.38	7.17	8.74	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. **Performance was achieved by means of retroactive application of a model designed with the benefit of hindsight.** 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 ($)

	10/15/15	Mo. Earlier	Yr. Earlier
Gold, London p.m. fixing (oz)	**1,185.50**	1,105.95	1,237.50
Silver, London Spot Price (oz)	**16.19**	14.35	17.01
Copper, COMEX Spot Price (100 lb)	**258.80**	243.60	300.45
Crude Oil, W. Texas Int. Spot (bbl)	**59.68**	44.59	81.78
Bloomberg Commodity Spot Index	**330.06**	294.77	371.14
Bloomberg Commodity Index	**100.05**	88.57	117.00
Reuters-Jefferies CRB Index	**223.23**	196.02	271.31

Interest Rates (%)

		10/15/15	Mo. Earlier	Yr. Earlier
U.S. Treasury bills -	91 day	**0.01**	0.07	0.02
	182 day	**0.08**	0.27	0.05
	52 week	**0.27**	0.47	0.10
U.S. Treasury bonds -	10 year	**2.37**	2.28	2.15
Corporates:				
High Quality -	10+ year	**4.24**	4.18	3.78
Medium Quality -	10+ year	**5.18**	5.44	4.59
Federal Reserve Discount Rate		**0.75**	0.75	0.75
New York Prime Rate		**3.25**	3.25	3.25
Euro Rates	3 month	**-0.05**	-0.04	0.08
Government bonds -	10 year	**0.55**	0.74	0.75
Swiss Rates -	3 month	**-0.72**	-0.73	0.01
Government bonds -	10 year	**-0.23**	-0.04	0.49

Exchange Rates ($)

	10/15/15	Mo. Earlier	Yr. Earlier
British Pound	**1.582300**	1.535200	1.595900
Canadian Dollar	**0.813900**	0.754100	0.885700
Euro	**1.137800**	1.126000	1.277800
Japanese Yen	**0.008112**	0.008313	0.009429
South African Rand	**0.082600**	0.074300	0.090400
Swiss Franc	**1.088400**	1.025100	1.058900

Securities Markets

	10/15/15	Mo. Earlier	Yr. Earlier
S & P 500 Stock Composite	**2,122.85**	1,978.09	1,862.49
Dow Jones Industrial Average	**18,119.78**	16,599.85	16,141.74
Barclays US Credit Index	**2,584.16**	2,545.00	2,586.19
Nasdaq Composite	**5,153.97**	4,860.52	4,215.32
Financial Times Gold Mines Index	**1,052.02**	816.11	1,288.38
FT EMEA (African) Gold Mines	**1,187.53**	1,003.04	1,244.91
FT Asia Pacific Gold Mines	**5,995.79**	4,279.94	4,239.60
FT Americas Gold Mines	**802.93**	614.39	1,133.55

Coin Prices ($)

	10/15/15	Mo. Earlier	Yr. Earlier	Prem (%)
American Eagle (1.00)	**1,197.70**	1,142.32	1,274.63	1.14
Austrian 100-Corona (0.9803)	**1,140.47**	1,069.89	1,198.03	-1.76
British Sovereign (0.2354)	**284.46**	268.37	299.60	2.04
Canadian Maple Leaf (1.00)	**1,181.70**	1,124.35	1,256.80	-0.22
Mexican 50-Peso (1.2057)	**1,392.55**	1,318.52	1,476.30	-2.47
Mexican Ounce (1.00)	**1,181.70**	1,113.83	1,244.80	-0.22
S. African Krugerrand (1.00)	**1,182.70**	1,126.72	1,258.97	-0.13
U.S. Double Eagle-$20 (0.9675)				
St. Gaudens (MS-60)	**1,275.00**	1,285.00	1,285.00	11.28
Liberty (Type I-AU50)	**2,225.00**	2,225.00	2,225.00	94.19
Liberty (Type II-AU50)	**1,425.00**	1,425.00	1,525.00	24.37
Liberty (Type III-AU50)	**1,265.00**	1,265.00	1,255.00	10.41
U.S. Silver Coins ($1,000 face value, circulated)				
90% Silver Circ. (715 oz.)	**14,805.00**	13,694.50	12,925.00	27.97
40% Silver Circ. (292 oz.)	**4,656.00**	4,198.00	5,025.00	-1.45
Silver Dollars Circ.	**19,732.50**	15,504.00	18,550.00	57.65

Note: Premium reflects percentage difference between coin price and value of metal in a coin, with gold at $1,184.25 per ounce and silver at $16.18 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 ($) 10/15/15	9/15/15	10/15/14	12-Month ($) High	Low	Latest Dividend Amount ($)	Record Date	Payable Date	Indicated Annual Dividend ($)	Yield† (%)
Verizon	VZ		44.67	46.37	44.67	51.73	38.06	0.565	10/9/2015	11/2/2015	2.260	5.06
Chevron	CVX		90.72	77.17	90.72	120.17	69.58	1.070	8/19/2015	9/10/2015	4.280	4.72
Caterpillar	CAT		70.83	74.58	70.83	107.12	62.99 *L*	0.770	10/26/2015	11/20/2015	3.080	4.35
Exxon Mobil	XOM		81.48	72.86	81.48	97.20	66.55	0.730	8/13/2015	9/10/2015	2.920	3.58
Procter and Gamble	PG		74.27	69.45	74.27	93.89	65.02	0.663	10/23/2015	11/16/2015	2.652	3.57
Merck	MRK		50.72	53.55	50.72	63.62	45.69	0.450	9/15/2015	10/7/2015	1.800	3.55
IBM	IBM		150.09	147.53	150.09	182.84	140.56 *L*	1.300	8/10/2015	9/10/2015	5.200	3.46
Wal-Mart Stores	WMT		59.33	64.32	59.33	90.97	58.37	0.490	12/4/2015	1/4/2016	1.960	3.30
Pfizer	PFE		34.08	33.17	34.08	36.46	27.51	0.280	11/6/2015	12/1/2015	1.120	3.29
General Electric	GE		28.03	25.30	28.03	29.19	19.37	0.230	9/21/2015	10/26/2015	0.920	3.28
McDonald's	MCD		103.66	98.19	103.66	105.20 *H*	87.50	0.850	9/1/2015	9/16/2015	3.400	3.28
Coca-Cola	KO		41.92	38.50	41.92	45.00	36.56	0.330	12/1/2015	12/15/2015	1.320	3.15
Johnson & Johnson	JNJ		97.15	94.40	97.15	109.49	81.79	0.750	8/25/2015	9/8/2015	3.000	3.09
Microsoft Corp.	MSFT	*I*	47.01	43.98	47.01	50.05	39.72	0.360	11/19/2015	12/10/2015	1.440	3.06
Cisco	CSCO		28.15	25.98	28.15	30.31	22.56	0.210	10/5/2015	10/21/2015	0.840	2.98
Intel Corp	INTC		32.75	29.73	32.75	37.90	24.87	0.240	11/7/2015	12/1/2015	0.960	2.93
J P Morgan	JPM		61.89	63.58	61.89	70.61	50.07	0.440	10/6/2015	10/31/2015	1.760	2.84
3M Company	MMM		149.19	143.60	149.19	170.50	132.75	1.025	8/21/2015	9/12/2015	4.100	2.75
United Tech.	UTX		93.18	92.68	93.18	124.45	85.50 *L*	0.640	11/13/2015	12/10/2015	2.560	2.75
Dupont	DD		56.70	48.30	56.70	76.61	47.11 *L*	0.380	8/14/2015	9/11/2015	1.520	2.68
Boeing	BA		137.39	136.30	137.39	158.83	115.14	0.910	8/7/2015	9/4/2015	3.640	2.65
Travelers	TRV		104.96	100.86	104.96	110.49	90.95	0.610	9/10/2015	9/30/2015	2.440	2.32
Home Depot, Inc.	HD		121.81	116.18	121.81	123.80	86.35	0.590	9/3/2015	9/17/2015	2.360	1.94
Apple	AAPL		111.86	116.28	111.86	134.54	92.00	0.520	8/10/2015	8/13/2015	2.080	1.86
Unitedhealth Group	UNH		120.17	120.03	120.17	126.21	84.10	0.500	9/11/2015	9/22/2015	2.000	1.66
American Express	AXP		76.74	76.50	76.74	94.89	71.71	0.290	10/9/2015	11/10/2015	1.160	1.51
Goldman Sachs	GS		184.96	187.45	184.96	218.77	167.49 *L*	0.650	12/2/2015	12/30/2015	2.600	1.41
Walt Disney	DIS		107.89	103.43	107.89	122.08	79.55	0.660	7/6/2015	7/29/2015	1.320	1.22
Nike	NKE		128.79	113.84	128.79	130.32	83.85	0.280	9/8/2015	10/5/2015	1.120	0.87
Visa Inc.	V		75.34	70.51	75.34	76.92	48.80	0.120	8/14/2015	9/1/2015	0.480	0.64

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

RECOMMENDED INVESTMENT VEHICLES

	Security Symbol	Avg. Market Cap. / Avg. Maturity	Descriptive Quarterly Statistics, as of 9/30/15: No. of Holdings	Expense[3] (%)	Ratios: Sharpe	Turnover (%)	P/B	12 Mo. Yield (%)	Annualized Returns[4] (%), as of 9/30/15: 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	2.8 Yrs.	2179	0.20	0.63	45	-	1.43	1.85	0.96	1.40	1.28	0.41	0.79
iShares Barclays 1-3 Yr. Credit Bond	CSJ[1]	2.01 Yrs.	935	0.20	1.40	17	-	1.09	0.97	1.02	1.47	0.51	0.54	0.92
iShares Barclays 1-3 Yr. Treasury Bond	SHY[1]	1.85 Yrs.	80	0.15	0.51	122	-	0.49	1.05	0.55	0.63	0.84	0.40	0.45
Vanguard Limited-Term Tax-Exempt	VMLTX	3.4 Yrs.	-	0.20	0.74	15	-	1.52	1.07	1.07	1.56	1.07	1.07	1.56
SPDR N.B. Short-Term Municipal Bond	SHM[1]	3.01 Yrs.	570	0.20	0.41	20	-	0.92	0.89	0.90	1.35	0.49	0.67	1.20
Inflation-Protected Fixed Income														
iShares Barclays TIPS Bond	TIP[1]	8.50 Yrs.	40	0.20	-0.31	47	-	0.56	-1.01	-1.95	2.40	-1.15	-2.45	1.62
Vanguard Inflation-Protected Securities	VIPSX	8.6 Yrs.	-	0.20	-0.33	39	-	1.38	-0.83	-1.97	2.37	-1.39	-2.79	1.41
International Fixed Income														
Vanguard Total International Bond Index	BNDX[1]/VTIBX	9.2 Yrs.	3924	0.23	-	16	-	1.49	3.12	-	-	2.47	--	--
Real Estate														
Vanguard REIT Index	VNQ[1] / VGSIX	9.52 B	148	0.26	0.56	8	2.21	4.12	9.19	9.23	11.73	7.62	7.92	10.55
SPDR Dow Jones REIT	RWR[1]	14.69 B	97	0.25	0.57	6	2.39	3.36	11.49	9.63	12.02	9.97	8.14	10.62
Vanguard Global ex-US Real Estate	VNQI[1] / VGXRX[5]	5.84 B	629	0.37	0.40	8	1.03	3.93	-3.30	4.02	-	-5.05	2.36	--
iShares International Property ETF	WPS[1]	6.38 B	397	0.48	0.55	8	1.02	3.34	-1.61	5.30	5.87	-2.73	3.76	4.49
SPDR Dow Jones Global Real Estate ETF	RWO[1]	10.92 B	229	0.50	0.54	7	1.65	3.00	4.94	7.36	9.15	3.66	5.78	7.39
U.S. Large Cap Value														
Vanguard Value Index	VTV[1] / VIVAX	81.59 B	318	0.23	1.39	6	1.98	2.67	-3.11	11.92	12.20	-3.65	11.33	11.69
iShares Russell 1000 Value Index	IWD[1]	48.66 B	689	0.20	1.35	13	1.65	2.54	-4.56	11.37	12.05	-5.09	10.81	11.57
U.S. Mid Cap														
Vanguard Mid-Cap ETF	VO	10.79 B	371	0.09	1.54	11	2.64	3.89	1.70	14.67	13.61	1.13	14.25	13.27
iShares Russell Mid-Cap Index	IWR	10.30 B	829	0.20	1.50	10	2.36	1.60	-0.39	13.72	13.22	-0.77	13.29	12.85
U.S. Small Cap Value														
iShares Russell Microcap Index	IWC[1]	0.40 B	1423	0.60	1.07	26	1.66	1.42	1.74	11.23	12.14	1.39	10.85	11.81
Vanguard Small-Cap Value Index	VBR[1] / VISVX	3.03 B	839	0.23	1.29	12	1.77	1.26	-0.03	13.08	12.56	-0.79	12.41	11.99
U.S. Marketwide														
Vanguard Total Stock Market Index	VTI[1] / VTSMX	46.80 B	3799	0.17	1.42	3	2.62	2.07	-0.67	12.34	13.15	-1.10	11.86	12.74
Fidelity Spartan Total Market Index	FSTMX[2]	46.63 B	-	0.10	1.43	2	2.46	1.70	-0.58	12.36	13.17	-0.95	11.97	12.83
Foreign- Developed Markets														
iShares MSCI EAFE Growth Index	EFG[1]	29.04 B	560	0.40	0.77	27	2.33	2.15	-4.90	6.22	4.55	-5.31	5.82	4.25
iShares MSCI EAFE Value Index	EFV[1]	39.19 B	492	0.40	0.62	29	1.08	4.03	-12.78	4.43	2.87	-13.47	3.67	2.29
Vanguard FTSE Developed Market	VEA[1] / VTMGX[6]	32.02 B	1396	0.09	0.73	4	1.55	3.05	-7.91	5.96	4.13	-8.65	5.18	3.53
SPDR S&P International Small Cap	GWX[1]	1.01 B	2247	0.40	0.78	51	1.16	13.10	-4.69	6.21	4.60	-7.84	4.49	3.38
Foreign- Emerging Markets														
Vanguard FTSE Emerging Market Stock	VWO[1] / VEIEX	15.10 B	1040	0.33	-0.07	9	1.46	3.26	-18.35	-4.81	-3.50	-19.03	-5.47	-4.01
Gold-Related Funds														
iShares Gold Trust	IAU[1]	5.75 B	-	0.25	-0.78	-	-	-	-8.66	-14.61	-3.40	-8.66	-14.61	-3.40
SPDR Gold Shares	GLD[1]	24.62 B	-	0.40	-0.79	-	-	-	-8.79	-14.75	-3.53	-8.79	-14.75	-3.53

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.