



**Item 1      Cover Page**

**Part 2A of Form ADV: Firm Brochure**

**American Investment Services, Inc.**

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March 31, 2023

This brochure provides information about the qualifications and business practices of American Investment Services, Inc. (hereinafter "AIS," the "Firm", "we" or "our"). Should the reader have any questions about the contents of this brochure, please contact AIS at 888-528-1216 or [AisInfo@americaninvestment.com](mailto:AisInfo@americaninvestment.com).

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

AIS is an SEC-registered investment adviser. Registration of an investment adviser does not imply a certain level of skill or training.

Additional information about AIS is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Search the site using a unique identifying number, known as a CRD number. AIS' CRD number is 110043.

## Item 2      Material Changes

This item is used to provide our clients and prospective clients with a summary of new and/or updated information. We will advise you of changes based on the nature of the revision(s) as follows:

- *Annual Update.* We are required to update certain information at least annually, within 90 days of our firm's fiscal year end (FYE) of December 31. We will provide you with either a summary of the revised information with an offer to deliver the full revised Brochure within 120 days of our FYE or we will provide you with our revised Brochure that will include a summary of those changes in this Item.
- *Material Changes.* Should a material change in our operation occur, depending on its nature we will promptly communicate this to clients (otherwise, it will be summarized in this Item). "Material changes" requiring prompt notification will include changes of corporate structure; ownership, principals or directors; location or contact information; disciplinary proceedings; nature of advisory services – any information that is critical to a client's or prospective client's full understanding of who we are, how to contact us, and how we conduct business.

While there are no material changes to information previously provided in our Firm Brochure dated March 30, 2022, additional information is provided concerning Dimensional Fund Advisors' (DFA) SMA Offerings see sub-sections under the heading of *Sub-Adviser Separately Managed Accounts* in the following items:

Item 4: Sub-Adviser Separately Managed Accounts

Item 8: Types of Investments

Item 12: Brokerage Practices

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## Item 4      **Advisory Business**

### **GENERAL INFORMATION**

American Investment Services, Inc. ("AIS"), a SEC-registered investment adviser incorporated in Delaware with its principal place of business located in Massachusetts, began conducting business in 1978. AIS is a wholly owned subsidiary of the American Institute for Economic Research ("AIER"), a not-for-profit organization, and is governed by a Board of Directors appointed by AIER's Trustees. AIER established AIS to manage certain trust assets contributed to AIER and to provide investment advice and information to public investors.

#### AIS Board of Directors

Neil D. Holden, DBA, Chair  
Roy Bouffard, CFP  
Nelson E. Furlano, CPA  
Gerald E. Sohan, PhD

#### AIS Mission Statement

AIS provides wealth management services and publications based on portfolio diversification, discipline, and cost effectiveness consistent with the scientific research findings of AIER. AIS serves the interests of individuals and organizations through these investment services and the sale of investment publications and seeks to maximize shareholder wealth by acting in the best interests of clients.

AIS carries out this mission by providing individuals, charitable organizations, corporations and institutional investors with wealth management and advisory services and through the sale of a monthly newsletter, the *Investment Guide* ("IG").

#### AIS Staff

John L. Barry, President, and Chief Executive Officer  
Luke F. Delorme, Director of Financial Planning  
Seth L. Hoffman, Vice President  
Charles D. Murphy, Vice President, and Chief Financial Officer  
Sandra Potter-Stevenson, Chief Compliance Officer  
Michelle Ryan, Bookkeeper  
David F. St. Peter, Vice President, Dir. of Institutional Services and Corp. Secretary  
Tricia R. Storti, Client Services Manager  
Matthew J. Svirida, Vice President  
Mackenzie W. Waggaman, Vice President  
Tyler Warner, Client Services Associate

AIS offers services on a non-exclusive basis. As fiduciaries to all our clients, we seek to avoid situations where one client's interests may conflict with the interests of other clients or the interests of AIS and to provide full and fair disclosure when such potential or actual conflict(s) exists.

All clients and prospective clients should be aware of the following with respect to AIS and AIS' parent, AIER:

- AIER and its trust funds are collectively AIS' largest advisory client;
- AIS advisory services are available to AIS Directors, officers, and employees, and to AIER Trustees, officers, employees, and voting members;
- The AIS Board of Directors reviews the compensation of AIS employees; and
- The AIS Board of Directors declares any dividends paid to AIER, as sole shareholder of AIS.

If any of the relationships described above give rise to a conflict of interest, AIS endeavors to put the interests of its non-affiliated clients (i.e., those clients not specified above) first.

## **PORTFOLIO MANAGEMENT, SUPERVISION AND ADVICE**

AIS is a fee-only registered investment adviser. The investment approach underlying our investment services and publications can be characterized as structured, passive, asset allocation. This approach to wealth management is based on the major tenets of Modern Portfolio Theory ("MPT") which holds that capital markets are highly efficient at pricing securities and investors are rewarded with returns for accepting risk. Investment allocations regarding AIS' portfolio management services are based on our understanding of client objectives and needs formulated pursuant to an initial financial plan. Clients can impose reasonable restrictions on investing in specific company securities, industries, or types of financial products. Please refer to the "Investment Discretion" section (Item 16) of this document for more information.

While investment recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company AIS primarily utilizes mutual funds and exchange-traded funds – typically but not exclusively – those offered by Vanguard, Dimensional Fund Advisors (DFA), State Street SPDR ETFs, and BlackRock iShares. Further, select high yielding Dow equities (see High Yield Dow strategy below for further information), Real Estate Investment Trusts (REITs), utilities and bonds are also utilized in managing certain client accounts when appropriate to the client's strategy and risk tolerance. AIS advice can also encompass a broad range of other types of market securities in response to a client's or prospective client's current holdings or securities under consideration.

Because some types of investments involve certain additional degrees of risk, they will only be implemented when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

AIS offers wealth management and advisory services to clients, including:

- The Professional Asset Management program
- The High-Yield Dow program
- Sub-Advised Separately Managed Accounts (Dimensional SMAs)

### **Professional Asset Management (“PAM”)**

PAM is a discretionary wealth management service for an entire portfolio. This service is designed for clients who want structured low-cost, personalized asset management. Under PAM the client authorizes AIS to make and implement investment decisions with respect to a specified portfolio that is designed in consultation with client. The PAM service can include management of self-directed retirement plan assets on a discretionary basis if the plan permits, or, if it does not, on a supervisory basis involving continuous portfolio review and trading recommendations that are implemented by the client. PAM can also encompass management of certain legacy holdings including, but not limited to, annuities on either a discretionary or supervisory basis.

Generally, AIS implements a balanced portfolio which offers advantages both to the manager and to the client. For the manager, being able to use both components of the portfolio construction — asset class selection and asset allocation — allows for flexibility that produces more consistent returns.

For the client, such as an endowment, having a balanced manager can add value, because the pivotal asset allocation decision is continuously reviewed by a professional investment manager rather than part time by an investment committee. That committee together with their AIS investment manager will establish strategic asset allocation guidelines initially and on a going forward basis.

AIS requires a minimum investment of \$300,000 for new clients beginning July 1, 2021. Under certain limited circumstances this minimum account size is negotiable. Please refer to the “Fees and Compensation” section (Item 5) of this document for further information regarding account requirements and advisory fees.

Generally, PAM clients receive the following:

- Development and implementation of a client-specific investment policy based on the account manager’s understanding of the client’s specific circumstances and needs. Portfolios are continually monitored, and investment policies are updated as needed, e.g., in response to changes in client circumstances. Typically, this investment policy will include a recommendation for liquidation of existing securities (taking into consideration tax and other consequences), although AIS retains sole discretion to maintain certain legacy positions. In some instances, such legacy assets will be excluded from AIS’ fee calculation pursuant to a client’s request;
- Quarterly reports, which include portfolio holdings by asset class and total returns versus appropriate benchmarks (from inception and for various time periods);
- Portfolio reviews, no less frequently than once per calendar quarter, to include portfolio rebalancing if warranted; and

- Access to DFA mutual fund products which are generally only available through DFA-approved advisors.
- PAM includes financial planning and consulting. This includes a review of the client's overall financial objectives and situations at the inception of service and an annual updating review. The account manager will discuss the client's options, as appropriate, regarding taxation, retirement planning, insurance, endowment spending and business planning legacy concerns as well as other client-specific financial planning matters. A formal written financial plan can be prepared, depending on the client's needs and desires.
- Certain portfolios also include a client's defined contribution plan assets. As reflected in certain clients' Investment Management Agreement AIS will not have discretionary investment or trading authority over such client's assets, however we will incorporate these holdings into the client's overall asset allocation and investment strategy. When appropriate, AIS shall provide recommended changes to the client, who, in turn, shall be responsible for their implementation.

*High-Yield Dow ("HYD").* As an adjunct to PAM, and when suitable to the needs of the client, all or a portion of the client's assets can be managed pursuant to AIS' HYD portfolio management strategy. The HYD strategy is designed to replicate the returns of a domestic large cap value model portfolio – the High-Yield Dow ("HYD") model -- based on internally conducted research. While the HYD model is generally fully invested in a subset of the Dow Jones Industrial Average (DJIA), individual accounts will also hold adequate cash to cover brokerage costs, AIS management fees (if the client authorizes AIS to deduct fees) and client distribution needs. The HYD model portfolio follows a rules-based "four for 18-month" strategy based on relative dividend yield. From time-to-time, the portfolio will include spin-offs of DJIA components or stocks that are no longer part of the DJIA and un-reinvested cash from dividends.

*Sub-Advised Separately Managed Accounts (Dimensional SMAs).* When appropriate to the specific needs of the client, AIS will utilize Dimensional Fund Advisors LP's (DFA) Separately Managed Accounts (Dimensional SMAs) to implement a customized portfolio employing an enhanced strategy tailored to the investor's particular needs. While DFA has discretionary authority for day-to-day management of the assets within the SMA, AIS will monitor all such client accounts on an on-going basis and may balance and reallocate assets as necessary. As the discretionary asset manager to such account(s) AIS is responsible for selecting the strategy or strategies for the client, and any changes to such strategy(ies) may only be made by AIS. AIS will also monitor the performance of the SMAs.

Participation in this SMA program requires clients to custody those assets at Charles Schwab, TD Ameritrade and/or Fidelity.

DFA SMA offerings include several types of equity strategies (i) US Large Cap Core Equity, (ii) US All Cap Core Equity 1 and 2; (iii) US All Cap Equity Market, (iv) Global ex US Large Cap Core, and (v) Global Large Cap Core.

For these accounts, AIS will ensure that the following conditions are met and maintained:

- 1) AIS will manage each client's account on the basis of the client's financial situation and investment objectives and any reasonable investment restrictions the client may impose;
- 2) AIS will obtain sufficient client information to be able to provide individualized investment advice to the client. **At least annually**, AIS will contact the client to determine whether there have been any changes in the client's financial situation or investment objectives and whether the client wishes to impose investment restrictions or modify existing restrictions. **On a quarterly basis** AIS will remind the client in writing to notify AIS if there have been changes in the client's financial situation or investment objectives and whether the client wishes to impose investment restrictions or modify existing restrictions. These quarterly notifications will include the means through which contact shall be made to AIS;
- 3) AIS will be reasonably available to consult with the client;
- 4) Each client is able to impose reasonable investment restrictions on the management of the account;
- 5) Each client will receive a quarterly statement with a description of all account activity; and,
- 6) Each client will retain certain indicia of ownership of the securities and funds in the account, e.g., the ability to withdraw securities, among others.

DFA has established a minimum account size of \$500,000 per strategy, (such as US Large Cap Core Equity) for the SMA offering. Currently, participation in this program is limited to U.S. residents only, and supports taxable and non-taxable accounts at Charles Schwab, Fidelity, and TD Ameritrade. Plans and accounts subject to ERISA are not eligible for Dimensional SMAs.

As noted above, clients may impose reasonable restrictions or mandates on the management of their account if, in AIS' discretion, the conditions will not materially impact the performance of a portfolio strategy or prove overly burdensome to its management efforts. DFA also reserves the right not to accept certain restrictions in its discretion.

AIS will deliver copies of DFA's disclosure documents (i.e., Form ADV Part 2A and Part 2B, Form CRS and Privacy Notice) to participating clients. Clients are encouraged to read these documents for a more comprehensive understanding of the program.

### ***Retirement Plan Consulting Services***

AIS provides this service solely to existing Retirement Plan Consulting clients. This service is no longer offered to new clients. AIS serves as consultant to sponsors of qualified retirement plans. Services provided to clients include any or all of the following services:

*Investment Policy Statement Preparation (hereinafter referred to as "IPS").* Together with the plan sponsor, AIS determines an appropriate investment strategy that reflects the plan sponsor's stated investment objectives for management of the overall plan which is memorialized in a written IPS detailing those needs and goals, including an encompassing policy under which these goals are to be achieved. The IPS also lists the criteria for selection of investment vehicles as well as the procedures and timing interval for monitoring of investment performance.

*Selection of Investment Vehicles.* AIS assists plan sponsors in constructing appropriate asset allocation models. AIS will then review various mutual funds to determine which investments are appropriate to implement the Plan's IPS. The number of investments to be recommended will be determined by the plan sponsor, based on the IPS.

*Monitoring of Investment Performance.* AIS monitors investment options for participants. Although AIS is not involved in any way in the purchase or sale of these investments, AIS evaluates the plan investment options and will make recommendations to the plan sponsor.

*Employee Communications.* Within these retirement plans, participants exercise control over assets in their own account ("self-directed plans"). We provide periodic educational support and investment workshops designed for the plan participants. The frequency and nature of the topics to be covered will be determined by AIS and the client under the guidelines established in ERISA Section 404(c). The educational support and investment workshops will NOT provide plan participants with individualized, tailored investment advice or individualized, tailored asset allocation recommendations.

## **Publications**

AIS publishes the *Investment Guide* (the "IG"), a monthly newsletter. Each issue reports on developments in modern portfolio theory and implications for individual investors. Additional investment-related topics include taxation, financial planning and innovations in capital markets.

Four times a year a "Quarterly Review of Capital Markets" is presented in the IG with sample portfolio allocations based on hypothetical (non-investable) commercial indexes. These allocations are intended to demonstrate how individuals of varying risk profiles can construct portfolios tailored to their circumstances and preferences. Each monthly issue includes a recommended list of no-load, low-cost index type investment vehicles appropriate for each asset class. These vehicles are periodically screened to meet AIS criteria with respect to expenses, turnover ratios, diversification, and consistency in their ability to deliver the returns of their respective asset class.

AIS is continuously monitoring the market for new investment vehicles that adhere to our requisite criteria while providing optimal returns for risk assumed.

Investment recommendations covering broad asset classes are provided in this newsletter, however, the information provided does not purport to meet the objectives or needs of any individual or provide personalized investment advice, nor is account supervision provided for subscribers. Furthermore, the opinions expressed in the *Investment Guide* are subject to change.

## **AMOUNT OF REGULATORY ASSETS UNDER MANAGEMENT**

As of December 31, 2022, AIS provided continuous and regular supervision or management services on a discretionary basis for client assets totaling \$1,203,447,677. AIS has no non-discretionary regulatory assets under management.

## **Item 5 Fees and Compensation**

### **PORTFOLIO MANAGEMENT SERVICES FEES**

AIS provides investment services on a fee-only basis. The specific manner in which fees are charged is established in the client's written Investment Management Agreement with AIS.

AIS charges asset value-based fees calculated as a percentage of Assets Under Management ("AUM"). Effective July 1, 2021, our annualized fee charged to new advisory clients typically is calculated according to the following schedule:

<b>Tier</b>	<b>Applies to AUM</b>	<b>Annual Fee</b>
1	Up to \$1 million	1.00% of AUM
2	\$1,000,001 - \$5,000,000	Tier 1 maximum fee plus 0.60% of AUM in Tier 2
3	\$5,000,001 - \$10,000,000	Tier 2 maximum fee plus 0.40% of AUM in Tier 3
4	\$10,000,001 - \$20,000,000	Tier 3 maximum fee plus 0.25% of AUM in Tier 4
5	\$20,000,001 - \$150,000,000	Flat 0.275% of total AUM up to \$150 million
6	Over \$150,000,000	Tier 5 maximum plus 0.15% of AUM in Tier 6

Pre-existing PAM clients' fees and minimum account requirements will be calculated in accordance with the terms of their contracts, while an annual seventy-five basis points fee will continue to be charged to certain pre-existing PAS accounts (a service no longer offered).

### ***Sub-Advised Separately Managed Accounts (Dimensional SMAs) Fees.***

The annual investment management fee charged by DFA (calculated as a percentage of the assets allocated to DFA) is separate from, and in addition to, AIS' advisory fee as set forth above and will be directly debited from the client's sub-advised account on a quarterly basis in arrears. To the extent that DFA ETFs or mutual fund positions are held in the same account as a DFA SMA, such positions will not be billed the SMA rate (but will still be assessed customary internal fund fees). The annual fee to be paid to DFA for each Account shall be 23 basis points (0.23%).

### ***Retirement Plan Consulting Services Fees***

Fees for Retirement Plan Consulting Services are calculated as either a fixed fee or based on a percentage of plan assets according to the PAM fee schedule in effect at the time the client enters into the Investment Management Agreement with AIS. The nature and amount of the fee will be determined based on the services to be provided and plan size (measured as the number of plan participants and/or plan asset values).

### **Publication Cost**

The present cost of a monthly *Investment Guide* subscription is \$59/year for print and \$49/year for electronic delivery. The annual subscription fee is waived for all AIS advisory clients. From time-to-time AIS offers discounted subscriptions as part of our marketing efforts. Even though AIS' stated privacy policy and practice does not permit sharing of clients' personally identifiable information (PII) with third-parties, due to the regulatory obligations imposed under the European Union's (EU) General Data Protection Regulation (GDPR), AIS will no longer offer to or accept *Investment Guide* subscriptions from existing or new users located in the EU or the European Economic Area (EEA).

### **GENERAL INFORMATION**

*Portfolio Management Service Fees.* Fees are calculated and billed in arrears at the end of each calendar quarter based upon the asset value (market or fair market value in the absence of market value), of the client's account as of the close of business on the last day of the calendar quarter being billed. The initial date for calculating AUM is the date on which the assets are available for trading in the managed account. If services rendered by AIS commence on a day other than the first day of the calendar quarter or terminate other than on the last day of the calendar quarter, the fee is prorated.

Fees for partial quarters will be prorated based on the number of days during the calendar quarter during which the account agreement was in effect. Prior to billing, account managers review recent capital contributions made into a client's account to ascertain whether such funds should be included or excluded from that quarter's fee calculation. Generally, AIS' policy is to exclude such additional assets if not yet invested.

When authorized by the client, fees are debited from the account in accordance with the terms set forth in the Investment Management Agreement.

*Limited Negotiability of Advisory Fees:* Although AIS has established the aforementioned fee schedule(s), we retain the discretion to negotiate alternative fees on a client-by-client basis. Client facts, circumstances and needs are considered in determining the fee schedule. These include the complexity of the client, assets to be placed under management, anticipated future additional assets; related accounts; portfolio style, account composition, and reports, among other factors. The specific annual fee schedule is identified in the Investment Management Agreement between AIS and each client. Accordingly, AIS' fees and minimum account requirements will differ among AIS clients.

AIS retains sole discretion, as an accommodation to certain clients, to group their related accounts for the purposes of achieving the minimum account size requirements and/or determining the annualized fee (e.g., families with minor children are combined into a single household).

*Termination of the Advisory Relationship.* A client agreement can be canceled at any time, by either party, for any reason upon receipt of ten (10) days written notice.

Upon termination of any account, any earned fees will be immediately due and payable. Any fees due to AIS shall be prorated to the date of termination and either directly debited or billed in accordance with the terms of the Investment Management Agreement.

*Subscription Fee Refunds.* Any prepaid, unearned subscription fees will be pro-rated and promptly refunded upon receipt of notice of cancellation.

*Mutual Fund Fees.* All fees paid to AIS for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs to their shareholders. These fees and expenses are described in each fund's prospectus.

These fees will generally include a management fee, other fund expenses, and a possible distribution and/or redemption fee. To the extent possible AIS does not utilize mutual funds with sales loads. However, in certain supervisory accounts where AIS does not have authority to select such funds (e.g., 401(k) plans with a predetermined menu of available funds), certain of those funds levy sales charges in which case a client pays an initial or deferred sales charge. Generally, a client could invest in certain mutual funds directly, without our services. In that case, the client would not receive the services provided by AIS which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Notably, certain funds utilized by AIS may not be available to the client directly. Accordingly, the client should review both the fees charged by the funds and AIS' fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

*Short-Term Idle Cash Investment.* To the extent an account holds cash, as mutually agreed upon with the client, AIS will endeavor to invest such funds with the objective of maximizing returns while maintaining liquidity and security of such assets. Cash not otherwise invested by AIS is generally invested by the client's custodian and can generate an interest return (income) for the client. If the cash is invested through a

commingled or mutual fund administered through the custodian, then an affiliate of the custodian will normally handle managing the fund. A portion of the interest earned will be allocated for payment of the fund's separate management fee. AIS is not affiliated with any such custodian, does not share in that fee, does not participate in such investment decisions and is not liable with regard to such investments. Any such fees, charges, etc., are exclusive of and in addition to AIS' advisory fees.

*Additional Fees and Expenses.* AIS' fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which are incurred by the client. As applicable, such additional fees include among others, custodial fees, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Clients' whose legacy assets include mutual funds with front or rear-load fees may also be subject to sales charges. Such charges, fees and commissions are exclusive of, and in addition to our fee, and AIS will not receive any portion of these commissions, fees, and costs. Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

*Certain Fees for Annuities.* Although we do not generally recommend annuities, for clients with an existing annuity and in response to a client request, AIS can provide advice regarding the selection of annuities and asset allocation among the underlying sub-accounts held within variable annuities. Clients who engage AIS to manage such products will in effect incur three levels of fees: fees paid to the insurance company, fees assessed by the investment manager of the sub-accounts, and our AIS management fee. Insurance product fees and expenses are described in each product's prospectus, but typically include asset based, spread, mortality fees as well as surrender charges and sales fees.

*Grandfathering of Minimum Account Requirements.* Advisory clients are subject to minimum account requirements and advisory fees in accordance with the terms of their Investment Management Agreement with AIS. Therefore, AIS' minimum account requirements and advisory fee schedules differ among clients.

We also reserve the right to reduce or waive advisory fees for services provided to related persons of AIS and AIER, family members and friends of individuals associated with our firm. Such rates are not available to all our advisory clients.

*No Advice on Client Directed Orders.* From time to time, clients may direct AIS to purchase or sell securities on their behalf ("client directed transactions"). AIS does not take investment advisory responsibility for such transactions. Further, AIS retains the discretion to include or exclude such investments from the client's portfolio managed by AIS. If securities purchased in this manner are held in a segregated portion of the Client's account (e.g., non-managed assets) then such securities shall not be included in the valuation of the account for purposes of calculating the advisory fee payable by Client for AIS' investment advisory services. AIS will not provide investment advisory services with regard to such holdings.

*ERISA Accounts.* AIS is deemed to be a fiduciary to advisory clients that are employee benefit plans or certain individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act (“ERISA”), and regulations under the Internal Revenue Code of 1986. As such, AIS is obligated to (i) act prudently and solely in the interest of plan participants and their beneficiaries and with the exclusive purpose of providing benefits to them; (ii) adhere to the plan documents, and (iii) diversify plan investments, among other requirements.

*Rollover Recommendations.* A conflict of interest arises when AIS makes recommendations about ERISA plan distributions and rollovers (“rollover recommendations”) if it results in AIS receiving compensation that it would not have received absent the recommendation, for example, fees for advising a rollover IRA. AIS will manage this conflict through a process designed to develop an informed recommendation in the best interest of the client. No client is under any obligation to roll over ERISA plan or IRA assets to an account advised or managed by AIS. In addition to being a conflict of interest, it is also a prohibited transaction under ERISA where AIS receives compensation from the rollover IRA that it would not have received absent the recommendation. In that circumstance, AIS will comply with the conditions of exceptions to the prohibited transaction rules.

*Advisory Fees in General.* Clients should be aware that equivalent advisory services may be available from other investment advisers for competitive fees.

*Limited Prepayment of Fees.* Under no circumstances does AIS require or solicit payment of fees in excess of \$1,200 more than six months in advance of services rendered.

*Non-Participation in Wrap Fee Programs.* As a matter of firm policy, AIS does not sponsor or serve as a portfolio manager for any wrap fee programs.

## **Item 6      Performance-Based Fees and Side-By-Side Management**

AIS does not charge performance-based fees, nor does it provide side-by-side management arrangements.

## **Item 7      Types of Clients**

AIS generally provides advisory services to the following types of clients:

- Individuals (other than high net worth individuals);
- High net worth individuals;
- Pension and profit sharing plans;
- Charitable organizations;
- Corporations or other businesses not listed above; and
- State or municipal government entities.

Refer to Professional Asset Management (PAM) and Sub-Advised Separately Managed Accounts (Dimensional SMAs) programs in Item 4 above for information regarding certain terms and conditions imposed for participation.

## **Item 8 Methods of Analysis, Investment Strategies and Risk of Loss**

### **INVESTMENT STRATEGIES**

AIS' investment strategy is based on a wide body of empirical academic research and historical market data that embodies the major tenets of Modern Portfolio Theory ("MPT"), as articulated by the work of Harry Markowitz (the Capital Asset Pricing Model), Eugene Fama, Sr. (Efficient Market Hypothesis), Fama and Kenneth French (three-factor regression), and William Sharpe (the Arithmetic of Active Management), among others.

AIS also incorporates research based on the work of AIER founder, E.C. Harwood, pertaining to monetary theory, inflation, and gold-related assets as an alternative to fiat currency.

AIS' approach to the capital markets relies on several key principles:

- Markets are efficient. Companies compete with each other for investment capital and investors compete for attractive returns. This competition quickly drives prices to fair value in the "collective judgment" of all market participants and ensures that no investor can consistently expect greater return without bearing greater risk.
- All investors, in the aggregate, can expect the market rate of return less expenses.
- Idiosyncratic risk, or the risks posed by holding individual stocks or sectors, can be mitigated through comprehensive global portfolio diversification. Systemic risk cannot be diversified away. Therefore, investors willing to accept more systemic risk expect to be rewarded with prospects for higher return. Investors can mitigate this risk by adding more stable assets such as short-term bonds and cash.
- Equity returns can be explained by exposure to three risk factors – the risk of the market (or Beta), exposure to small capitalization stocks and exposure to value stocks (measured by book-to-market or dividend yield). "Tilting" an "all-market" portfolio toward either of the other two factors will increase expected returns.
- The returns on fixed income securities or a portfolio of fixed income securities is highly dependent on a portfolio's exposure to term and credit risk.
- Gold is an asset. In times of extreme financial disruption, gold can provide a form of portfolio insurance.

These principles demonstrate that in a globally diversified portfolio, asset allocation decisions and portfolio structure, rather than market timing or individual stock selection determine portfolio returns. Within this framework the most important factors that determine success are an appropriate understanding of investor's risk preference and the control of all investment-related costs (i.e., expenses and taxes).

***Disciplined Rebalancing.*** Portfolio rebalancing is judiciously implemented to maintain proper alignment with defined allocation targets or target ranges and consistency with each client's stated risk tolerance, investment objectives and cash flow needs.

*Generally.* In executing rebalancing actions, the portfolio manager will seek to rebalance one or more asset classes closer to the targets but retains the authority not to rebalance a specific asset class or security for various reasons, such as avoidance of short-term capital gains, deferring long-term capital gains, minimizing transaction costs or cash flow needs, among others. AIS will generally not place rebalancing trades if transaction costs are not justified.

*HYD Holdings.* AIS' High-Yield Dow model portfolio is evaluated and rebalanced monthly based on mid-month data. HYD accounts are promptly rebalanced in a reasonable timeframe following the mid-month updating of the High-Yield Dow portfolio. This is done to bring the holdings back in line with the percentage value of each holding in the model portfolio. The portfolio manager can elect to delay rebalancing certain securities for pending dividend payments, or to prevent violating certain market trading rules (e.g., wash sales) among other client-specific considerations.

## **SOURCES OF INFORMATION**

AIS relies heavily on information provided by clients pertaining to their financial situation, investment objectives, time horizon, liquidity requirements, tax sensitivity, risk tolerance, estate plans and other factors. This information forms the foundation of an asset allocation plan designed to meet each client's goals and is typically formalized in an Investment Policy Statement ("IPS"). The IPS is a communication tool that is revised as the clients' circumstances and objectives change.

AIS relies on internal as well as external research. AIS utilizes the following sources in conducting its research, Morningstar, Bloomberg, Charles Schwab and JP Morgan Research Capital Markets Assumptions, among other resources. We also utilize MoneyGuide Pro as part of our initial and periodic financial planning processes.

AIS receives research and consulting services from, Charles Schwab, Vanguard, State Street Global Advisors, BlackRock and DFA. DFA also provides historical market data and computer programs. AIS uses this information to model historical and expected returns – and to conduct probabilistic forecasting (i.e., Monte Carlo simulation).

## **TYPES OF INVESTMENTS**

AIS generally builds portfolios of no-load equity and bond mutual funds and ETFs. AIS typically recommends passively managed index or factor-based funds managed by DFA, State Street, BlackRock and Vanguard. These funds provide broad diversification and low turnover which reduces fund management expenses incurred by fund shareholders.

In certain accounts when appropriate to the client's risk tolerance threshold and investment strategy, AIS utilizes the High-Yield Dow investment strategy (i.e., individual U.S. large-cap value securities), individual Real Estate Investment Trust (REIT) securities, individual utility securities, and individual fixed income instruments. AIS also takes positions in gold bullion-backed exchange traded funds on behalf of our clients.

Certain clients' portfolios also include individual equity or fixed income securities that are not included in any of the strategies described. These are exceptions and usually "legacy" positions that a client typically has purchased prior to engaging AIS. Such securities are typically held due to tax considerations or other client-specific reasons.

AIS will generally develop a plan in consultation with the client for the liquidation of non-recommended positions. If a client wishes to maintain non-recommended securities and not include them in their portfolio AIS retains authority, in its sole discretion, after discussion with the client, to exclude them from the management fee and performance calculations. Such holdings, however, will be incorporated into the client's overall asset allocation. Under those circumstances, AIS reports will clearly state when positions are "unsupervised", and that AIS is not responsible for their management.

With regard to certain non-discretionary assets maintained within particular PAM accounts, defined contribution plan (such as 401(k)s) investment options vary widely from plan to plan and are determined by plan sponsors. The available investment options therefore do not necessarily reflect what AIS would select absent those limitations. AIS will review investment options for client self-directed defined contribution assets and make recommendations that are determined to be most suitable to the client's individual situation and best interests.

AIS will also review existing variable annuities for prospective clients and recommend that clients transfer their existing annuities to low-cost, no-load variable or fixed annuities when appropriate. If appropriate AIS will manage these annuities as part of the client's overall asset allocation plan.

*Sub-Advised Separately Managed Accounts (Dimensional SMAs).* Current SMA offerings include several types of equity strategies: US Large Cap Core Equity, US All Cap Core Equity 1 and 2, US All Cap Equity Market, Global ex US Large Cap Core, and Global Large Cap Core. Beginning in January 2023, Dimensional has added the ability to include ETFs along with direct security holdings. Program participants can utilize cash and eligible stocks (US equities and ADRs) to fund an SMA with Dimensional.

## **RISK OF LOSS, GENERALLY**

Investing in securities involves a risk of loss that clients should be prepared to bear. Risk is the measurement of the degree of unpredictability of a given portfolio's return in any given period. All investment programs carry the risk of loss, and there is no guarantee that any recommended investment strategy will meet its objectives.

Even the most conservative investment strategy is subject to risk. Investment recommendations seek to limit risk through global diversification both within and across asset classes, including global and fixed income securities.

Diversification can minimize portfolio volatility but will not eliminate the possibility of declines in portfolio values, which can be severe at times. AIS believes that investors will be rewarded with higher expected returns (relative to the entire market) by increasing exposure to the risks inherent in small cap and value stocks. Additionally, an allocation to gold-related assets has provided portfolio protection in times of extreme market instability.

We ask that you work with us to help us understand your tolerance for risk and volatility.

### **Specific Types of Risk**

*Market Risk.* Market risk, also known as systematic risk, is the risk inherent to the entire market or an entire market segment. For example, interest rates, recession, natural disasters and wars all represent sources of systematic market risk that cannot be avoided through market diversification. Even a long-term investment approach cannot guarantee a profit. Economic, political, and issuer-specific events will cause the value of securities, and the funds that own them, to rise or fall. The value of even a well-diversified portfolio will fluctuate, and there is a risk that investors will lose money.

*Foreign Securities and Currencies Risk.* Foreign securities prices are subject to decline or fluctuations due to: (a) economic or political actions of foreign governments, and/or (b) less regulated or less liquid securities markets. Investors holding these securities are also exposed to foreign currency risk (the possibility that foreign currency will fluctuate in value against the U.S. dollar).

*Small Company Risk.* Securities of small companies are often less liquid than those of large companies which can make it difficult to execute trades in such a security at a desired time or price. As a result, small company stocks fluctuate relatively more in price. In general, smaller capitalization companies are typically more vulnerable than larger companies to adverse business or economic developments due to more limited resources.

*Value Investment Risk.* Value stocks can perform differently from the market as a whole. At times, following a value-oriented investment strategy can cause the Portfolio to underperform equity funds that use other investment strategies. This risk may well be more pronounced within the High-Yield Dow strategy, which is less diversified than most large cap value indexing strategies.

*Emerging Markets Risk.* Numerous emerging market countries have a history of, and continue to experience, economic and political disruption. Stock markets in many emerging market countries are relatively small, expensive to trade in, and risky. Foreigners are often limited in their ability to invest in and withdraw assets from these markets. Additional restrictions may be imposed under other conditions. Frontier market countries generally have smaller economies or less developed capital markets. As a result, the risks of investing in emerging market countries are magnified in frontier market countries.

*Interest Rate Risk.* Fixed income securities are subject to interest rate risk because the prices of fixed income securities tend to move in the opposite direction of interest rates. When interest rates rise, fixed income security prices fall. When interest rates fall, fixed income security prices rise. In general, fixed income securities with longer maturities are more sensitive to these price changes versus fixed income securities with shorter maturities.

*Credit Risk.* Credit risk is the risk that the issuer of a security becomes unable to make interest payments and/or repay principal when due. A downgrade to an issuer's credit rating or a perceived change in an issuer's financial strength adversely affects a security's value, and thus, impacts fixed income performance.

*Inflation Risk.* To the extent that cash balances are maintained, assets are subject to the risk of inflation and loss of purchasing power when adjusted for inflation.

*Cybersecurity Risk.* Investment advisers, including AIS, must rely in part on digital and network technologies to conduct business. Equally, vendors essential to our operations conduct business electronically, transmitting and storing critical data on an ongoing basis as part of standard industry practices. Such networks and systems are potentially at risk of cyber-attacks seeking to obtain unauthorized access to digital systems to misappropriate sensitive information, corrupt data and/or cause operational disruption. The computer systems, networks and devices used by AIS and our vendors to conduct business operations employ a variety of protections designed to prevent damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches. Despite these various protections, systems, networks, or devices potentially can be breached and might in some circumstances result in unauthorized access to sensitive information about AIS or our clients. Such cybersecurity breaches could result in financial losses to one or more clients.

*Infrastructure Risk.* All AIS personnel are physically located in the firm's headquarters in western Massachusetts. While AIS has a business continuity plan, and all personnel can individually or collectively work remotely, loss of access to the building and/or the key personnel, caused by severe weather events (e.g., blizzard, tornado, etc.), fire or some other catastrophic event could result in a more protracted loss of electricity and/or telecommunications adversely affecting the Firm's operations and thus impact the investment returns of client accounts. Notably, as personnel are located in a number of geographically diverse locations and therefore utilize a variety of different power grids and telecommunications systems the overall impact of such events is more limited, enabling AIS to maintain ongoing business operations.

*Margin Risk.* While AIS does not trade on margin or recommend the use of margin as part of our investment strategies, individual clients may maintain margin accounts. Clients with short-term borrowing needs (for example as bridge financing for a real estate transaction) may borrow against the collateral of the securities held in their margin account. Clients utilizing margin accounts should understand the risks of value loss resulting from a margin call, particularly in volatile markets when securities prices can fall very quickly. There is a further risk that as margin is tied to a variable rate, the base rate to which the margin is indexed may rise. Should the broker issue a margin call, you will be required to sell your position in the security purchased on margin or add more cash to the account. In some circumstances, you may lose more money than you originally invested. Accordingly, clients with margin accounts are strongly encouraged to review and understand their broker's margin agreement.

*Selection of Independent Managers.* Although AIS will seek to select only independent money managers who will invest clients' assets with the highest level of integrity, our selection process cannot ensure that such managers will perform as desired, and AIS will have no control over the day-to-day operations of any selected independent money managers. Furthermore, AIS will not necessarily be aware of certain activities at the underlying money manager level, including but not limited to an independent money manager engaging in unreported risks, investment "style drift" or even regulatory breaches or fraud.

*Market Disruption, Health Crises, Terrorism and Geopolitical Risk.* The services provided by AIS are subject to the risk that war, terrorism, global health crises or similar pandemics, and other related geopolitical events increase short-term market volatility and may have adverse long-term effects on world economics and markets generally. These risks have previously led and may lead in the future to adverse effects on issuers of securities and the value of client's investments. At such times, AIS' exposure to a number of other risks described elsewhere in this section can increase.

The foregoing does not purport to be a complete enumeration or explanation of the risks involved in investments in equities and fixed income securities.

## **Item 9 Disciplinary Information**

AIS is required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of the AIS advisory business or the integrity of AIS' management.

AIS and AIS management personnel have no history of disciplinary events and therefore have nothing to disclose in response to this item.

## **Item 10 Other Financial Industry Activities and Affiliations**

AIS and AIS related persons are not engaged in other financial industry activities and have no other industry affiliations aside from that of our parent company, the American Institute for Economic Research (AIER).

## **Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

AIS has adopted a Code of Ethics (the "Code") which sets forth high ethical standards of business conduct that AIS requires of employees, including compliance with applicable Federal and State regulations governing registered investment advisory practices. The Code is designed such that the personal securities transactions, activities and interests of the Firm's employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees and their family members to invest for their own accounts.

AIS and our personnel owe a duty of loyalty, fairness and good faith towards clients and have an obligation to adhere not only to the specific provisions of the Code, but to the

general principles that guide the Code. The Firm has established policies requiring reporting by AIS supervised persons of Code violations to senior management or an alternate designee, and possible sanctions for Code violations include suspension or termination of employment.

AIS delivers the Code to each supervised person and requires an attestation of understanding and compliance with the Code by each such person. The Code requires that anyone associated with the advisory practice who possesses access to advisory recommendations ("access persons") provide initial and annual securities holdings reports and quarterly transaction reports to AIS' Chief Compliance Officer or designee.

The Code allows individuals associated with AIS to buy or sell for their personal accounts the same securities purchased for or recommended to clients. However, it is the expressed policy that no person employed by AIS shall prefer his or her own interest to that of an advisory client or make personal investment decisions based on investment decisions of advisory clients.

The Code of Ethics also details AIS' policy prohibiting the use of material non-public information and the confidentiality of client information. While AIS does not believe that it has any particular access to non-public information, all employees are reminded that such information is not to be used in a personal or professional capacity. As such, no Principal or employee of AIS is permitted to buy or sell securities where their decision is a result of information received as a result of his or her employment unless the information is also available to the investing public.

AIS does not participate in securities in which it has a material financial interest. AIS and its related persons, as a matter of policy, do not recommend to clients, or buy or sell for client accounts, securities in which the Firm or its related persons has a material financial interest.

AIS and individuals associated with our Firm are prohibited from engaging in principal or agency cross transactions.

AIS requires prior approval for any IPO or private placement investments by related persons of the Firm.

The Code also provides for oversight, enforcement, and recordkeeping provisions. AIS has established procedures for the maintenance of all required books and records.

A copy of the AIS Code of Ethics is available to advisory clients and prospective clients upon request emailed to [AisInfo@americaninvestment.com](mailto:AisInfo@americaninvestment.com), or by calling 888-528-1216.

## **Item 12 Brokerage Practices**

AIS' soft dollar policy prohibits us from entering into third party soft dollar arrangements. The term *soft dollars* generally refer to arrangements whereby an investment adviser granted discretionary brokerage authority is allowed to pay for and receive research, research-related or execution services from a broker-dealer or third-party provider, in addition to the execution of transactions, in exchange for the brokerage commissions from transactions for client accounts.

Prior to engaging AIS to provide discretionary wealth management and supervisory services, clients will be required to execute an Investment Management Agreement with AIS setting forth the terms and conditions under which AIS shall manage the client's assets plus a separate custodial/clearing agreement with one or more broker-dealer/custodians designated by the client.

## **DIRECTED BROKERAGE**

As AIS will not request the discretionary authority to determine the broker-dealer to be used or the commission rates to be paid in these situations, clients must direct our firm as to the broker-dealer to be used. AIS participates in the Schwab Advisor Services program offered to independent investment advisers by Charles Schwab & Company, Inc., (Schwab).

AIS also participates in the TD Ameritrade Institutional services program offered to independent investment advisers by TD Ameritrade Institutional, a division of TD Ameritrade, Inc. ("TD Ameritrade"). Schwab and TD Ameritrade are SEC-registered broker-dealers, FINRA member firms and members of SIPC.

The Schwab and TD Ameritrade brokerage programs will generally be recommended to advisory clients for the execution of mutual fund and equity securities transactions. AIS periodically reviews these programs to ensure that these recommendations are consistent with our fiduciary duty. These trading platforms are essential to AIS' service arrangements and capabilities, and we retain the discretion to not accept clients who direct the use of other brokers.

As part of these programs, AIS receives benefits that would not otherwise be received if we did not offer investment advice (See the disclosure under Item 14 of this Brochure).

In directing the use of a particular broker or dealer, it should be understood that AIS will not have authority to negotiate commissions among various brokers or obtain volume discounts, and best execution may not be achieved. Not all investment advisers require clients to direct the use of specific brokers. In addition, a disparity in commission charges can exist between the commissions charged to the client and those charged to other clients (who direct the use of another broker).

In addition, certain clients have established accounts with National Financial Services LLC/Fidelity Brokerage Services LLC ("Fidelity") as the qualified custodian/broker. Fidelity is also a SEC-registered broker-dealer, FINRA member firm and member of SIPC.

Schwab, TD Ameritrade and Fidelity do not generally charge clients a custody fee and are compensated by account holders through commissions or other transaction-related fees for securities trades that are executed through the broker or that settle into the clients' accounts at the brokers.

AIS is independently operated and is not affiliated with Schwab, TD Ameritrade, Fidelity or any other custodian. Furthermore, AIS does not have any arrangements to compensate any broker-dealer for client referrals.

AIS also supervises accounts held by qualified custodians that are not among AIS' recommended custodians, on a limited basis. These accounts include but are not limited to self-directed 401k accounts, IRC Section 529 plans, and investment subaccounts held within annuities. The custodian for these accounts varies according to the account.

### **Products and Services Available to AIS from Schwab, TD Ameritrade and Fidelity**

Schwab, TD Ameritrade and Fidelity provide AIS and our clients with access to institutional brokerage services (trading, custody, reporting and related services), many of which are not typically available to retail customers. These custodian/brokers also make various support services available to AIS to help us manage or administer our clients' accounts and to help us manage and grow our business. These support services are generally available on an unsolicited basis (i.e., we do not have to request them) and at no charge to us. Following is a more detailed description of such support services:

*Services that benefit clients.* Institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available include some to which we might not otherwise have access, or that would require a significantly higher initial investment by our clients.

*Services not directly benefiting all clients.* Custodian/brokers also make available to AIS other products and services that benefit AIS but not directly benefit all clients or their accounts. These products and services assist us in managing and administering our clients' accounts.

They include investment research. This research is generally used to service all or a substantial number of our clients' accounts. In addition to investment research, software and other technologies are made available that:

- Provide access to client account data (such as duplicate trade confirmations and account statements)
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- Provide pricing and other market data
- Facilitate payment of our fees from our clients' accounts
- Assist with back-office functions, recordkeeping and client reporting

*Services that generally benefit only AIS.* Custodian/brokers offer other services intended to help us manage and further develop our business enterprise. These services include:

- Educational conferences and events
- Consulting on technology, compliance, legal and business needs
- Publications and conferences on practice management

The availability of such services from these custodian/brokers benefits AIS because we do not have to produce or purchase such services. This benefit gives rise to a conflict of interest (see Item 14—Client Referrals and Other Compensation). We have an incentive to recommend that clients maintain accounts with a custodian based on our interest in receiving services that benefit our business rather than solely based on clients' interests in receiving the best value in custody services and the most favorable execution of clients' transactions. We believe, however, that our recommendation of Schwab and TD Ameritrade as custodians and brokers serves the best interests of our clients. In recommending custodian/brokers to clients in need of such services, factors considered by AIS include, among others, their execution capability, financial responsibility, and responsiveness to our Firm. Our selection is primarily supported by the scope, quality, and price of services.

*Sub-Advised Separately Managed Accounts (Dimensional SMAs).* As a condition for participating in the program, clients will be required to utilize Schwab, TD Ameritrade or Fidelity for custody of their accounts. This is intended, among other reasons, to minimize trading costs through the avoidance of "trade-away fees."

### **Trade Aggregation and Allocation**

AIS will block trades where possible and when advantageous to clients. This blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple client accounts, so long as transaction costs are shared equally and on a pro-rated basis between all accounts included in any such block.

Block trading allows us to execute equity trades in a timelier, more equitable manner, at an average share price. AIS will typically aggregate trades among clients whose accounts can be traded at a given broker. AIS block trading policy and procedures are as follows:

- 1) Transactions for any client account will not be aggregated for execution if the practice is prohibited by or inconsistent with the client's Investment Management Agreement with AIS, or our firm's order allocation policy.
- 2) The account manager must determine that the purchase or sale of the particular security involved is appropriate for the client and consistent with the client's investment objectives and with any investment guidelines or restrictions applicable to the client's account.
- 3) The account manager must reasonably believe that the order aggregation will benefit and will enable AIS to seek best execution for each client participating in the aggregated order. This requires a good faith judgment at the time the order is placed for the execution. It does not mean that the determination made in advance of the transaction must always prove to have been correct in the light of a "20-20 hindsight" perspective. Best execution includes the duty to seek the best quality of execution, as well as the best net price.
- 4) Prior to entry of an aggregated order, an order ticket must be completed which identifies each client account participating in the order and the proposed allocation of the order, upon completion, to those clients.

- 5) If the order cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated pro rata among the participating client accounts in accordance with the initial order ticket or other written statement of allocation. However, adjustments to this pro rata allocation can be made to participating client accounts in accordance with the initial order ticket or other written statement of allocation. Furthermore, adjustments to this pro rata allocation can be made to avoid having odd amounts of shares held in any client account, or to avoid excessive ticket charges in smaller accounts.
- 6) Generally, each client that participates in the aggregated order must do so at the average price for all separate transactions made to fill the order and must share in the commissions on a pro rata basis in proportion to the client's participation. Under the client's agreement with the custodian/broker, transaction costs are based on the number of shares traded for each client.
- 7) If the order will be allocated in a manner other than that stated in the initial statement of allocation, a written explanation of the change must be provided to and approved by the Chief Compliance Officer no later than the morning following the execution of the aggregate trade.
- 8) AIS' client account records separately reflect, for each account in which the aggregated transaction occurred, the securities which are held by, and bought and sold for, that account.
- 9) Funds and securities for aggregated orders are clearly identified on AIS' records and to the broker-dealers or other intermediaries handling the transactions, by the appropriate account numbers for each participating client.
- 10) No client or account will be favored over another.

## **Trade Errors**

If it appears that a trade error has occurred, AIS will review the relevant facts and circumstances to determine an appropriate course of action. To the extent that a trade error occurs, our Firm's policy is to seek a resolution in concert with the account custodian by which clients are treated fairly when correcting the error such that clients are in a position that is no worse had the error not occurred. Following are brief summaries of our clients' primary custodians' trade error policies.

*Schwab Trade Error Policy.* In the event a trading error occurs in your account, our policy is to restore your account to the position it would have been in had the trading error not occurred. Depending on the circumstances, corrective actions may include canceling the trade and/or reimbursing the account. If a trade error results in a profit, typically you will keep the profit unless (i) it is not permissible for you to retain the gain, or (ii) pursuant to discussions with the custodian you decide to forego the gain (e.g., due to tax considerations). If the gain does not remain in your account, Schwab will donate the amount of any gain \$100 and over to a charity. If a loss occurs greater than \$100, AIS will pay for the loss. Schwab will maintain the loss or gain (if such gain is not retained in your account) if it is under \$100 to minimize and offset its administrative time and expense. Generally, if related trade errors result in both gains and losses in your account, they will be netted.

*TD Ameritrade Trade Error Policy.* Advisors are responsible for reimbursing clients for all losses due to trade errors made by Advisor in Client Accounts. Advisors are not entitled to retain “net gains” from trade corrections. “Net gains” are defined as positive error account balances resulting from trade corrections. TD Ameritrade will automatically sweep any Advisor error account balances to a designated TD Ameritrade error account each business day. TD Ameritrade will then donate the balances swept to the TD Ameritrade error account to charity. TD Ameritrade has no financial responsible, or liability to clients for Advisor’s trade errors.

*Fidelity Trade Error Policy.* Fidelity corrects the trade so that the position is as it would have been without the error. However, all profits or losses are placed in an error account. At the end of the quarter, if the error account has a negative balance, then AIS will cover the balance. If there is a positive balance, that balance is given to a charity of our choosing.

## **Retirement Plan Consulting Services**

AIS does not arrange for the execution of securities transactions for pension plans as a part of this service. The client is responsible for the implementation of securities transactions for these accounts.

## **Item 13 Review of Accounts**

### **PORTFOLIO MANAGEMENT ACCOUNTS**

While the underlying securities within our portfolio management accounts are continually monitored, account reviews are performed by the account’s primary and/or secondary portfolio manager, or AIS’ Director of Financial Planning no less than quarterly to determine if asset class values have deviated from desired allocation targets or target ranges and for the purpose of meeting clients’ cash flow needs.

Additional portfolio reviews are undertaken upon request by clients, such as when special cash needs arise or when additional cash or securities are added to the investment portfolio. AIS will respond to such requests promptly.

Other conditions triggering a review and potential rebalance are changes in the tax laws, new investment information and changes in a client’s situation or circumstances. Accordingly, it is important clients inform their respective account manager of any significant changes in their financial circumstances, objectives, etc. AIS generally also executes sales and purchases for tax loss harvesting.

**Reports.** In addition to the monthly statements and confirmations of transactions that clients receive from their broker-dealer, we provide managed account clients with written quarterly reports, which include portfolio holdings by asset class and total returns versus appropriate benchmarks (from inception and for various time periods). These reports also remind the client to notify us if there have been changes in the client’s financial situation or investment objectives and whether the client wishes to impose investment restrictions or modify existing restrictions.

*Sub-Advised Separately Managed Accounts (Dimensional SMAs).* DFA conducts daily portfolio monitoring that uses current market information to generate orders that balance

tradeoffs between premiums, costs, and diversification. In addition, AIS monitors client portfolios in a manner consistent with all our clients' managed accounts.

**Reports.** Reports provided to Dimensional SMA clients will be consistent with those received by our Portfolio Management clients as noted above. The SMA will be presented on AIS reports at the strategy level, while monthly custodial statements will present all individual securities held within the account for that strategy.

## **RETIREMENT PLAN CONSULTING SERVICES**

**Reviews.** AIS account managers will review the Plan's Investment Policy Statement (IPS) whenever the Plan Sponsor advises AIS of a change in circumstances regarding the needs of the plan. AIS will also review the investment options of the plan. Such reviews are generally conducted no less than annually.

**Reports.** Plan participants receive statements from the Plan's recordkeeper.

## **Item 14 Client Referrals and Other Compensation**

*Client Referrals.* AIS has been fortunate to receive many client referrals over the years. The referrals have come from current clients; through our parent company, AIER; and from attorneys, accountants, and friends, among others. It is the policy of AIS not to engage solicitors or to pay non-related persons for referring potential clients to AIS. AIS has adopted a policy to acknowledge and reward our staff for their dedication and contributions in the continuing growth and success of our business in the form of compensation based on year-end profitability. Quarterly, account managers receive additional compensation based on revenues generated by the amount of assets under their respective management. No individuals are compensated for client referrals.

It is also our Firm's policy not to accept or allow AIS related persons to accept any form of compensation, including cash, sales awards, or other prizes, from a non-client in conjunction with the advisory services AIS provides to clients.

*Other Compensation.* We receive an economic benefit from Schwab in the form of the support products and services it makes available to us and other independent investment advisors whose clients maintain their accounts at Schwab. In addition, Schwab has also agreed to pay for certain products and services for which we would otherwise have to pay once the value of our clients' assets in accounts at Schwab reaches a certain amount.

The availability to us of Schwab's products and services is not based on AIS giving particular investment advice, such as buying particular securities for our clients. These products and services, how they benefit us, and the related conflicts of interest are described above (see Item 12—Brokerage Practices).

## **Item 15 Custody**

AIS previously disclosed in the “Fees and Compensation” section (Item 5) of this Brochure that advisory fees are directly debited from many client accounts.

As part of this billing process, the client's custodian is advised of the amount of the fee to be deducted from that client's account. On at least a quarterly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period.

Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact AIS directly if they believe that there may be an error in their statement.

In addition to the periodic statements that clients receive directly from their custodians, AIS also sends account statements directly to clients on a quarterly basis. AIS urges all clients to carefully compare the information provided on these statements to ensure that all account transactions, holdings, and values are correct and current.

Pursuant to custody-related guidance issued by the SEC in 2017, advisers acting on behalf of their clients in reliance on a Standing Letter of Authorization (SLOA) or similar letter of authority to disburse client assets to a third-party are deemed to have custody unless the adviser does not have the discretion to determine the (i) amount, (ii) payee and (iii) timing of transfers under the SLOA. Accordingly, to the extent that AIS authorizes third-party transfers on behalf of clients pursuant to a SLOA, AIS will be deemed to have custody and must disclose specific information in response to Item 9 of Form ADV Part 1A. Further, and in response to the SEC's custody-related guidance, our clients' qualified custodians have evaluated and revised applicable practices to assist investment advisers to comply with the new SEC standards and requirements. Importantly, AIS' existing custody policy which strictly prohibits the firm and its employees from accepting or taking physical possession of clients' funds or securities remains unchanged.

## **Item 16 Investment Discretion**

Clients hire AIS to provide discretionary asset management services and, as such, AIS places trades in client accounts without contacting the client prior to each trade to obtain the client's permission.

Our Firm's discretionary authority includes the ability to do the following without contacting the client:

- Determine the security to buy or sell; and/or
- Determine the amount of the security to buy or sell

AIS requests written authority in the form of a limited power of attorney to trade in clients' accounts. This allows AIS to determine which securities to sell and in what amounts without consultation with the client on a transaction-by-transaction basis. However, the client is able to place reasonable conditions including restrictions on transactions in specific company securities or industries or types of financial products. These

conditions are be communicated to AIS in writing. Clients can also change/amend such limitations by providing AIS with written instructions.

In self-directed retirement plan accounts in which the plan does not permit discretionary management by a third party, and for certain annuities that do not permit discretionary management AIS will provide continuous account supervision and make specific trade recommendations to the client, who in turn, is responsible for their implementation.

## **Item 17 Voting Client Securities**

When given authority to vote proxies, AIS has responsibility for voting proxies for portfolio securities consistent with the best economic interests of our clients. We maintain written policies and procedures for handling, research, voting, and reporting of proxy voting and make appropriate disclosures about our firm's proxy policies and practices. Our policy and practices include the responsibility to monitor actions of corporations whose securities are held in clients' accounts and disclose any potential conflicts of interest as well as making information available to clients about the voting of proxies for their portfolio securities and maintaining relevant, required records.

### **PROXY VOTING OVERVIEW**

AIS utilizes ProxyEdge, Broadridge's suite of electronic voting services, to manage the process of meeting notifications, voting, tracking, reporting, record maintenance and vote disclosures consistent with rules enacted by the SEC. ProxyEdge will retain on our firm's behalf all required proxy voting books and records for the requisite period of time, including a copy of each proxy statement received and a record of each vote cast.

*Client Requests for Information.* A client can obtain a copy of our Proxy Voting Policy and/or a record of votes cast on his or her behalf (but not on behalf of any other client), without cost, by writing to American Investment Services, Inc. at 250 Division Street, Post Office Box 1000, Great Barrington, MA 01230, Attn: Chief Compliance Officer or via email sent to [sandras@americaninvestment.com](mailto:sandras@americaninvestment.com).

All client requests for information regarding proxy votes or requests for the firm's policies and procedures received by any employee should be forwarded to the Chief Compliance Officer, who, in response to any request will ensure that the client receives a written response with the information requested, and if applicable, will include the name of the issuer, the proposal voted upon, and how the client's proxy was voted with respect to each proposal about which the client inquired.

*Voting Guidelines.* AIS will generally vote all proxies for clients' equity securities managed by AIS on a discretionary basis. However, AIS can abstain from voting certain proxies when the time and costs associated with the mechanics of such vote are not in the client's best interests. Therefore, where the total number of a company's shares for which AIS collectively has voting authority represents a de minimis quantity (e.g., the total number of shares to be voted represents an infinitesimal number of the total shares outstanding) AIS will typically abstain from voting those shares.

Our policy is to vote all proxies from specific issuers the same way for each client, absent client specific restrictions, in which case, AIS will vote proxies in accordance with general or specific written instructions or guidelines provided by clients.

*Conflicts of Interest.* AIS recognizes that, under certain circumstances, a conflict can arise in voting proxies on behalf of clients. Should a potential conflict of interest be identified, we will contact such client(s) directly to obtain the client's direction as to the vote. AIS would refrain from voting if a matter covered by a proxy represents a material conflict of interest with the client(s) owning the securities, unless instructed how to vote by the client(s).

*Class Actions.* AIS will neither advise nor act on behalf of the client in legal proceedings involving companies whose securities are held in the client's account(s), including, but not limited to, the filing of "Proofs of Claim" in class action settlements. If desired, clients may direct AIS in writing to transmit copies of class action notices to the client or a third party. Upon such written direction, AIS will make commercially reasonable efforts to forward such notices in a timely manner.

*No Authority to Vote.* In cases in which a client does not give AIS authority to vote its proxies, clients should receive proxies or other solicitations directly from their custodian or transfer agent.

*Sub-Advised Separately Managed Accounts (Dimensional SMAs).* DFA votes proxies for securities held in participating clients' SMA accounts. As a matter of policy and as a fiduciary, DFA has the responsibility for voting proxies consistent with the best economic interests of the client and shall exercise its proxy voting authority in accordance with its proxy voting policies and procedures as detailed in its Form ADV Part 2A. DFA shall provide such information relating to its exercise of proxy voting authority (including the manner in which it has voted proxies and its resolution of conflicts of interest, if any) as reasonably requested by AIS from time to time.

## **Item 18 Financial Information**

As an advisory firm that maintains discretionary authority for client accounts, AIS is also required to disclose any financial condition that is reasonably likely to impair the Firm's ability to meet all contractual obligations. AIS has no such financial circumstances to report.

Under no circumstances does AIS require or solicit payment of fees in excess of \$1200 per client more than six months in advance of services rendered. Accordingly, AIS is not required to include a financial statement.

AIS has not been the subject of a bankruptcy petition at any time during the past ten years.