AIS INVESTMENT GUIDE

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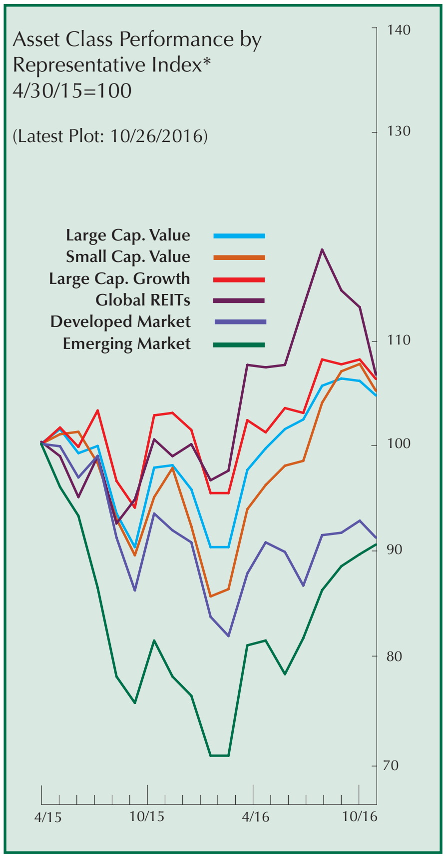

Asset Class Performance by Representative Index*
4/30/15=100

(Latest Plot: 10/26/2016)

* See page 78 for representative indexes.

The *Investment Guide* is intended to provide useful information to investors who manage their own financial assets. **We also provide low cost discretionary asset management services** for individuals and institutions seeking professional advice and assistance in implementing an investment strategy.

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(888) 528-1216 8:30 – 4:30 EST

aisinfo@americaninvestment.com

P.O. Box 1000
Great Barrington, MA 01230

Maintaining Perspective

In all the mayhem of the election, it can be easy for investors to get lost in the moment and lose long-term perspective.

This campaign has been especially uninspiring for the electorate at large. If you listened to the candidates talk, you might think our economy was in turmoil. Trump vows to re-negotiate trade deals that are "killing us" (his words). Clinton plans to enact a jobs bill in her first 100 days. Either way, you'd think that the economy is in dire straits.

Overall economic growth has been sluggish but positive. However, in terms of long-term investment returns, this election is likely to be nothing more than a blip on the radar, given the resilience of the American economy.

Since 1926, average returns for the S&P 500 during election years has been 11.2%. Returns in the year following an election have averaged 9.3%. The average calendar year return over those 90 years has been 12.0%. Those election years include some terrible returns, such as 2008 when the market fell 37%, hardly a result of the election.

Having an election does not mean that investors need to run and hide. Nor does the result of the election have any obvious impact on returns. From 1926 through 2015, calendar year returns on the S&P 500 have averaged 11.8% for Republican presidents and 12.1% for Democratic presidents. There's not enough data to prove any meaningful difference in stock returns based on the party of the president. What is clear is that maintaining a long-term focus was prudent under all circumstances.

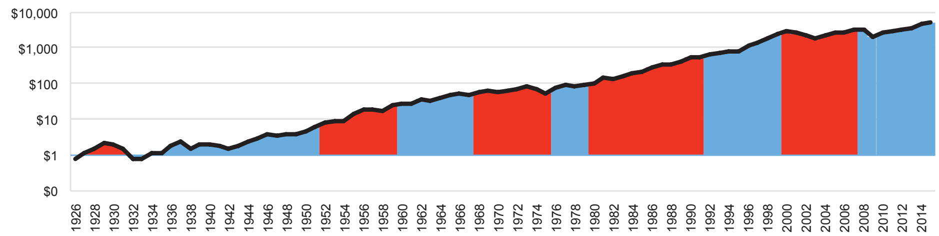
Many investors hear the political rhetoric and are concerned about what the future holds. Meanwhile, a $25,000 home bought in 1970 is likely worth about $250,000 today, according to national average home prices. $10,000 worth of gold coins bought in 1970 is worth about $375,000 today. A $10,500 investment in U.S. stocks in 1970 is worth about $1 million today.

Investors who focus on the negativity of the campaign could easily get caught up in making rash and potentially detrimental financial decisions. Recent experience of the Brexit vote can be instructive. Investors who hoped to benefit by selling investments after the surprise vote may have missed the rally that started only days later.

(continued next page)

Things have happened before, and the American economy has always come out ahead. Any individual investment may or may not fare well over the next year or two, but history should give us some confidence in financial markets over the long term.

Chart 1. S&P 500 Growth by Presidential Party



Source: S&P 500 returns. Past performance may not be indicative of future results. 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.

QUARTERLY REVIEW OF CAPITAL MARKETS[1]

The third quarter saw mostly positive performance for investors. Short-term interest rates rose modestly during the quarter, but remained historically low. The 10-year interest rate increased only 0.11%, from 1.49% to 1.60% at quarter end. Bond prices fall when rates rise, but interest payments resulted in a positive total return of about 0.46% during the quarter for aggregate bonds.

U.S. stocks had a second consecutive strong quarter, rising 4.40% overall. Value indices underperformed growth indices across all size ranges. Small caps outperformed large caps by a sizable margin. In U.S. dollar terms, developed markets outside the U.S. outperformed the U.S. equity market but underperformed emerging markets during the quarter. U.S., global developed markets, and emerging markets have all performed well in the last year. During the third quarter, small cap U.S. stocks and emerging markets stocks were the top performing asset classes, each registering returns just over 9%.

We recommend gold chiefly as a hedge against unanticipated financial crises. During the most recent quarter, the threat of financial crisis subsided and the price of gold was largely unchanged. Global real estate (equity REITs) returns cooled off, but posted gains of 2.27%

AIS Sample Portfolios[1]
For the Period Ending September 30, 2016

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	0.27	0.92	2.36	0.66
Short/Int. Fixed Income	Barclays Capital 1-5 Yr Govt/Cred	45	20	8	2.06	3.26	4.35	2.13
	Citigroup World ex. US Govt. Bond 1-5 Yr	20	10	4	2.18	2.80	4.05	1.51
Real Estate	S&P Global REITs Index Gross Div	4	5	6	18.16	4.98	10.14	16.69
U.S. Marketwide	Russell 3000 Index (USD)	5	9	13	14.96	7.37	8.03	14.73
U.S. Large Cap Value	Russell 1000 Value Index (USD)	2	4	7	16.20	5.85	8.49	14.37
U.S. Mid Cap	Russell Midcap Index (USD)	5	9	13	14.25	8.32	10.12	16.07
U.S. Small Cap Value	Russell 2000 Value Index (USD)	3	6	9	18.81	5.78	9.51	16.82
	DFA US Micro Cap Portfolio (USD)	1	2	2	14.65	7.24	9.98	20.01
Foreign Developed Markets	MSCI EAFE Index (USD) Gross Div	4	20	24	7.06	2.30	4.71	16.39
Foreign Emerging Markets	MSCI Emg. Mkts. Index (USD) Gross Div	1	5	6	17.21	4.28	5.92	22.93
Gold Related	Gold (London PM Fix Price)	5	5	5	18.72	8.24	6.45	16.25
	Total	100	100	100				

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

	Conservative	*Moderate*	*Aggressive*
Portfolio Return 1 Year	5.14	8.59	11.14
Portfolio Return 10 Year (annualized)	3.86	4.69	5.10
Portfolio Return 20 Year (annualized)	5.04	6.21	6.93
Portfolio Standard Deviation 20 Year (annualized)	3.95	8.98	11.91
Growth of $100 over 20 Years	$267	$334	$382

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. **Sample 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 Sample portfolio returns reflect the deduction of 0.725% management fee, the rate charged to $500,000 account 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.

during the quarter, outperforming U.S. REITs that suffered a 1.24% loss during the quarter.

The three sample portfolio allocations in the table nearby are only a guide. Each of the asset classes listed provides a unique risk-return profile, but the proper level of exposure to any particular asset class depends entirely on the investor. The best approach is to use these asset classes as "building blocks" to structure a portfolio that fits your circumstances.

Mutual funds and ETFs that generally track the same asset classes as those cited in the table are listed on the back page of this publication.

Cash Equivalent Assets[2]

Prices of frequently purchased household goods, measured by AIER's Everyday Price Index (EPI), decreased 0.30% during the quarter, and were flat (-0.06%) over the last 12 months. The index is driven largely by gas prices, which despite some monthly variability have decreased modestly over the last year (national average of $2.37 per gallon in September 2015 to $2.22 per gallon in September 2016, for regular retail gasoline). The Consumer Price Index (non-seasonally adjusted), which includes big-ticket items (such as cars, appliances, and furniture) and prices that are contractually fixed for prolonged periods (such as housing) increased 0.17% during the quarter and 1.46% for the full year.

At quarter-end the bond market was projecting continued modest annual price inflation (CPI) of 1.45% over the next 5 years and 1.60% over the next 10 (based on the TIPS break-even rate). As expected, the Federal Reserve's Open Market Committee (FOMC) did not raise its fed funds target interest rate when it met in July and September. The target remains 0.25-0.50%. Markets are currently pricing in a more than 70% probability that the FOMC will raise rates at its December meeting. The yield on the 1-year Treasury bill stood at 0.59% at quarter end.

Fixed Income

Interest rates for U.S. Treasury securities of all maturities rose slightly during the third quarter, a reversal of the previous two quarters. Short-term optimism around equities combined with continued low interest rates likely drove some investors toward riskier investments and away from the safety of fixed income.

The yield on the 5-year Treasury note rose 13 basis points (bps) to end the quarter at 1.14% while the yield on the 10-year Treasury note increased 11 bps to 1.60%. The 30-year Treasury bond increased only 2 bps to finish at 2.32%. During the third quarter, short-term corporate (investment grade) bonds returned 0.32%, intermediate-term issues returned 0.89%, while long term obligations gained 2.56%. Short-term municipal bonds returned -0.21%, while intermediate-term municipal bonds were unchanged.

Over the first three quarters of the year, the overall U.S. bond market generated a total return of 5.80%, while long term government bonds, which are more interest rate sensitive than shorter term issues, gained 14.61%. Treasury Inflation Protected Securities (TIPS) provided a 7.27% return as real rates fell during the last nine months. Short term global bonds (1-5 year, hedged to the U.S. dollar) returned 1.98%. Mortgage rates (30-year fixed) were averaging 3.42% with 0.5 points at quarter-end, down slightly from 3.48% (nationwide) with 0.5 points when the third quarter began.

We continue to recommend that investors avoid long term fixed income securities. The purpose of bonds is to provide portfolio stability. Longer term bond prices are highly sensitive to changing interest rates, which undermines this stability. Though the trend of falling interest rates in the last several years has provided strong returns for long term bond holders, investors should generally limit their bond portfolios to an average maturity of five years or less.

Real Estate[3]

U.S. Equity Real Estate Investment Trusts (REITs) lost 1.24% during the third quarter, underperforming the broad U.S. equity market. U.S. REITs have seen strong performance recently as investors seek high-dividend securities, with five-year annualized returns of 15.60%. Global (ex-U.S.) REITs did better for the quarter, gaining 2.27%, but also underperforming broad developed market indices. Annual returns on global REITs have been 10.46% over the last five years.

Year-to-date, U.S. REITs and Global REITs have posted returns of 9.45% and 12.52%, respectively. REITs' strong dividend payouts have grown relatively more attractive in light of persistent low interest rates.

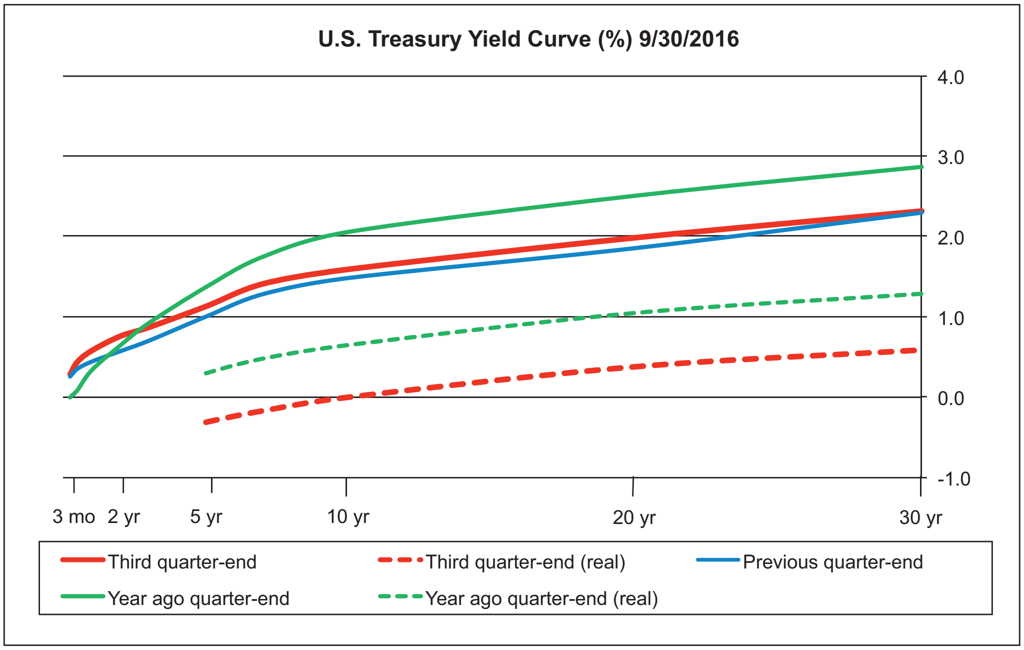
Another development for REITs is that they have been "carved out" of the financials sector for the S&P 500. Although the development doesn't change anything about the underlying companies, there is a chance the change will have a modest impact on short-term buying and selling of both REITs and financials as indexers and fund managers reconstitute their portfolios.

U.S. Equities[4]

After an abrupt sell-off as a result of the Brexit vote in June, stocks rebounded

(continued next page)

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. 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 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.
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. EPI, CPI not seasonally adjusted. U.S. bond market: Barclays U.S. Aggregate Bond Index. Long term U.S. government bonds: Barclays Long U.S. Government Bond Index. Global bonds: Citigroup WGBI 1-5 Years (USD hedged). U.S. Corporate (investment grade) bonds: Barclays U.S. Corporate 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. Foreign (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 Value stocks: Russell 1000 Value Index. Large Cap Growth Stocks: Russell 1000 Growth Index. Sector returns represented by S&P 500 sectors.



quickly and surged during the third quarter. U.S. stocks provided returns of 4.40% during the third quarter. Growth indices outperformed value indices across all size ranges. The big winner for the quarter was small caps, which significantly outperformed larger companies as investors embraced the risk associated with small companies and their higher potential returns.

Large cap value shares returned 3.48% versus 4.58% for large cap growth shares, while small value shares delivered an 8.87% return compared with 9.22% for small cap growth stocks. Small caps as a group returned 9.05% compared with 3.85% for large cap stocks.

Technology and financials led the way, while recent outperformers telecom and utilities lagged for the quarter. Large company tech stocks were up 12.86% for the quarter. This reflects investor optimism about the U.S. economy, especially the service economy, and stocks in general.

International Equities[5]

In U.S. dollar terms, non-U.S. developed market indices beat the U.S. equity market, but underperformed emerging markets indices during the quarter. A reversal in exchange rates from the previous quarter boosted returns for U.S. investors, as the dollar fell against a basket of developed market currencies. The longer-term trend of the last five years shows a strengthening dollar, although the trend has been less clear in the last two years.

Within non-U.S. developed equity markets, small caps returned 8.00% versus 6.29% for large caps, while growth shares earned 4.97% versus 7.69% for value shares.

Emerging market stocks have been coming out of their prolonged slumber over the last year, and they outperformed most asset classes with returns of 9.03% for the quarter. Within emerging markets, growth shares topped value shares while large caps outpaced small caps.

Gold[6]

The gold price ended the quarter at $1,323 per ounce, marking a return of 0.13% for the full three months. Amidst a lack of any overwhelming financial turbulence and only small changes in interest rates, the price of gold did not change much during the quarter.

Gold competes with short-term Treasuries as a safe haven asset, but provides no income as Treasuries do, so gold grows relatively more attractive when investors perceive that low interest rates are likely to prevail. Although the market expects a rate hike in December, interest rate increases are likely to be small and deliberate.

More likely to drive the price of gold over the short term is any unexpected financial disruptions that might occur. Given the strong performance of the stock market in the third quarter, many investors may not be expecting such turbulence in the near term. Nonetheless, “unexpected” means that we cannot know in advance. Investors should consider devoting 5% of their portfolio to gold ETFs as a form of insurance against financial disruption. Investors more averse to such events might consider a higher allocation, while those less sensitive to global disruptions might choose a lower allocation.

5. Source: Dimensional Fund Advisors and Fidelity Management and Research Company. Non-U.S. Developed Markets: MSCI EAFE Index (Gross). 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: MSCI EM 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 2016, all rights reserved. Currency data: Bloomberg.
6. Gold Price: London PM Fix. Source: World Gold Council.

IS BUFFETT'S PORTFOLIO RELEVANT?

At a recent lecture on investing, the inevitable question was posed to the lecturer at the end of his presentation: "So, how are you invested?"

The attendee wanted to know how the lecturer applied his knowledge to his actual investments. She asked for the same reason that we're curious as to how Warren Buffett or top hedge fund managers are investing. It is only natural to want to follow the financial footsteps of successful investors. The problem is that the lecturer and Buffett are irrelevant to the attendee's life circumstances.

An investor's portfolio allocation should be dependent on her own situation. If that investor is headed for retirement and has shown a proclivity to sell during extreme financial events, she should probably be invested in a relatively conservative portfolio, well-balanced with a significant share of investment grade bonds and possibly gold. The lecturer may have good reason to be bullish on stocks, but an aggressive portfolio allocation is not likely to be suitable for the investor in the crowd.

Life Circumstances

If the lecturer had said that he was 100 percent invested in stocks, we might think that was risky. But what if the lecturer was 35 years old, had no children, and was able to maintain his stock exposure throughout the entirety of the financial crisis? This is a long-term investor who is tolerant of risk and turbulence, with no need to draw from his portfolio in the next 15 or 20 years. A risky portfolio is suitable.

What if the lecturer was a professor with a guaranteed $100,000 annual pension from his employer in retirement? He has an investment portfolio of $500,000 that represents a relatively minor share of his "wealth," since his wealth is concentrated in his guaranteed pension. Again, a 90 to 100 percent stock allocation for his investments might not seem so far-fetched.

Take the flip side of that argument. How about if the lecturer responded that he was only 30 percent invested in stocks, with the rest in bonds and gold? That might seem pretty conservative. But if he was 75 years old and sold all of his stocks during the financial crisis, even though he knew better, then it makes perfect sense to invest conservatively.

The point is that any individual's asset allocation is irrelevant without context, regardless of their level of intelligence or wealth.

Fame and Fortune

That brings us to Warren Buffett, the well-known investor who is worth billions as a result of his investing acumen. The financial media is constantly reporting on what Warren Buffett is doing with his money. For instance, in 2011 when bank stocks were depressed, Warren Buffett bought $5 billion worth of preferred stock from Bank of America. This is newsworthy, but is it relevant to average, or even above average, investors?

Warren Buffett is worth so much money that he had $5 billion sitting around ready to invest. Most investors aren't in such a position. Warren Buffett has massively increased his wealth as a result of this savvy trade, but it was hardly something that typical investors could have replicated.

Financial columnist Barry Ritholtz recently wrote an article titled "Invest like a billionaire (if you are one)." The title says it all. Maybe billionaires can legitimately consider investing like Warren Buffett, because they can get similar deals and can probably take on the same type of risk. However, most investors need to assess their own situations to determine appropriate investments.

Another example involves Michael Dell, founder of Dell Computers. When the share price of Dell Computers was struggling in the early 2000s, Michael Dell bought $70 million worth of the stock. That's a huge investment for most investors, but not for Michael Dell or Warren Buffett. In fact, Mr. Dell had a net worth of about $20 billion at the time, meaning that his $70 million investment was less than half a percent of his wealth. That's like the average investor throwing $1,000 into a distressed stock in the hopes of hitting a home run. People lose more than that in an average trip to Las Vegas.

What Information is Relevant?

All of these examples are simply meant to convey the idea that an investor's strategy and allocation should reflect her personal (or household) situation. Take the case of an investment advisor, whose earnings and career are directly tied to the investment performance of the market. An investment advisor should arguably be diversified differently than his clients whose careers are not as directly linked to the stock market. He may want to hold outside investments in real estate or farmland to diversify his holdings.

Young investors with lots of years of earnings in front of them are probably well-suited to a more aggressive portfolio of stocks. Older and retired investors that are soon to be reliant on their portfolios for income are probably well-suited to a more conservative portfolio of bonds, cash, and gold.

At the end of the day, no two investors are the same. There are young investors with lots of money who should be conservative and older investors with little money that need to be aggressive. There are investors who face a lot of uncertainty in their careers, there are those who have health concerns that dictate their plans, and there are some whose pending inheritance changes everything. There are investors with a concentration of wealth in pension plans or inherited jewelry. All of these factors should play into how an investor allocates her portfolio.

Buffett offers some smart guidance on investing: he encourages investors to keep their costs low. He has also said that he wants 90% of his inheritance to be invested in the S&P 500, an aggressive allocation. The truth is that he and his heirs can weather a downturn because they have so much wealth. Other investors may not have the same luxury. Although Buffett's guidance is sage-like, his investments should play no role in how typical investors allocate.

THE HIGH-YIELD DOW INVESTMENT STRATEGY

Recommended HYD Portfolio

As of October 14, 2016

	Rank	Yield (%)	Price ($)	Status	—-Percent of Portfolio-— Value (%)	No. Shares (%)[1]
Verizon	1	4.59	50.28	Holding**	23.47	33.73
Chevron	2	4.23	101.08	Holding**	24.57	17.57
Pfizer	3	3.67	32.66	Buying	2.99	6.62
IBM	4	3.63	154.45	Buying	13.05	6.10
Caterpillar	5	3.51	87.67	Holding	24.05	19.82
Exxon Mobil	6	3.47	86.54	Holding	4.92	4.11
Cisco	7	3.45	30.18	Holding	3.06	7.32
McDonald's	9	3.30	114.09	Selling	2.68	1.70
General Electric	11	3.18	28.89	Selling	1.21	3.02
Cash (6-mo. T-Bill)	N/A	N/A			0.01	N/A
Totals					100.00	100.00

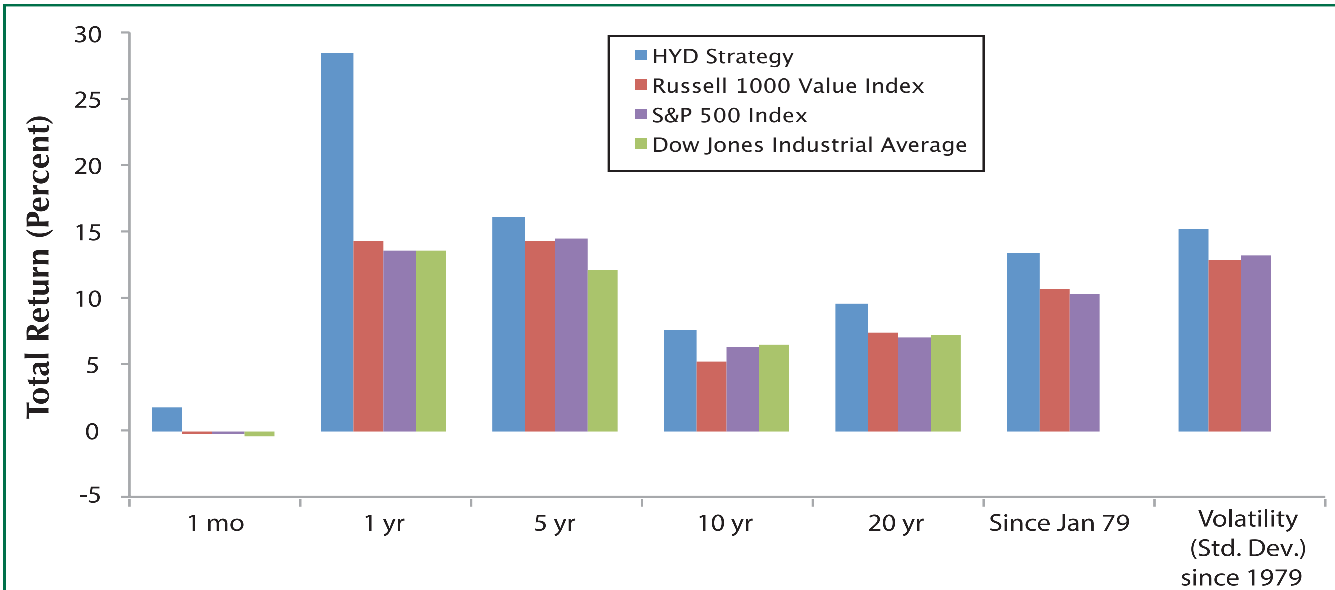
**Currently indicated purchases approximately equal to indicated purchases 18 months ago. [1] Because the percentage of each issue in the portfolio by value reflects the prices shown in the table, we are also showing the number of *shares* of each stock as a percentage of the total number of shares in the entire portfolio.

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

Comparative Hypothetical Total Returns (%) and Volatility

The data presented in the table and chart below represent total returns generated by a hypothetical HYD portfolio and by benchmark indexes for periods ending September 30, 2016*. 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	2.08	32.29	18.23	8.63	10.84	15.24	17.30
Russell 1000 Value Index	-0.21	16.20	16.15	5.85	8.49	12.09	14.58
S&P 500 Index	0.02	15.43	16.37	7.24	7.91	11.68	15.00
Dow Jones Industrial Average	-0.41	15.46	13.77	7.39	8.28	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.

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

RECENT MARKET STATISTICS

Precious Metals & Commodity Prices ($)

	10/14/16	*9/15/16*	*10/15/15*
Gold, London p.m. fixing	**1,251.75**	1,310.80	1,184.25
Silver, London Spot Price	**19.12**	18.96	16.18
Copper, COMEX Spot Price	**217.95**	215.20	242.10
Crude Oil, W. Texas Int. Spot	**50.35**	43.91	46.38
Bloomberg Commodity Spot Index	**324.60**	308.14	304.12
Bloomberg Commodity Index	**86.34**	83.08	89.84
Reuters-Jefferies CRB Index	**189.47**	180.68	198.99

Interest Rates (%)

U.S. Treasury bills -	91 day	**0.29**	0.29	0.00
	182 day	**0.45**	0.48	0.07
	52 week	**0.66**	0.60	0.21
U.S. Treasury bonds -	10 year	**1.80**	1.69	2.02
Corporates:				
High Quality -	10+ year	**n/a**	3.52	3.93
Medium Quality -	10+ year	**n/a**	4.41	5.33
Federal Reserve Discount Rate		**1.00**	1.00	0.75
New York Prime Rate		**3.50**	3.50	3.25
Euro Rates	3 month	**-0.31**	-0.30	-0.05
Government bonds -	10 year	**0.09**	0.00	0.57
Swiss Rates -	3 month	**-0.73**	-0.75	-0.72
Government bonds -	10 year	**-0.42**	-0.38	-0.23

Exchange Rates ($)**

British Pound	**1.219100**	1.323900	1.545900
Canadian Dollar	**0.761100**	0.760200	0.777200
Euro	**1.097200**	1.124400	1.138600
Japanese Yen	**0.009599**	0.009796	0.008411
South African Rand	**0.069839**	0.070189	0.076642
Swiss Franc	**1.009800**	1.029000	1.051800

**Note: As of 4/15/2016, the source for the exchange rates has changed to Bloomberg.

Securities Markets

	10/14/16	*9/15/16*	*10/15/15*
S & P 500 Stock Composite	**2,132.98**	2,147.26	2,023.86
Dow Jones Industrial Average	**18,138.38**	18,212.48	17,141.75
Barclays US Agg Credit Index	**2,761.11**	2,751.64	2,584.16
Nasdaq Composite	**5,214.16**	5,249.69	4,870.10
Financial Times Gold Mines Index	**1,511.20**	1,706.29	1,052.02
FT EMEA (African) Gold Mines	**1,672.32**	1,960.95	1,187.53
FT Asia Pacific Gold Mines	**8,442.68**	8,753.68	5,995.79
FT Americas Gold Mines	**1,160.55**	1,319.75	802.93

Coin Prices ($)

	10/15/16	*Mo. Earlier*	*Yr. Earlier*	*Prem (%)*
American Eagle (1.00)	**1,287.75**	1,346.80	1,197.90	2.88
Austrian 100-Corona (0.9803)	**1,220.71**	1,286.58	1,140.47	-0.52
British Sovereign (0.2354)	**297.66**	319.56	284.46	1.02
Canadian Maple Leaf (1.00)	**1,266.75**	1,330.80	1,181.70	1.20
Mexican 50-Peso (1.2057)	**1,501.11**	1,572.30	1,392.55	-0.54
Mexican Ounce (1.00)	**1,276.75**	1,360.80	1,181.70	2.00
S. African Krugerrand (1.00)	**1,261.75**	1,331.80	1,182.70	0.80
U.S. Double Eagle-$20 (0.9675)				
St. Gaudens (MS-60)	**1,295.00**	1,325.00	1,275.00	6.93
Liberty (Type I-AU50)	**2,000.00**	2,150.00	2,225.00	65.14
Liberty (Type II-AU50)	**1,325.00**	1,375.00	1,425.00	9.41
Liberty (Type III-AU50)	**1,280.00**	1,320.00	1,265.00	5.69
U.S. Silver Coins ($1,000 face value, circulated)				
90% Silver Circ. (715 oz.)	**12,881.00**	14,188.00	14,805.00	-5.77
40% Silver Circ. (292 oz.)	**5,060.50**	5,674.00	4,656.00	-9.36
Silver Dollars Circ.	**21,750.00**	21,750.00	19,732.50	47.05

Note: Premium reflects percentage difference between coin price and value of metal in a coin, with gold at $1,251.75 per ounce and silver at $19.12 per ounce. The weight in troy ounces of the precious metal in coins is indicated in parentheses.

THE DOW JONES INDUSTRIALS RANKED BY YIELD*

	Ticker Symbol		*Market Prices ($) 10/14/16*	*9/15/16*	*10/15/15*	*12-Month ($) High*	*Low*	*Latest Dividend Amount ($)*	*Record Date*	*Payable Date*	*Indicated Annual Dividend ($)*	*Yield† (%)*
Verizon	VZ		50.28	51.98	44.67	56.95	42.79	0.578	10/7/2016	11/1/2016	2.31	4.59
Chevron	CVX		101.08	99.50	90.72	107.58	75.33	1.070	8/19/2016	9/12/2016	4.28	4.23
Pfizer	PFE		32.66	34.14	34.08	37.39	28.25	0.300	11/11/2016	12/1/2016	1.20	3.67
IBM	IBM		154.45	155.66	150.09	165.00 *H*	116.90	1.400	8/10/2016	9/10/2016	5.60	3.63
Caterpillar	CAT		87.67	82.03	70.83	89.87 *H*	56.36	0.770	10/24/2016	11/19/2016	3.08	3.51
Exxon Mobil	XOM		86.54	85.08	81.48	95.55	71.55	0.750	8/12/2016	9/9/2016	3.00	3.47
Cisco	CSCO		30.18	31.31	28.15	31.95	22.46	0.260	10/5/2016	10/26/2016	1.04	3.45
Coca-Cola	KO		41.67	42.36	41.92	47.13	40.75	0.350	9/15/2016	10/3/2016	1.40	3.36
McDonald's	MCD	*I*	114.09	116.14	103.66	131.96	102.08	0.940	12/1/2016	12/15/2016	3.76	3.30
Boeing	BA		133.50	127.77	137.39	150.59	102.10	1.090	8/12/2016	9/2/2016	4.36	3.27
General Electric	GE		28.89	29.75	28.03	33.00	27.10	0.230	9/19/2016	10/25/2016	0.92	3.18
Procter and Gamble	PG		88.43	88.06	74.27	90.33 *H*	73.50	0.670	10/21/2016	11/15/2016	2.68	3.03
Merck	MRK		62.14	62.38	50.72	64.86 *H*	47.97	0.460	9/15/2016	10/7/2016	1.84	2.96
Wal-Mart Stores	WMT		68.45	72.40	59.33	75.19	56.30	0.500	12/9/2016	1/3/2017	2.00	2.92
J P Morgan	JPM		67.52	66.64	61.89	69.06 *H*	52.50	0.480	10/6/2016	10/31/2016	1.92	2.84
Intel Corp	INTC		37.45	36.56	32.75	38.36 *H*	27.68	0.260	11/7/2016	12/1/2016	1.04	2.78
Johnson & Johnson	JNJ		117.56	118.63	97.15	126.07	94.28	0.800	8/23/2016	9/6/2016	3.20	2.72
Microsoft Corp.	MSFT	*I*	57.42	57.19	47.01	58.70	47.02	0.390	11/17/2016	12/8/2016	1.56	2.72
United Tech.	UTX		100.16	102.71	93.18	109.83	83.39	0.660	11/18/2016	12/10/2016	2.64	2.64
3M Company	MMM		170.33	176.59	149.19	182.27	134.64	1.110	8/19/2016	9/12/2016	4.44	2.61
Travelers	TRV		115.08	114.94	104.96	119.32	101.23	0.670	9/9/2016	9/30/2016	2.68	2.33
Dupont	DD		69.03	67.56	56.70	75.72	50.71	0.380	8/15/2016	9/12/2016	1.52	2.20
Home Depot, Inc.	HD		126.42	126.96	121.81	139.00	109.62	0.690	9/1/2016	9/15/2016	2.76	2.18
American Express	AXP	*I*	60.15	63.83	76.74	77.61	50.27	0.320	10/7/2016	11/10/2016	1.28	2.13
Apple	AAPL		117.63	115.57	111.86	123.82	89.47	0.570	8/8/2016	8/11/2016	2.28	1.94
Unitedhealth Group	UNH		133.92	135.61	120.17	144.48	107.51	0.625	9/9/2016	9/20/2016	2.50	1.87
Walt Disney	DIS		91.30	92.50	107.89	120.65	86.25	0.710	7/11/2016	7/28/2016	1.42	1.56
Goldman Sachs	GS		170.52	168.08	184.96	199.90	138.20	0.650	9/1/2016	9/29/2016	2.60	1.53
Nike	NKE		51.62	55.47	64.40	68.20	51.09	0.160	9/6/2016	10/3/2016	0.64	1.24
Visa Inc.	V		82.45	82.01	75.34	83.79 *H*	66.12	0.140	8/19/2016	9/6/2016	0.56	0.68

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

RECOMMENDED INVESTMENT VEHICLES

	Security Symbol	Avg. Market Cap. / Avg. Maturity	Descriptive Quarterly Statistics, as of 9/30/16: No. of Holdings	Expense[3] (%)	Ratios: Sharpe	Turnover (%)	P/B	12 Mo. Yield (%)	Annualized Returns[4] (%), as of 9/30/16: 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] / VBIRX	2.90 Yrs.	2400	0.16	1.09	52	-	1.48	1.90	1.56	1.40	1.29	0.99	0.82
iShares Barclays 1-3 Yr. Credit Bond	CSJ[1]	2.00 Yrs.	1079	0.20	1.53	17	-	1.41	1.92	1.32	1.62	1.31	0.82	1.10
iShares Barclays 1-3 Yr. Treasury Bond	SHY[1]	1.94 Yrs.	73	0.15	0.57	122	-	0.67	0.74	0.72	0.57	0.46	0.51	0.39
Vanguard Limited-Term Tax-Exempt	VMLTX	2.90 Yrs.	3201	0.20	1.29	16	-	1.48	1.76	1.67	1.51	1.76	1.67	1.51
SPDR N.B. Short-Term Municipal Bond	SHM[1]	3.10 Yrs.	930	0.20	0.86	20	-	0.95	1.08	1.25	1.15	1.08	1.25	1.15
Inflation-Protected Fixed Income														
iShares Barclays TIPS Bond	TIP[1]	8.45 Yrs.	41	0.20	0.50	41	-	1.29	6.47	2.27	1.79	5.88	1.77	1.21
Vanguard Inflation-Protected Securities	VIPSX	8.80 Yrs.	36	0.20	0.51	43	-	0.72	6.48	2.31	1.78	6.13	1.75	1.04
International Fixed Income														
Vanguard Total International Bond Index	BNDX[1]/VTIBX	9.50 Yrs.	4079	0.17	2.02	13	-	1.48	7.27	5.64	-	6.58	4.97	-
Real Estate														
Vanguard REIT Index	VNQ[1] / VGSIX	17.70 B	150	0.26	0.92	11	2.63	4.11	19.53	13.84	15.54	17.97	12.35	14.21
SPDR Dow Jones REIT	RWR[1]	18.46 B	100	0.25	0.92	6	2.53	3.81	17.35	13.98	15.28	15.46	12.30	13.72
Vanguard Global ex-US Real Estate	VNQI[1] / VGXRX[5]	9.99 B	657	0.36	0.32	12	1.09	3.23	13.22	3.39	10.67	11.57	1.73	8.91
iShares International Property ETF	WPS[1]	10.30 B	403	0.48	0.38	8	1.03	3.54	12.14	3.90	10.60	10.59	2.45	8.98
SPDR Dow Jones Global Real Estate ETF	RWO[1]	15.08 B	231	0.50	0.73	6	1.68	3.33	13.80	9.01	12.61	12.23	7.56	11.06
U.S. Large Cap Value														
Vanguard Value Index	VTV[1] / VIVAX	137.91 B	322	0.22	0.98	8	2.12	2.50	16.11	10.19	15.86	15.29	9.34	15.09
iShares Russell 1000 Value Index	IWD[1]	111.54 B	692	0.20	0.87	13	1.86	2.29	15.98	9.49	15.91	14.93	8.67	15.20
U.S. Small Cap Value														
iShares Russell Microcap Index	VO	0.47 B	1380	0.60	0.42	26	1.84	1.37	13.65	5.86	16.30	13.00	5.36	15.82
Vanguard Small-Cap Value Index	IWR	3.65 B	853	0.20	0.75	16	1.86	1.91	16.45	9.40	17.29	15.72	8.53	16.52
U.S. Large Cap Growth														
iShares Russell 1000 Growth Index	IWC[1]	151.87 B	605	0.20	0.99	13	5.72	1.41	13.57	11.62	16.37	12.94	11.10	15.91
Vanguard Growth Index	VBR[1] / VISVX	138.48 B	334	0.22	0.91	9	4.82	1.28	13.36	11.19	16.38	12.95	10.75	15.99
U.S. Marketwide														
Vanguard Total Stock Market Index	VTI[1] / VTSMX	119.03 B	3598	0.16	0.93	3	2.78	1.87	14.85	10.29	16.20	14.24	9.63	15.59
Fidelity Spartan Total Market Index	FSTMX[2]	119.21 B	3400	0.10	0.93	3	2.78	2.46	14.89	10.33	16.23	13.75	9.47	15.38
Foreign- Developed Markets														
iShares MSCI EAFE Growth Index	EFG[1]	57.99 B	540	0.40	0.22	25	2.77	1.89	9.11	2.10	8.41	8.30	1.47	7.82
iShares MSCI EAFE Value Index	EFV[1]	55.48 B	510	0.40	-0.09	25	1.10	3.37	3.34	-1.70	5.77	2.04	-2.82	4.74
Vanguard FTSE Developed Market	VEA[1] / VTMGX[6]	47.64 B	3759	0.09	0.13	3	1.52	2.80	8.05	1.10	8.05	7.20	0.07	7.05
SPDR S&P International Small Cap	GWX[1]	1.11 B	2335	0.40	0.41	51	1.20	2.39	16.26	4.43	9.06	15.26	2.43	7.36
Foreign- Emerging Markets														
Vanguard FTSE Emerging Market Stock	VWO[1] / VEIEX	43.58 B	3643	0.33	0.10	7	1.59	2.34	15.62	0.01	3.27	14.67	-0.97	2.30
Gold-Related Funds														
iShares Gold Trust	IAU[1]	9.15 B	-	0.25	0.03	-	-	-	18.40	-0.36	-4.23	18.40	-0.36	-4.23
SPDR Gold Shares	GLD[1]	38.15 B	-	0.40	0.02	-	-	-	18.25	-0.50	-4.36	18.25	-0.50	-4.36

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.