

* See box, page 30, for representative indexes.

Rates of Interest	
As of April 20, 2018	
Government Obligations¹	
Fed Funds Rate	1.69%
3-Month Treas. Bill	1.78%
10-Yr. Treas. Note	2.87%
30-Yr. Treas. Bond	3.06%
10-Yr. TIPS	0.71%
Muni Bonds - Nat'l 10-Yr.	2.40%
Mortgage Rates²	
15-Yr Fixed	3.94%
30-Yr Fixed	4.47%
Banking³	
Savings	0.07%
Money Market	0.11%
12-month CD	0.36%

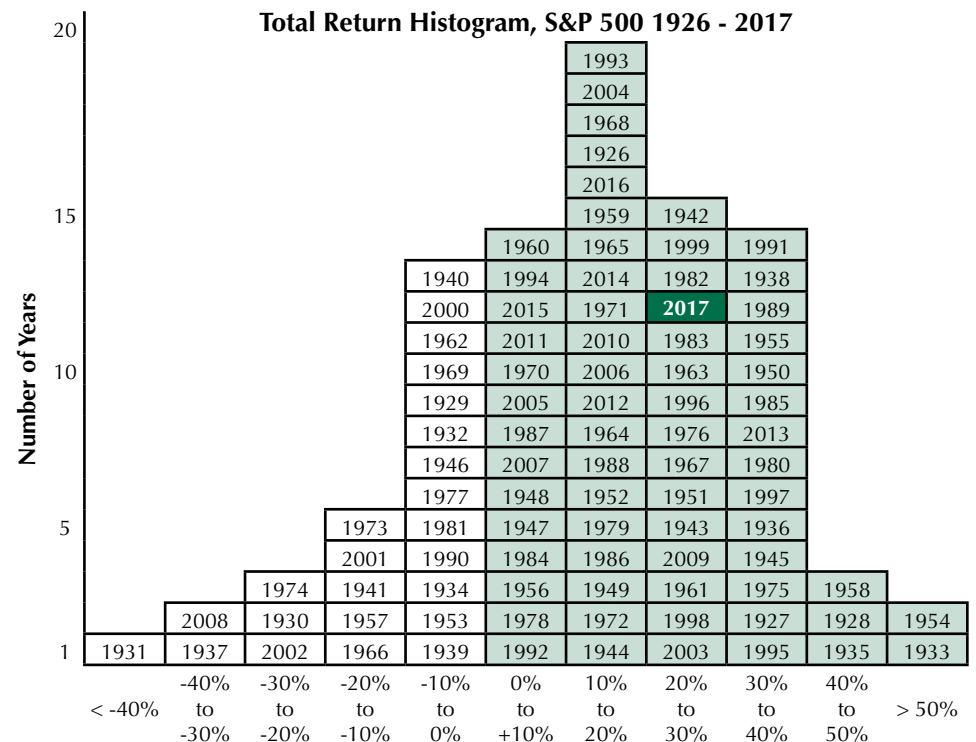
[1] Federal Reserve, fmsbonds.com. Annualized Rates. Notes, bonds, TIPS reflect yield to maturity.
[2] Freddie Mac. Average (National average, mortgages with 0.5 points).
[3] FDIC. Average national rates, non-jumbo deposits (<\$100k).

92 Years of U.S. Stock Market Returns

The histogram shown below depicts the distribution of calendar year nominal returns for the U.S. stock market (represented by the total annual returns of the S&P 500 index) since 1926. Last year's return of 21.8 percent was well above the median annual return of 14.0 percent. It marked nine consecutive calendar years of positive returns that have been generated by U.S. stocks since the financial crisis of 2008.

This presentation makes several important points. First, the randomness of returns is evident; there is no discernible "momentum" in annual returns from year-to-year. Second, positive returns are predominant; there have been 68 years with market gains (depicted in green) versus 24 years with losses. Third, the magnitude of the market's gains in positive years on average exceeds the magnitude of losses during negative years. The average (arithmetic) return during positive years was +21.1 percent versus -13.6 percent during negative years.

The data also reveal that investors should not rely on long-term averages to estimate short-term outcomes. The average annual compound
(continued next page)



return over the 92-year period was 10.2 percent, yet over these nine decades there were only two years that produced a return between 8 percent and 11 percent!

The histogram does not account for the impact of price inflation. If we adjust

this 10.2 percent return to account for a loss of purchasing power (as measured by the CPI), the annualized return falls to 7.1 percent. An investment of \$1,000 made at the beginning of 1926 would have grown to \$7.35 million by the end of 2017 in nominal dollars but, after accounting for price inflation, the ending

value would have been only about \$532,000.

Despite the impossible-to-predict calendar year returns, U.S. stock markets will likely continue to be the best alternative for investors seeking long-term real growth.

NEGATIVE RETURNS IN STOCKS AND BONDS

Central to our investment approach is the notion that most investors stand to benefit by holding several “uncorrelated” asset classes. The idea is that when one asset class falls in value, there is a good chance that another held in the portfolio is falling by less, or rising in value.

The smoothed returns of a diversified portfolio are more tolerable – and easier to embrace – compared with the volatile pattern of returns provided by a single asset class.

The two primary components of any diversified portfolio are stocks and

bonds. Historically, when stocks have suffered a period of losses, bond returns have mitigated the losses. However, this inverse correlation is not a guarantee, as evidenced by the unusual returns of the first quarter of 2018.

Although stock returns were largely negative during the quarter, bond returns were actually worse. In fact, stock-heavy “aggressive” portfolios may actually have performed better than their more bond-heavy “conservative” counterparts.

This article attempts to put the first

quarter in perspective by considering the history of simultaneous losses in stocks and bonds over short time periods.

Monthly and Quarterly Returns

We looked at monthly data beginning January 1979 through March 2018, a total of 471 months. We chose the Russell 3000 Index as a proxy for stock returns, and the Bloomberg Barclays U.S. Aggregate Bond Index as a proxy for bond returns.

During 166 months, stocks had negative returns, or just over one in every three months (see Table 1). More often than not, bond returns were positive during these months. But months such as this February, when stock and bond returns were both negative, are not unprecedented. Historically, this has happened almost twice a year on average. Roughly one in seven months in the historical data had negative returns in both stocks and bonds – more than one might have expected based on the low overall correlation between these assets.

In the first quarter of 2018 stock returns were -0.6 percent and bond returns were -1.5 percent (per our benchmark indexes). It was historically unusual to observe a three-month period in which stock and bond returns were both negative, although certainly not unprecedented. Across 469 possible 3-month periods, around 8 percent provided negative returns in both asset classes (see Table 2). If past is prologue, investors can expect three month spans with negative returns on both stocks and bonds about once per year, on average.

Rolling 12-Month Returns

These data show that occurrences of negative returns in both stocks and bonds over very short spans are rare but far from unprecedented. Readers familiar with our research will recognize that over the short

	Number of months	Percentage of months
All (Jan. 1979 - Mar. 2018)	471	100.0%
With negative stock returns	166	35.2%
With negative bond returns	148	31.4%
With negative stock and bond returns	64	13.6%

	Number of 3-month periods (rolling)	Percentage of 3-month periods
All (Jan. 1979 - Mar. 2018)	469	100.0%
With negative stock returns	132	28.1%
With negative bond returns	102	21.7%
With negative stock and bond returns	36	7.7%

	Number of 12-month periods (rolling)	Percentage of 12-month periods
All (Jan. 1979 - Mar. 2018)	460	100.0%
With negative stock returns	89	19.3%
With negative bond returns	37	8.0%
With negative stock and bond returns	3	0.7%

	Stocks, total return	Bonds, total return
Oct. 1980 - Sept. 1981	-3.57%	-2.62%
Feb. 1994 - Jan. 1995	-0.67%	-2.31%
Feb. 2015 - Jan. 2016	-2.48%	-0.16%

term, relative returns are completely unpredictable. We looked next at what has happened over one-year periods. Specifically, we wanted to know how often stock and bond returns were both negative over 12-month periods.

Of 460 rolling 12-month periods, there were 89 periods with negative stock market returns (see Table 3). This is to say that a hypothetical investor who invested during any random 12-month period had a roughly one in five chance of realizing negative stock market returns.

However, in the nearly 40 years of data, there have been only *three* 12-month periods in which stock and bond returns were *both* negative (see

Table 3). Based on history, there is a reasonable chance that an investor might experience a month or a quarter when stocks and bonds both turn in losses. But this outcome becomes far less likely when the time frame is extended to a year.

Hardly a Catastrophe

The three 12-month periods with negative returns in both stocks and bonds were hardly a catastrophe in terms of magnitude. The most recent episode, which occurred just over two years ago, was so mild it was hardly noticed. Table 4 reveals that between February 2015 and January 2016, stock

market returns were -2.48 percent while bond market returns were -0.16 percent. These instances were well within range by historic standards; 12-month stock market returns ranged between -43.5 percent and 66.6 percent during this period while bond returns fell between -9.2 percent and 35.2 percent. Losses during the two other instances were similarly modest.

While bonds cannot always be expected to offset losses in stocks for a single month or quarter, they have done so quite reliably over longer periods. Moreover, in instances when returns were negative for both stocks and bonds for 12-month periods, the magnitude of losses was small.

QUARTERLY REVIEW OF CAPITAL MARKETS¹

Losses in global capital markets during the first quarter marked a sharp departure from the previous quarter and all of last year. During the previous 12 months equity markets provided strong returns with historically low volatility. But the first quarter was tumultuous and equity markets generally ended flat or lost ground.

It isn't realistic, even in retrospect, to attribute market changes to particular news items in a precise way. But it's clear that the prospect of higher interest rates and trade-war rhetoric shook investors' resolve, and, as we described in the February *Investment Guide*, volatility was likely amplified by the collapse of so-called short-volatility investment vehicles.

The first quarter was unusual in that both bonds and stocks (for the most part) turned in losses. U.S. growth stocks and emerging markets managed gains, but these registered less than 2 percent. While losses were not large, investors were unable to rely even on short-term bonds as "ballast" to offset the general decline in equities.

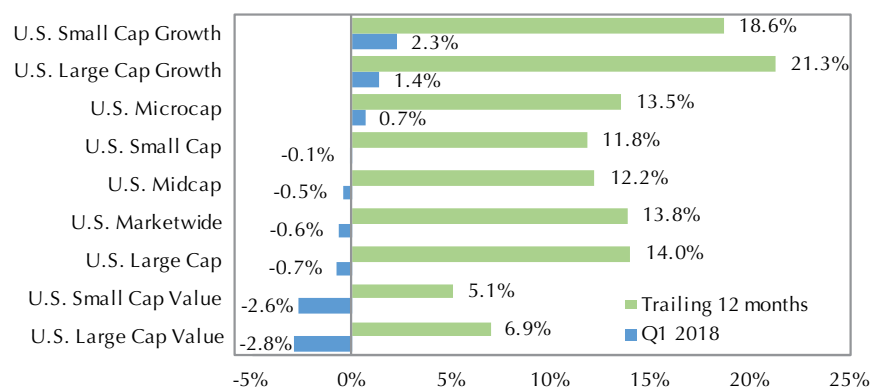
Gold on the other hand returned over 2 percent, displaying its low correlation to stock returns and substantiating its status as a form of portfolio insurance.

We are making no changes to the allocations cited in our sample portfolios table, which appears nearby.

Cash Equivalent Assets²

The Federal Reserve boosted its

US Equity Returns Q1 2018 and Trailing 12 Months



federal-funds target rate by another 0.25 percent; the targeted range now stands at 1.50 percent to 1.75 percent.

Price inflation, measured by the non-seasonally adjusted Consumer Price Index (CPI), reached 1.23 percent in the first quarter while AIER's Everyday Price Index (EPI) measured 0.98 percent. Both the CPI and EPI registered 2.4 percent over the past twelve months. Readers concerned with frequently purchased items, such as groceries, restaurant meals, gasoline, and utilities, should focus more on the EPI. Those concerned with average prices for a broader basket of goods, including big ticket items (such as cars, appliances, and furniture) and prices contractually fixed for prolonged periods (such as housing), should look to the CPI.

Over the past six months the market's projection for 10-year price inflation increased by 0.25 percent per

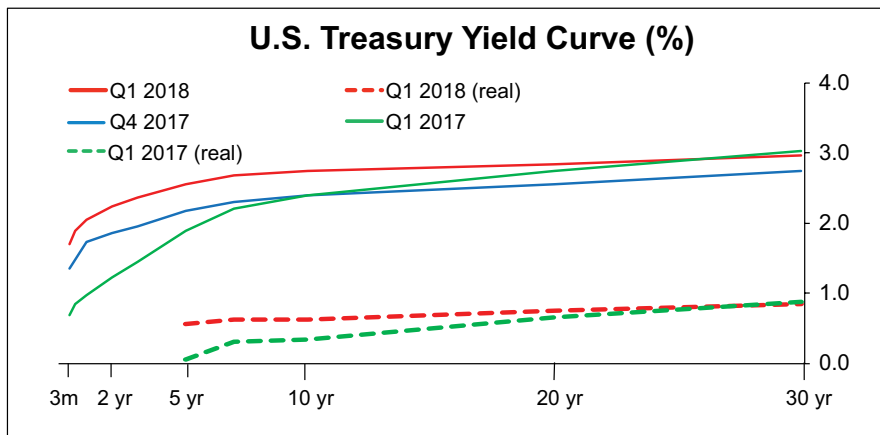
year. Currently the market is projecting a consistent rate of annual price inflation of roughly two percent per year over 5, 10, 20, and 30 year spans. These market expectations for inflation are lower than the long-term historical rate of inflation as measured by the CPI.

Three month Treasury bills were yielding 1.73 percent at quarter-end. This rate represented an increase at the short-end of the yield curve from 1.39 percent at 2017 year-end and 0.76 percent a year earlier. The one year Treasury bill yield rose during the quarter from 1.76 percent to 2.09 percent.

Fixed Income

Short-and long-term interest rates increased during the first quarter. The U.S. Treasury yield curve depicts higher rates on U.S. Treasury obligations of

(continued next page)



all maturities. The yield curve has also flattened in the last year.

Higher interest rates render existing fixed interest vehicles (bonds) less valuable. Returns on bonds were therefore negative. The U.S. bond market overall returned -1.46 percent. U.S. short/intermediate bonds fared better, but returned -0.50 percent. The benefits of exposure to global interest rates were evident, as foreign intermediate term bonds (hedged to the dollar) turned in a positive return of 0.62 percent.

Short-term municipal bonds returned -0.57 percent while TIPS returned -0.79 percent as real interest rates edged higher. At quarter-end, the average 30-year fixed mortgage rate stood at 4.44 percent with 0.5 points, the highest rates since late 2013.

Real Estate³

REIT returns continued to falter in the face of rising global interest rates. Global REITs, which include both U.S. and foreign holdings ended the quarter at -5.79 percent, trailing all of our other

recommended asset classes. International REITs performed generally in line with global equity markets, returning -1.26 percent while U.S. REITs fared far worse, with a return of -8.15 percent.

U.S. Equities⁴

The overall U.S. stock market was relatively flat during the first quarter, finishing with a return of -0.64 percent. As depicted in the U.S. Equity Returns table on the previous page, growth stocks handily outperformed value stocks while small caps outperformed large caps.

Our high-yield Dow model trailed its benchmark indexes during the first quarter, with a hypothetical return of -5.02 percent. Over the long term, the model has generally exceeded the benchmark returns, albeit with greater volatility (see page 30 for more detail).

International Equities⁵

Developed markets outside the U.S. underperformed U.S. and emerging

markets during the quarter. As in the U.S., growth shares topped value shares, returning -1.56 percent and -2.52 percent, respectively, while small caps outperformed the broader market, finishing at -0.50 percent and -2.04 percent, respectively.

Emerging markets topped both U.S. and non-U.S. developed markets and managed positive results, with a return of 1.42 percent for the quarter.

The dollar grew slightly weaker during the quarter. On a trade-weighted basis the dollar fell by 1.16 percent against major currencies and by 0.88 percent against the broad-market index.

Gold⁶

Compared with other asset classes, gold proved relatively resilient during the first quarter. The price ended the quarter at \$1,324 per ounce, 2.1 percent above where it finished in 2017. Gold counteracted the losses in bonds and equities, once again fulfilling its role as a form of portfolio insurance. But the gold price did not increase steadily, as it ranged between \$1,291 and \$1,355 per ounce.

Price inflation and a weaker U.S. dollar perhaps contributed to gold's relative strength. The gold price trended upward after the U.S. Federal Reserve confirmed expectations regarding short term interest rates.

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 the Sample Allocation tables 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: Bloomberg Barclays U.S. Aggregate Bond Index. U.S. short intermediate term bonds - Bloomberg Barclays U.S. Government/Credit Index 1-5 Years; Global short intermediate bonds - Citigroup WGBI 1-5 Years (USD hedged); Short term municipal bonds - Bloomberg Barclays Municipal Bond Index 5 Years; TIPS - Bloomberg Barclays U.S. TIPS Index. Mortgage rates: Freddie Mac.
3. Global REITs - S&P Global REIT Index (net div.); U.S. REITs - S&P United States REIT Index (gross div.); Foreign REITs - S&P Global ex US REIT Index (net div.). (Source: Dimensional Fund Advisors, Standard & Poor's). Global REIT dividend yield - FTSE EPRA/Nareit Global Real Estate Index
4. U.S. Market - Russell 3000 Index; Small cap value stocks - Russell 2000 Value Index; Small cap stocks - Russell 2000 Index; Small cap growth stocks - Russell 2000 Growth Index; Microcaps: Russell Microcap Index; Midcap stocks: Russell Midcap Index; Large cap stocks: Russell 1000 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. Source: Dimensional Fund Advisors and Fidelity Management and Research Company.
5. Non-U.S. Developed Markets: Market - MSCI World ex USA Index (net div.); Value - MSCI World ex USA Value Index (net div.); Small cap - MSCI World ex USA Small Cap Index (net div.); Emerging Markets: MSCI EM Index (net div.). 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 U.S. currency (except as noted) and net of withholding tax on dividends. MSCI data copyright MSCI 2016, all rights reserved. Currency data: St. Louis Federal Reserve.
6. Gold Price: London PM Fix. Source: World Gold Council.

AIS Sample Standard Allocations⁽¹⁾
For the Period Ending March 31, 2018

Asset Class ⁽⁵⁾	Sample Percentage Allocations ⁽²⁾			Asset Class Statistics: Risk and Return (annualized, %)				
	Conservative	Moderate	Aggressive	Total Return				Std. Dev.
				1 Year	5 Year	10 Year	15 year	15 year
Cash & Equivalent Assets⁽³⁾	as needed	as needed	as needed	1.11	0.34	0.34	1.28	0.49
U.S. Inv. Grade Fixed Income	70.00	35.00	15.00	0.19	0.94	2.11	2.72	1.88
Global Real Estate	2.50	6.00	8.00	-0.25	4.12	3.76	8.31	19.24
U.S. Stocks	15.00	36.00	48.00	13.81	13.03	9.62	10.43	13.79
Foreign Stocks	7.50	18.00	24.00	16.53	5.88	2.70	9.22	16.96
Gold Related	5.00	5.00	5.00	6.35	-3.70	3.56	9.60	17.95

Sample Standard Portfolio Statistics: Risk, Return (%) and Growth ⁽⁴⁾			
	Conservative	Moderate	Aggressive
Portfolio Return 1 Year	3.16	7.72	10.24
Portfolio Return 5 Year (annualized)	2.42	5.64	7.43
Portfolio Return 10 Year (annualized)	3.15	5.04	5.85
Portfolio Return 15 Year (annualized)	4.52	7.18	8.49
Portfolio Standard Deviation 15 Year (annualized)	4.11	8.73	11.62
Growth of \$10,000 over 15 Years	\$19,413	\$28,304	\$33,939

AIS Sample Enhanced Allocations⁽¹⁾
For the Period Ending March 31, 2018

Asset Class ⁽⁵⁾	Sample Percentage Allocations ⁽²⁾			Asset Class Statistics: Risk and Return (annualized, %)				
	Conservative	Moderate	Aggressive	Total Return				Std. Dev.
				1 Year	5 Year	10 Year	15 year	15 year
Cash & Equivalent Assets⁽³⁾	as needed	as needed	as needed	1.11	0.34	0.34	1.28	0.49
Fixed Income								
U.S. Investment Grade	46.67	23.33	10.00	0.19	0.94	2.11	2.72	1.88
Foreign Investment Grade (hedged)	23.33	11.67	5.00	1.92	1.66	2.18	2.74	1.12
Real Estate								
U.S. REITs	1.67	4.00	5.33	-4.73	5.64	6.16	10.05	22.79
Foreign REITs	0.83	2.00	2.67	10.20	3.73	2.51	8.11	17.54
U.S. Stocks								
Large Cap	5.00	12.00	16.00	13.98	13.17	9.61	10.35	13.54
Large Cap Value	5.00	12.00	16.00	6.95	10.78	7.78	9.71	14.05
Small Cap	2.50	6.00	8.00	11.79	11.47	9.84	11.50	18.18
Small Cap Value	2.50	6.00	8.00	5.13	9.96	8.61	10.85	18.12
Foreign Stocks								
Developed Markets	5.00	12.00	16.00	13.92	6.04	2.59	8.63	16.40
Emerging Markets	2.50	6.00	8.00	24.93	4.99	3.02	12.88	21.47
Gold Related	5.00	5.00	5.00	6.35	-3.70	3.56	9.60	17.95

Sample Enhanced Portfolio Statistics: Risk, Return (%) and Growth ⁽⁴⁾			
	Conservative	Moderate	Aggressive
Portfolio Return 1 Year	3.04	6.40	8.72
Portfolio Return 5 Year (annualized)	2.42	5.37	6.92
Portfolio Return 10 Year (annualized)	3.13	5.02	5.74
Portfolio Return 15 Year (annualized)	4.67	7.54	8.92
Portfolio Standard Deviation 15 Year (annualized)	4.09	9.15	12.17
Growth of \$10,000 over 15 Years	\$19,825	\$29,760	\$36,006

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 the 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.

2 See page 32 for a list of investment vehicles that correspond to each asset class.

3 Investors should maintain a cash balance tailored to one's circumstances. Considerations should include anticipated short term spending, an emergency reserve and price inflation.

4 Sample Portfolio Statistics are hypothetical and do not reflect historical recommendations of AIS. Annual portfolio rebalancing is assumed. Sample portfolio returns reflect the deduction of 0.725% management fee, the PAM rate charged to \$500,000 account managed by AIS. A maximum annual management fee for the PAM service of 1.50% applies to accounts of \$100,000 (our minimum account size) in Assets Under Management ("AUM"). The fee decreases thereafter as AUM increases. Accounts with AUM less than \$500,000 would incur a fee greater than 0.725% and, therefore, returns would be lower than indicated. See AIS ADV Part 2 for full details, available at http://americaninvestment.com/images/pdf/ADV_Part_2A.pdf.

5 Benchmarks used for returns are as follows: Cash and Equivalents - BofA Merrill Lynch Three-Month US Treasury Bill Index; U.S. Inv. Grade Fixed Income - Bloomberg Barclays U.S. Government/Credit Index 1-5 Years; Foreign Inv. Grade Fixed Income - Citi World Government Bond Index ex USA 1-5 Years (hedged to USD); Global Real Estate - S&P Global REIT Index (net div.); U.S. REITs - S&P United States REIT Index (gross div.); Foreign REITs - S&P Global ex US REIT Index (net div.); U.S. Stocks - Russell 3000 Index; U.S. Large Cap - Russell 1000 Index; U.S. Large Cap Value - Russell 1000 Value Index; U.S. Small Cap - Russell 2000 Index; U.S. Small Cap Value - Russell 2000 Value Index; Foreign Developed Markets - MSCI World ex USA Index (net div.); Foreign Emerging Markets - MSCI Emerging Markets Index (net div.); Foreign Stocks - MSCI All Country World ex USA Index (net div.); Gold Related - Gold London PM Fix Price. All data from DFA Returns 2.0 program, except Gold data from World Gold Council.

THE HIGH-YIELD DOW INVESTMENT STRATEGY

Recommended HYD Portfolio

As of April 15, 2018

	Rank	Yield (%)	Price (\$)	Status	—Percent of Portfolio—	
					Value (%)	No. Shares (%) ¹
Verizon	1	4.95	47.66	Holding**	23.75	32.35
Exxon Mobil	2	3.96	77.84	Buying	16.28	13.58
IBM	3	3.83	156.71	Holding**	18.48	7.65
Pfizer	4	3.74	36.32	Holding**	15.15	27.07
Chevron	5	3.74	119.92	Selling	19.62	10.62
General Electric	7	3.56	13.49	Holding	1.60	7.72
Boeing	20	2.08	329.28	Holding	5.11	1.01
Cash (6-mo. T-Bill)	N/A	N/A			0.01	N/A
Totals					100.00	100.00

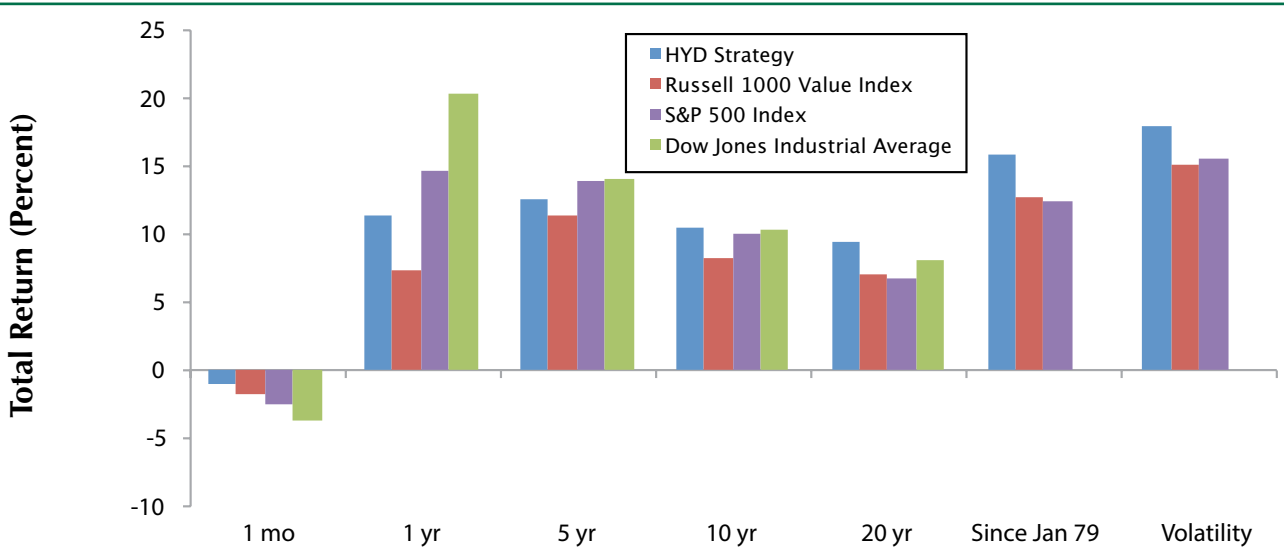
**Currently indicated purchases approximately equal to indicated purchases 18 months ago. 1 Because the percentage of each issue in the portfolio by value reflects the prices shown in the table, we are also showing the number of shares of each stock as a percentage of the total number of shares in the 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 March 31, 2018*. 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).

	<u>1 mo.</u>	<u>1 yr.</u>	<u>5 yrs.</u>	<u>10 yrs.</u>	<u>20 yrs.</u>	<u>Since Jan 79</u>	<u>Volatility (Std. Dev.) since 1979</u>
HYD Strategy	-1.10	10.80	12.00	10.01	9.00	15.05	17.14
Russell 1000 Value Index	-1.76	6.95	10.78	7.78	6.65	12.07	14.39
S&P 500 Index	-2.54	13.99	13.31	9.50	6.46	11.86	14.79
Dow Jones Industrial Average	-3.59	19.39	13.32	9.86	7.64	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.

Representative asset class indexes: U.S. large cap value - Russell 1000 Value Index; U.S. small cap value - Russell 2000 Value Index; U.S. Marketwide - Russell 3000 Index; Global REITs - S&P Global REIT Index; foreign developed markets - MSCI world ex-U.S.(net div.)Index; emerging markets - MSCI Emerging Markets Index(net div.); U.S. Bonds - Barclays U.S. Aggregate Bond Index; Foreign Bonds - Citi World Government Bond Index ex USA; Gold - London PM Fix. 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 individual investment indexes and/or categories generally do not reflect the deduction of transaction and/or custodial charges, the deduction of mutual fund fees, or the deduction of advisory fees, the incurrence of which would have the effect of decreasing historical performance. The results portrayed above reflect the reinvestment of dividends and capital gains.

RECENT MARKET STATISTICS

Precious Metals & Commodity Prices (\$)

	4/13/18	Mo. Earlier	Yr. Earlier	Prem. (%)
Gold, London p.m. fixing	1,343.70	1,318.75	1,284.15	
Silver, London Spot Price	16.51	16.52	18.56	
Crude Oil, W. Texas Int. Spot	67.35	61.35	53.18	
Coin Prices (\$)¹				
American Eagle (1.00)	1,358.70	1,343.75	1,324.00	1.12
Austrian 100-Corona (0.98)	1,310.83	1,286.38	1,256.24	-0.46
British Sovereign (0.2354)	316.31	310.43	303.20	0.00
Canadian Maple Leaf (1.00)	1,353.70	1,328.75	1,309.00	0.74
Mexican 50-Peso (1.2056)	1,611.96	1,581.89	1,544.81	-0.49
Mexican Ounce (1.00)	1,361.70	1,336.75	1,313.00	1.34
S. African Krugerrand (1.00)	1,349.70	1,325.75	1,298.00	0.45
U.S. Double Eagle-\$20 (0.9675)				
St. Gaudens (MS-60)	1,300.00	1,300.00	1,270.00	0.00
Liberty (Type I-AU50)	2,000.00	2,000.00	3,000.00	53.84
Liberty (Type II-AU50)	1,325.00	1,325.00	1,325.00	1.92
Liberty (Type III-AU50)	1,290.00	1,290.00	1,260.00	-0.77
U.S. Silver Coins (\$1,000 face value, circulated)				
90% Silver Circ. (715 oz.)	11,627.00	11,807.00	13,498.50	-1.48
40% Silver Circ. (292 oz.)	4,641.50	4,716.00	5,360.00	-3.69
Silver Dollars Circ.	22,875.00	22,875.00	21,750.00	79.19

¹Note: Premium reflects percentage difference between coin price and value of metal in a coin. The weight in troy ounces of the precious metal in coins is indicated in parentheses.

Recent Market Returns²

Data through March 29, 2018

	U.S. Stocks (Mktwd)	Foreign Dev. Stocks	Foreign Emerg. Stocks	Global REITs	U.S. Bonds	Foreign Bonds (hedged)	Gold
1-month	-2.01%	-1.73%	-1.86%	2.59%	0.64%	0.43%	0.46%
	↓	↓	↓	↑	↑	↑	↑
3-month	-0.64%	-2.04%	1.42%	-5.79%	-1.46%	0.62%	2.11%
	↓	↓	↑	↓	↓	↑	↑
1 year	13.81%	13.92%	24.93%	-0.25%	1.20%	1.92%	6.35%
	↑	↑	↑	↓	↑	↑	↑
5 year (annualized)	13.03%	6.04%	4.99%	4.12%	1.82%	1.66%	-3.70%
	↑	↑	↑	↑	↑	↑	↓
15 year (annualized)	10.43%	8.63%	12.88%	8.31%	3.95%	2.74%	9.60%
	↑	↑	↑	↑	↑	↑	↑

Best and worst one-year returns, Jan. 2001 - Mar. 2018

	Best						
Best	56.0%	57.2%	91.6%	85.7%	13.8%	7.1%	57.6%
During:	03/2009-02/2010	04/2003-03/2004	03/2009-02/2010	04/2009-03/2010	11/2008-10/2009	07/2008-06/2009	06/2005-05/2006
Worst	-43.5%	-50.3%	-56.6%	-59.5%	-2.5%	0.1%	-27.4%
During:	03/2008-02/2009	03/2008-02/2009	12/2007-11/2008	03/2008-02/2009	09/2012-08/2013	04/2010-03/2011	12/2012-11/2013

²For representative asset class indexes see box on page 30.

THE DOW JONES INDUSTRIALS RANKED BY YIELD*

Company	Ticker Symbol	Market Prices (\$)			12-Month (\$)		Latest Dividend Amount (\$)	Record Date	Payable Date	Indicated Annual Yield† (%)	
		4/13/18	3/15/18	4/13/17	High	Low				Dividend (\$)	Yield (%)
Verizon	VZ	47.66	48.29	48.62	54.77	42.80	0.590	4/10/18	5/1/18	2.360	4.95
Exxon Mobil	XOM	77.84	74.42	81.69	89.30	72.16	0.770	2/12/18	3/9/18	3.080	3.96
IBM	IBM	156.71	159.61	169.53	171.69	139.13	1.500	2/9/18	3/10/18	6.000	3.83
Pfizer	PFE	36.32	36.58	33.88	39.43	31.67	0.340	2/2/18	3/1/18	1.360	3.74
Chevron	CVX	119.92	115.58	106.10	133.88	102.55	1.120	2/16/18	3/12/18	4.480	3.74
Procter and Gamble	PG	78.37	78.67	90.03	94.67	75.81	0.717	4/20/18	5/15/18	2.869	3.66
General Electric	GE	13.49	14.36	29.56	30.54	12.73	0.120	2/26/18	4/25/18	0.480	3.56
Coca-Cola	KO	44.51	43.67	42.79	48.62	42.19	0.390	3/15/18	4/2/18	1.560	3.50
Merck	MRK	57.17	55.25	62.61	66.41	53.12	0.480	3/15/18	4/6/18	1.920	3.36
Cisco	CSCO	43.00	45.33	32.42	46.16	30.36	0.330	4/5/18	4/25/18	1.320	3.07
Johnson & Johnson	JNJ	130.62	133.06	124.99	148.32	120.95	0.840	2/27/18	3/13/18	3.360	2.57
3M Company	MMM	215.52	235.87	188.65	259.77	189.29	1.360	2/16/18	3/12/18	5.440	2.52
McDonald's	MCD	161.73	161.61	130.76	178.70	130.91	1.010	3/1/18	3/15/18	4.040	2.50
Wal-Mart Stores	WMT	86.02	87.51	73.15	109.98	73.13	0.520	5/11/18	6/4/18	2.080	2.42
Home Depot, Inc.	HD	172.80	178.07	145.91	207.61	144.25	1.030	3/8/18	3/22/18	4.120	2.38
Intel Corp	INTC	51.86	50.88	35.25	53.78	33.23	0.300	5/7/18	6/1/18	1.200	2.31
DowDupont	DWDP	66.17	67.88	77.44	77.08	59.29	0.380	2/28/18	3/15/18	1.520	2.30
United Tech.	UTX	122.71	129.25	112.09	139.24	109.10	0.700	2/16/18	3/10/18	2.800	2.28
Travelers	TRV	136.29	140.47	120.53	150.55	113.76	0.720	3/9/18	3/30/18	2.880	2.11
Boeing	BA	329.28	329.98	175.62	371.60	175.47	1.710	2/9/18	3/2/18	6.840	2.08
Caterpillar	CAT	150.23	154.57	93.10	173.24	92.98	0.780	4/23/18	5/19/18	3.120	2.08
J P Morgan	JPM	110.30	115.24	84.40	119.33	81.64	0.560	4/6/18	4/30/18	2.240	2.03
Microsoft Corp.	MSFT	93.08	94.18	64.95	97.24	64.89	0.420	5/17/18	6/14/18	1.680	1.80
Walt Disney	DIS	100.35	103.24	113.20	116.10	96.20	0.840	12/11/17	1/11/18	1.680	1.67
American Express	AXP	93.03	94.39	75.80	102.39	75.51	0.350	4/6/18	5/10/18	1.400	1.50
Apple	AAPL	174.73	178.65	141.05	183.50	140.45	0.630	2/12/18	2/15/18	2.520	1.44
Unitedhealth Group	UNH	224.28	229.48	164.96	250.79	164.96	0.750	3/9/18	3/20/18	3.000	1.34
Nike	NKE	67.25	66.39	55.34	70.25	50.35	0.200	3/5/18	4/2/18	0.800	1.19
Goldman Sachs	GS	255.92	266.61	223.32	275.31	209.62	0.750	3/1/18	3/29/18	3.000	1.17
Visa Inc.	V	120.75	123.41	88.87	126.88	88.75	0.210	2/16/18	3/6/18	0.840	0.70

* See the Recommended HYD Portfolio table on page 30 for current recommendations. † Based on indicated dividends and market price as of 4/15/18. Extra dividends are not included in annual yields. All data adjusted for splits and spin-offs. 12-month data begins 4/15/17.

ASSET CLASS INVESTMENT VEHICLES

Data as of March 29, 2018

Fixed Income

	Security Symbol(s) (1)	Avg. Market Cap / Avg. Maturity	Number of Holdings	Expense Ratio (%)	Turnover (%)	Price-to-Book Ratio	Trailing 12-Mo. Yield (%)	Annualized Returns (%)				Tax Cost Ratio - 3 Years (%) (3)
								1-Year	3-Year	5-Year		
Short-Term Bonds	VBISX	2.90 yrs	2511	0.15	50		1.51	0.11	0.66	0.77	0.65	
Short-Term Bonds	SPDR Portfolio Short Term Corp Bd ETF	1.96 yrs	1025	0.07	67		1.96	0.59	1.10	1.19	0.73	
Short-Term Bonds	iShares 1-3 Year Treasury Bond ETF	1.96 yrs	72	0.15	66		1.03	-0.09	0.26	0.39	0.33	
Interm-Term	Vanguard Total Bond Market	8.50 yrs	17488	0.15	55		2.28	1.04	1.07	1.63	1.08	
Interm-Term	iShares Core US Aggregate Bond ETF	8.36 yrs	6635	0.05	242		2.40	1.22	1.13	1.74	1.03	
Tax-Exempt	Vanguard Ltd-Term Tax-Exempt	3.20 yrs	4861	0.19	19		1.45	0.68	0.86	0.96	0.04	
Tax-Exempt	SPDR Nuveen Blimbg Barclays ST MunBd ETF	3.03 yrs	1407	0.20	32		1.08	-0.22	0.44	0.61	0.00	
Tax-Exempt	Vanguard Interm-Term Tx-Ex Inv	5.70 yrs	7458	0.19	15		2.54	1.98	1.84	2.29	0.07	
Inflation-Protected	iShares TIPS Bond ETF	8.22 yrs	39	0.20	32		2.13	0.69	1.14	-0.09	0.56	
Inflation-Protected	Vanguard Inflation-Protected Securities	8.20 yrs	41	0.20	22		2.56	0.38	1.07	-0.17	0.78	
International	Vanguard Total International Bond	9.30 yrs	4795	0.13	19		2.20	3.26	2.25	0.00	0.80	

Real Estate (REITs)

U.S. REITs	Vanguard REIT	9.76 B	187	0.26	7	1.88	4.64	-3.82	0.81	5.62	1.50
U.S. REITs	SPDR Dow Jones REIT	10.41 B	102	0.25	9	1.96	3.22	-3.83	0.47	5.69	1.53
Int'l REITs	Vanguard Global ex-US Real Estate (2)	6.52 B	633	0.34	6	1.00	3.79	17.96	6.27	5.05	1.47
Int'l REITs	iShares International Developed Property	6.70 B	389	0.48	8	0.96	4.31	14.61	5.18	4.84	1.56
Global (incl. U.S.)	SPDR Dow Jones Global Real Estate ETF	8.68 B	231	0.50	13	1.39	3.41	1.52	0.98	4.35	1.41

U.S. Stocks

Large Cap (blend)	Vanguard S&P 500	101.53 B	512	0.14	3	2.96	1.74	13.92	10.76	13.14	0.63
Large Cap (blend)	iShares Core S&P 500	99.05 B	509	0.04	5	2.97	1.72	13.99	10.76	13.29	0.49
Large Cap (blend)	iShares Russell 1000 ETF	76.06 B	980	0.15	4	2.88	1.61	13.88	10.30	13.06	0.45
Large Cap Value	Vanguard Value	95.01 B	332	0.17	9	2.25	2.29	10.83	10.08	12.06	0.80
Large Cap Value	iShares Russell 1000 Value	60.59 B	715	0.20	13	1.90	2.11	6.75	7.70	10.59	0.56
Small Cap (blend)	iShares Core S&P Small-Cap ETF	1.62 B	606	0.07	13	2.02	1.22	12.76	10.75	13.56	0.38
Small Cap (blend)	Schwab US Small-Cap ETF	2.62 B	1748	0.05	11	2.01	1.31	11.23	7.82	11.61	0.50
Small Cap Value	Vanguard Small Cap Value	3.80 B	888	0.19	19	1.91	1.79	8.23	8.25	11.52	0.68
Small Cap Value	iShares Russell 2000 Value	1.58 B	1406	0.24	24	1.40	1.85	5.04	7.76	9.88	0.60
Small Cap Value	iShares Micro-Cap	0.52 B	1383	0.60	21	1.75	1.10	13.39	8.05	11.73	0.39
Marketwide	Vanguard Total Stock Market	58.17 B	3648	0.14	3	2.81	1.65	13.95	10.26	12.89	0.61
Marketwide	Fidelity Total Market Index	58.29 B	3341	0.09	4	2.81	1.58	13.98	10.32	12.92	0.90

Foreign Stocks

Developed Markets	Vanguard FTSE Developed Markets ETF	24.25 B	3855	0.17	3	1.55	2.75	15.12	6.01	0.00	0.77
Developed Markets	iShares Core MSCI EAFE ETF	25.06 B	2534	0.08	2	1.61	2.60	16.78	6.89	7.29	0.71
Emerging Markets	Vanguard Emerging Markets Stock	20.80 B	4151	0.32	6	1.72	2.13	19.38	7.95	4.29	0.84
Emerging Markets	Schwab Emerging Markets Equity ETF	33.13 B	920	0.13	7	1.70	2.29	22.58	8.14	4.94	0.77

Gold-Related Funds

Gold ETFs	iShares Gold Trust			0.25			0.00	6.00	3.60	-3.89	0.00
Gold ETFs	SPDR Gold Shares			0.40			0.00	5.96	3.44	-4.02	0.00

Data provided by the funds and Morningstar. (1) Some funds are available as mutual funds and ETFs, in which case both symbols are shown. In these cases, data represent the mutual fund. The ETF may offer a lower expense ratio and returns may deviate. For Vanguard funds, the investor share class is shown. The Admiral share class, which has a higher minimum investment, may offer lower expenses. (2) VGXRX includes a 0.25% fee on purchases and redemptions, which are paid directly to the fund. (3) This represents the percentage-point reduction in an annualized return that results from income taxes. This calculation (source: Morningstar) assumes investors pay the maximum federal rate on capital gains and ordinary income.

The information herein is derived from generally reliable sources, but cannot be guaranteed. American Investment Services, the American Institute for Economic Research, and the officers, employees, or other persons affiliated with either organization may have positions in the investments referred to herein.