

SECURITIES AND EXCHANGE COMMISSION

FORM N-30D

Initial annual and semi-annual reports mailed to investment company shareholders pursuant to Rule 30e-1 (other than those required to be submitted as part of Form NCSR)

Filing Date: **1996-12-30** | Period of Report: **1996-10-31**
SEC Accession No. **0000950134-96-007126**

([HTML Version](#) on secdatabase.com)

FILER

AMERICAN AADVANTAGE MILEAGE FUNDS

CIK: **943824** | State of Incorporation: **DE** | Fiscal Year End: **1231**
Type: **N-30D** | Act: **40** | File No.: **811-09018** | Film No.: **96688351**

Business Address
4333 AMON CARTER BLVD
FORT WORTH TX 76155
8179673509

ANNUAL
REPORT

OCTOBER 31, 1996

AMERICAN AADVANTAGE
MILEAGE FUNDS (SM)

-PLATINUM CLASS-(SM)
P.O. Box 619003
Dallas/Fort Worth Airport, Texas
75261-9003
(800)967-9009

[AMERICAN LOGO]
AADVANTAGE
MILEAGE
FUNDS (SM)

-MILEAGE CLASS-(R)
P.O. Box 4580
Chicago, Illinois 60680-4580
(800) 388-3344

BALANCED MILEAGE FUND
GROWTH AND INCOME MILEAGE FUND
INTERNATIONAL EQUITY MILEAGE FUND
LIMITED-TERM INCOME MILEAGE FUND
MONEY MARKET MILEAGE FUND
MUNICIPAL MONEY MARKET
MILEAGE FUND
U.S. TREASURY MONEY MARKET
MILEAGE FUND

2

Dear Fellow Shareholder:

We are pleased to report to you on the performance of the American AAdvantage Mileage Funds and to provide you with a copy of the Annual Report for the year ended October 31, 1996.

Balanced Mileage Fund

The Balanced Mileage Fund's total return for the year ending October 31, 1996 was 15.97%. This return exceeded the Lipper Balanced Index total return average of 14.49%.

Both the stock and bond portions of the Fund performed well on a relative basis. The stock segment posted a 25.47% return, beating the S&P 500 Index's 24.02% return for the twelve month period. The bond segment's 5.82% return outpaced the 5.39% return of the Lehman Government/Corporate Index. The Fund maintained a relatively low cash position throughout the year which also aided overall returns.

During the year, the Fund modestly reduced its stock exposure from 60% to 57%, shifting in favor of bonds. The gradual reduction in stocks resulted from the combination of exceptionally strong stock market returns and relatively weak bond market returns during the period. Early in 1996, the yields on bonds rose and the price for bonds fell which made them more attractive. At the same time, the equity markets continued to climb due to low inflation, record M&A activity, and record mutual fund inflows. This combination of events led to boosting the level of the Fund's bond investments from 37% to 42% at October 31, 1996.

The Fund's discipline of purchasing stocks that are perceived to be undervalued in the market and which offer better than average growth expectations led to the Fund's largest overweightings in financial and energy stocks. As these sectors were the top performers in the S&P 500 Index for the twelve month period, these weightings assisted the Fund's performance. Financial stocks, especially banks, outperformed due to industry consolidations and the lack of any interest rate increases by the Federal Reserve. Energy stocks did exceptionally well as oil and gas prices rose steadily over the year. The utility sector was the poorest performer in the S&P 500 Index, and the only sector with negative returns, as changes in the legal and regulatory environments suppressed earnings. However, the Fund's decision to underweight utilities in favor of other sectors and its superior utility stock selection also aided performance relative to the S&P 500 Index.

The bond component of the Fund outpaced the Lehman Brothers

Government/Corporate Index by 0.43%. As the Presidential election approached, the bond market reacted with great uncertainty. During the year ended October 31, 1996, the yield on the 30-year Treasury began at 6.33%, dropped to a December 1995 low of 5.95%, rose to a high of 7.19% in July and dropped again to end at 6.64%. As interest rates were rising early in 1996, the Fund began to purchase bonds with a longer average maturity than the Lehman Govt/Corp Index. Later, when the market began its rally and bond yields began to fall, the Fund benefited from the longer maturity. The Fund then chose to shorten the average maturity of its bond holdings to protect the Fund should interest rates rise again.

Looking ahead, the Fund will continue to look for undervalued stocks with higher than average expected growth rates as this value approach to investing should provide downside protection without foregoing the opportunity for upside participation in any continued market gains.

Growth and Income Mileage Fund

The Growth and Income Mileage Fund also performed well for the year ending October 31, 1996. The Fund's total return was 22.77%. This return exceeded the Lipper Growth and Income Index total return average of 21.39%.

3

Since the Fund utilizes the same investment managers and the same approach to stock selection as the Balanced Mileage Fund, it also benefited from overweighted positions in financial and energy stocks and good stock selection in utilities. The consistent application of the Fund's value style continues to benefit its shareholders.

International Equity Mileage Fund

The International Equity Mileage Fund continued to post strong results on an absolute and relative basis for the twelve months ended October 31, 1996. The Fund's total return for the one year period was 16.58%, compared to a 12.65% return for the Lipper International Index.

Relative to the EAFE Index (the Morgan Stanley Capital International Europe, Australia and Far East Index) which returned 10.77% for the twelve month period, the Fund added value by holding a higher concentration of stocks based in the better performing countries and a lower concentration of stocks based in countries which were among the poorer performers. In addition, the Fund benefited from selecting stocks which performed better than their respective country's market average.

The underweighting of the Japanese market, which had an average EAFE weighting of 40% during the period and an average Fund weighting of 14%, continues to be the most significant departure from EAFE. Over the last twelve months, Japan's return of minus 0.7% ranked second worst among the 20 markets that comprise the EAFE Index. Although the situation in Japan is slowly improving, overall market valuations are expected to remain unattractive and growth should be subdued throughout 1997. In addition, the banking and real estate sectors remain troubled and Japanese exporters are facing intense competition from the developing Asian economies. Until the current environment improves, the Fund will continue to underweight the market.

In Europe, conditions are more favorable. Although the recovery has been sluggish as countries have been unable to use fiscal stimulus due to the impending European Monetary Union, with low inflation and high unemployment, monetary policy should remain accommodative. The Fund continues to underweight the stocks in the United Kingdom due to concerns of rising interest rates while overweighting the stocks based in the smaller markets. The Fund was helped by successful overweighting of the Dutch, Swedish and Spanish markets and positive stock selection in Germany.

Limited-Term Income Mileage Fund

For the twelve months ended October 31, 1996, the total return of the Limited-Term Income Mileage Fund was 4.55%. For the five years ended October 31, 1996, the total return was 5.55%. These results represent an outperformance of the fund's benchmark which was 4.54% for the twelve months and 5.41% for the five years. For a description of the benchmark for the Limited-Term Income Mileage Fund, please see the graph on page 7.

1996 was notable for the very rapid rise in rates that occurred from February through July. The two year Treasury note increased by approximately 160 basis points, in response to above average GDP growth in the first and second quarters. The Fund's duration was reduced significantly in this period. From the high yields reached in July, the two year Treasury note rallied back approximately half way (or 80 basis points) as GDP growth became more subdued and inflation remained low, allowing for a stable Fed policy. In this period, the duration of the Fund was returned to a more neutral posture. On October 31, the portfolio's weighted average duration was 2.1 years.

The Fund was responsive to the rapid shifts in both economic fundamentals and market psychology, actively managing its duration. This contributed to achieving superior performance relative to our

2

4

benchmark. The Fund also benefited from spread tightening in many of the sectors the Fund invests in, as there was good investor demand for securities with incremental yield to Treasuries.

Money Market Mileage Fund

For the twelve months ended October 31, 1996, the Mileage Class of the Money Market Mileage Fund outperformed its Lipper benchmark, the Money Market Instrument Average, achieving a total return of 5.12%. During the same period, the Platinum Class underperformed this benchmark achieving a total return of 4.78%.

After the Federal Reserve lowered interest rates on January 31, 1996 by 25 basis points, the economy grew in the first and second quarter by 2.0% and 4.2%, respectively. During this period of economic expansion, our expectations were that the Fed would adhere to a neutral to restrictive monetary policy. Consequently, the weighted average maturity of the portfolio was maintained at or near a neutral posture.

The Fund achieved its competitive performance during this period of relatively stable monetary policy by investing in variable rate securities that were indexed to the London Interbank Offering Rate, reset on a quarterly basis and had final maturities of 397 days or less. During this period of improving economic momentum, we established a strategy of overweighting stable to improving credits to increase yield. This strategy proved to be successful.

Municipal Money Market Mileage Fund

For the twelve months ended October 31, 1996, the Municipal Money Market Mileage Fund achieved annualized total return of 3.19%, and outperformed its benchmark, the Lipper Tax-Exempt Money Market Funds' Average. Since its inception, the Municipal Money Market Mileage Fund has invested exclusively in high credit worthy municipal issuers that have been further credit enhanced by either a bank letter of credit or bond insurance.

U.S. Treasury Money Market Mileage Fund

The U.S. Treasury Money Market Mileage Fund strengthened its relative performance for the twelve months ended October 31, 1996 versus the same period last year. The Fund had an annualized total return for the period of 4.98%, and outperformed its Lipper benchmark, the U.S. Treasury Money Market Funds Average. The Fund continues to be rated "AAAm" by Standard & Poor's Corporation.

As always, we appreciate your confidence and support and we will continue to strive to provide you with above average returns.

Sincerely,

/s/ WILLIAM F. QUINN

William F. Quinn
President
American AAdvantage Mileage Funds

3

5

AMERICAN AADVANTAGE BALANCED MILEAGE FUND PERFORMANCE SUMMARY THROUGH OCTOBER 31, 1996

COMPARISON OF CHANGE IN VALUE \$10,000 INVESTMENT IN THE FUND, THE STANDARD & POORS 500 INDEX, THE SHEARSON LEHMAN GOVERNMENT/CORPORATE AND THE LIPPER BALANCED INDEX*

<TABLE>

<CAPTION>

Annualized Returns	1 Year	5 Year	Inception to Date*
	-----	-----	-----
<S>	<C>	<C>	<C>
Mileage Fund**	15.97%	12.32%	10.60%
S&P 500	24.02%	15.53%	12.47%
SLGC	5.39%	7.96%	9.03%
Lipper Balanced Index	14.49%	11.10%	9.78%

</TABLE>

Past performance is not predictive of future performance.

[GRAPH]

<TABLE> <CAPTION>	Jul-87	Oct-87	Oct-88	Oct-89	Oct-90	Oct-91	Oct-92	Oct-93	Oct-94	Oct-95	Oct-96
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Mileage Fund **...	\$10,000	\$ 9,076	\$10,404	\$12,015	\$11,385	\$14,271	\$15,521	\$18,500	\$18,470	\$21,994	\$25,507
S&P 500....	\$10,000	\$ 8,082	\$ 9,275	\$11,719	\$10,841	\$14,476	\$15,917	\$18,290	\$19,009	\$24,021	\$29,790
SLGC.....	\$10,000	\$10,084	\$11,156	\$12,510	\$13,199	\$15,227	\$16,828	\$19,126	\$18,239	\$21,186	\$22,329
Lipper Balanced Index.....	\$10,000	\$ 8,624	\$ 9,758	\$11,408	\$10,974	\$14,066	\$15,326	\$17,793	\$17,683	\$20,793	\$23,806

* Inception date of the American AAdvantage Balanced Fund was 7/17/87. Changes in value for indices have a starting date of 7/15/87.

** Fund performance represents the total returns achieved by the Institutional Class of the American AAdvantage Balanced Fund from 7/17/87, the returns of the Mileage Class of the American AAdvantage Balanced Fund from 8/1/94 and the returns of the American AAdvantage Balanced Mileage Fund since its 11/1/95 inception. Expenses of the Mileage Class and Mileage Fund are higher than those of the Institutional Class. Therefore, total returns shown may be higher than they would have been had the Mileage Fund been in operation since 7/17/87.

AMERICAN AADVANTAGE GROWTH AND INCOME MILEAGE FUND
PERFORMANCE SUMMARY THROUGH OCTOBER 31, 1996

COMPARISON OF CHANGE IN VALUE \$10,000 INVESTMENT IN THE FUND, THE STANDARD & POORS 500 INDEX, AND THE LIPPER GROWTH & INCOME INDEX*

<TABLE> <CAPTION>	Annualized Returns	1 Year	5 Year	Inception to Date*
<S>	<C>	<C>	<C>	<C>
Mileage Fund**		22.77%	15.31%	12.12%
S&P 500		24.02%	15.53%	12.47%
Lipper Growth & Income Index		21.39%	14.41%	11.38%

Past performance is not predictive of future performance.

[GRAPH]

<TABLE> <CAPTION>	Jul-87	Oct-87	Oct-88	Oct-89	Oct-90	Oct-91	Oct-92	Oct-93	Oct-94	Oct-95	Oct-96
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Mileage Fund **.....	\$10,000	\$ 8,301	\$10,144	\$12,269	\$10,610	\$14,200	\$15,619	\$18,976	\$19,585	\$23,572	\$28,941
S&P 500....	\$10,000	\$ 8,082	\$ 9,275	\$11,719	\$10,841	\$14,476	\$15,917	\$18,290	\$19,009	\$24,021	\$29,790
Lipper Growth & Income Index....	\$10,000	\$ 8,227	\$ 9,722	\$11,746	\$10,388	\$13,886	\$15,123	\$18,071	\$18,642	\$22,422	\$27,220

* Inception date of the American AAdvantage Growth and Income Fund was 7/17/87. Changes in value for indices have a starting date of 7/15/87.

** Fund performance represents the total returns achieved by the Institutional Class of the American AAdvantage Growth and Income Fund from 7/17/87, the returns of the Mileage Class of the American AAdvantage Growth and Income Fund from 8/1/94 and the returns of the American AAdvantage Growth and Income Mileage Fund since its 11/1/95 inception. Expenses of the Mileage Class and

Mileage Fund are higher than those of the Institutional Class. Therefore, total returns shown may be higher than they would have been had the Mileage Fund been in operation since 7/17/87.

AMERICAN AADVANTAGE INTERNATIONAL EQUITY MILEAGE FUND
PERFORMANCE SUMMARY THROUGH OCTOBER 31, 1996

COMPARISON OF CHANGE IN VALUE \$10,000 INVESTMENT IN THE FUND, THE EAFE (EUROPE, AUSTRALIA, AND FAR EAST) INDEX, AND THE LIPPER INTERNATIONAL INDEX*

<TABLE>
<CAPTION>
Annualized Returns

	1 Year -----	5 Year -----	Inception to Date* -----
<S>	<C>	<C>	<C>
Mileage Fund**	16.58%	10.89%	10.66%
EAFE Index	10.77%	7.94%	8.90%
Lipper International Index	12.65%	9.73%	9.90%

</TABLE>

Past performance is not predictive of future performance.

[GRAPH]

<TABLE>
<CAPTION>

	Aug-91 -----	Oct-91 -----	Oct-92 -----	Oct-93 -----	Oct-94 -----	Oct-95 -----	Oct-96 -----
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Mileage Fund **	\$10,000	\$10,133	\$8,910	\$12,168	\$13,580	\$14,579	\$16,995
EAFE Index	\$10,000	\$10,760	\$9,360	\$12,905	\$14,244	\$14,235	\$15,769
Lipper International Index	\$10,000	\$10,314	\$9,792	\$13,127	\$14,638	\$14,569	\$16,412

</TABLE>

* Inception date of American AAdvantage International Equity Fund was 8/7/91. Changes in value for indices have a starting date of 8/7/91.

** Fund performance represents the total returns achieved by the Institutional Class of the American AAdvantage International Equity Fund from 8/7/91, the returns of the Mileage Class of the American AAdvantage International Equity Fund from 8/1/94 and the returns of the American AAdvantage International Equity Fund since its 11/1/95 inception. Expenses of the Mileage Class and Mileage Fund are higher than those of the Institutional Class. Therefore, total returns shown may be higher than they would have been had the Mileage Fund been in place since the inception of the Fund.

AMERICAN AADVANTAGE LIMITED-TERM INCOME MILEAGE FUND
PERFORMANCE SUMMARY THROUGH OCTOBER 31, 1996

COMPARISON OF CHANGE IN VALUE \$10,000 INVESTMENT IN THE FUND, THE LINKED LIPPER AVERAGE, AND THE SHEARSON LEHMAN GOVERNMENT/CORPORATE 1 TO 5 YEAR INDEX*

<TABLE>
<CAPTION>
Annualized Returns

	1 Year -----	5 Year -----	Inception to Date* -----
<S>	<C>	<C>	<C>
Mileage Fund**	4.55%	5.55%	6.88%
Linked Lipper Average***	6.97%	5.72%	6.97%
Shearson Lehman G/C 1-5 Year Index	5.99%	6.55%	7.87%

</TABLE>

Past performance is not predictive of future performance.

[GRAPH]

<TABLE>
<CAPTION>

	Nov-87	Oct-88	Oct-89	Oct-90	Oct-91	Oct-92	Oct-93	Oct-94	Oct-95	Oct-96
--	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------

<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Mileage Fund **.....	\$10,000	\$10,670	\$11,482	\$12,345	\$13,810	\$14,906	\$15,979	\$16,051	\$17,308	\$18,095
Linked Lipper										
Average.....	\$10,000	\$10,730	\$11,696	\$12,614	\$14,027	\$15,077	\$16,048	\$16,070	\$17,459	\$18,243
Shearson Lehman G/C										
1-5 Year Index.....	\$10,000	\$10,675	\$11,723	\$12,715	\$14,310	\$15,622	\$16,833	\$16,795	\$18,545	\$19,655

* Inception date of the American AAdvantage Limited-Term Income Fund was 12/3/87. Changes in value for indices have a starting date of 12/3/87.

** Fund performance represents the total returns achieved by the Institutional Class of the American AAdvantage Limited-Term Income Fund from 12/3/87, the returns of the Mileage Class of the American AAdvantage Limited-Term Income Fund from 8/1/94 and the returns of the American AAdvantage Limited-Term Income Mileage Fund since its 11/1/95 inception. Expenses of the Mileage Class and Mileage Fund are higher than those of the Institutional Class. Therefore, total returns shown may be higher than they would have been had the Mileage Fund been in place since inception of the Fund.

*** The Linked Lipper Average is created by linking the Lipper Short-Term (1-5 Year) Investment Grade Debt Average from 11/30/87 through 12/31/95, the Lipper Short-Intermediate Investment Grade Debt Average from 1/1/96 through 7/31/96 and the Lipper Short-Term (1-3 Year) Investment Grade Debt Average since 8/1/96.

7

9

REPORT OF ERNST & YOUNG LLP, INDEPENDENT AUDITORS

Shareholders and Board of Trustees

American AAdvantage Balanced Mileage Fund
 American AAdvantage Growth and Income Mileage Fund
 American AAdvantage International Equity Mileage Fund
 American AAdvantage Limited-Term Income Mileage Fund
 American AAdvantage Money Market Mileage Fund
 American AAdvantage Municipal Money Market Mileage Fund
 American AAdvantage U.S. Treasury Money Market Mileage Fund

We have audited the accompanying statements of assets and liabilities of the American AAdvantage Balanced Mileage Fund, the American AAdvantage Growth and Income Mileage Fund, the American AAdvantage International Equity Mileage Fund, the American AAdvantage Limited-Term Income Mileage Fund, the American AAdvantage Money Market Mileage Fund, the American AAdvantage Municipal Money Market Mileage Fund, and the American AAdvantage U.S. Treasury Money Market Mileage Fund (collectively, "the Funds") (separate funds comprising the American AAdvantage Mileage Funds) as of October 31, 1996, and the related statements of operations, the statements of changes in net assets, and the financial highlights for the year then ended. These financial statements and financial highlights are the responsibility of the Funds' management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of investments owned as of October 31, 1996, by correspondence with the custodian. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of each of the respective American AAdvantage Mileage Funds at October 31, 1996, the results of their operations, the changes in their net assets, and the financial highlights for the year then ended, in conformity with generally accepted accounting principles.

/s/ ERNST & YOUNG
 Dallas, Texas
 December 20, 1996

8

10

AMERICAN AADVANTAGE MILEAGE FUNDS
 STATEMENTS OF ASSETS AND LIABILITIES
 October 31, 1996

<TABLE>
 <CAPTION>

	Balanced Fund	Growth and Income Fund	International Equity Fund	Limited-Term Income Fund
(in thousands, except share and per share amounts)				
<S>	<C>	<C>	<C>	<C>
ASSETS:				
Investment in Portfolio, at value.....	\$ 2,489	\$ 6,236	\$ 3,389	\$ 1,166
Receivable for expense reimbursement (Note 2).....	7	-	-	1
Deferred organization costs.....	8	8	8	8
Other.....	9	9	8	9
TOTAL ASSETS.....	2,513	6,253	3,405	1,184
LIABILITIES:				
Accrued organization costs.....	10	10	10	10
Management fees payable (Note 2).....	-	1	1	-
Other liabilities.....	8	8	7	6
TOTAL LIABILITIES.....	18	19	18	16
NET ASSETS.....	\$ 2,495	\$ 6,234	\$ 3,387	\$ 1,168
ANALYSIS OF NET ASSETS:				
Paid-in-capital.....	2,254	5,439	3,085	1,201
Accumulated undistributed investment income.....	60	84	29	-
Accumulated net realized gain (loss).....	154	371	79	(22)
Unrealized appreciation (depreciation) of investments...	27	340	194	(11)
NET ASSETS.....	\$ 2,495	\$ 6,234	\$ 3,387	\$ 1,168
Shares outstanding (no par value).....	155,886	322,195	221,188	121,004
Net asset value, offering and redemption price per share....	\$ 16.01	\$ 19.35	\$ 15.31	\$ 9.65

</TABLE>

See accompanying notes

AMERICAN AADVANTAGE MILEAGE FUNDS
 STATEMENTS OF ASSETS AND LIABILITIES
 October 31, 1996

<TABLE>
 <CAPTION>

	Money Market Fund	Municipal Money Market Fund	U.S. Treasury Money Market Fund
(in thousands, except share and per share amounts)			
<S>	<C>	<C>	<C>
ASSETS:			
Investment in Portfolio, at value.....	\$122,742	\$ 28,825	\$ 10,687
Receivable for expense reimbursement (Note 2).....	61	13	11
Deferred organization costs.....	8	8	8
TOTAL ASSETS.....	122,811	28,846	10,706
LIABILITIES:			
Accrued organization costs.....	10	10	10
Dividends payable.....	491	71	42
Management and administrative services fees payable (Note 2).....	13	1	9
Other liabilities.....	159	38	7
TOTAL LIABILITIES.....	673	120	68
ANALYSIS OF NET ASSETS:			
Paid-in-capital.....	122,138	28,726	10,638
NET ASSETS.....	\$122,138	\$ 28,726	\$ 10,638

Shares outstanding (no par value).....	N/A	28,725,574	10,637,562
Net asset value, offering and redemption price per share.....		\$ 1.00	\$ 1.00
MILEAGE CLASS:			
Net asset value, offering and redemption price per share (106,708,747 shares outstanding).....	\$ 1.00	N/A	N/A
PLATINUM CLASS:			
Net asset value, offering and redemption price per share (15,428,949 shares outstanding).....	\$ 1.00	N/A	N/A

</TABLE>

See accompanying notes

10

12

AMERICAN ADVANTAGE MILEAGE FUNDS
STATEMENTS OF OPERATIONS
Year Ended October 31, 1996

<TABLE>
<CAPTION>

	Balanced Fund	Growth and Income Fund	International Equity Fund	Limited-Term Income Fund	Money Market Fund	Municipal Money Market Fund	U.S. Treasury Money Market Fund
	(in thousands)						
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
INVESTMENT INCOME ALLOCATED FROM PORTFOLIO:							
Allocated interest income.....	\$ 54	\$ 12	\$ 11	\$ 85	\$6,215	\$ 881	\$ 455
Allocated dividend income (net of foreign taxes of \$5 in International Equity Fund).....	34	133	60	-	-	-	-
Allocated Portfolio expenses (net of reimbursement of \$18 for the Municipal Money Market Fund).....	(7)	(16)	(13)	(4)	(198)	(32)	(17)
NET INVESTMENT INCOME ALLOCATED FROM PORTFOLIO.....	81	129	58	81	6,017	849	438
FUND EXPENSES:							
Management fees (Note 2).....	5	12	6	3	55	12	4
Administrative service fees -- Platinum Class (Note 2).....	-	-	-	-	48	-	-
Transfer agent fees.....	5	7	4	2	-	26	10
Transfer agent fees -- Mileage Class.....	-	-	-	-	122	-	-
Professional fees.....	6	7	4	4	54	10	8
Registration fees and expenses.....	26	30	26	20	114	38	29
Distribution fees.....	5	12	6	3	-	58	21
Distribution fees -- Mileage Class.....	-	-	-	-	252	-	-
Distribution fees -- Platinum Class.....	-	-	-	-	22	-	-
Other expenses.....	3	3	3	3	31	8	4
TOTAL FUND EXPENSES.....	50	71	49	35	698	152	76
Less reimbursement of expenses (Note 2).....	37	41	28	29	128	32	41
NET FUND EXPENSES.....	13	30	21	6	570	120	35
NET INVESTMENT INCOME.....	68	99	37	75	5,447	729	403
REALIZED AND UNREALIZED GAIN (LOSS) ALLOCATED FROM PORTFOLIO:							
Net realized gain (loss) on investments and foreign currency transactions.....	154	371	79	(22)	4	-	3
Change in net unrealized appreciation (depreciation) of investments and foreign currency translations.....	27	340	194	(11)	-	-	-
NET GAIN (LOSS) ON							

INVESTMENTS.....	181	711	273	(33)	4	-	3
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS.....	\$249	\$810	\$ 310	\$ 42	\$5,451	\$ 729	\$ 406

</TABLE>

See accompanying notes

11

13

AMERICAN AADVANTAGE MILEAGE FUNDS
STATEMENTS OF CHANGES IN NET ASSETS
Year Ended October 31, 1996

	Balanced Fund	Growth and Income Fund	International Equity Fund	Limited-Term Income Fund	Money Market Fund	Municipal Money Market Fund	U.S. Treasury Money Market Fund
				(in thousands)			
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
OPERATIONS:							
INCREASE (DECREASE) IN NET ASSETS:							
Net investment income....	\$ 68	\$ 99	\$ 37	\$ 75	\$ 5,447	\$ 729	\$ 403
Net realized gain (loss) on investments and foreign currency transactions.....	154	371	79	(22)	4	-	3
Change in net unrealized appreciation (depreciation) of investments and foreign currency translations.....	27	340	194	(11)	-	-	-
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS.....	249	810	310	42	5,451	729	406
DISTRIBUTIONS TO SHAREHOLDERS:							
Net investment income....	(8)	(15)	(8)	(75)	-	(729)	(403)
Net investment income - Mileage Class.....	-	-	-	-	(5,054)	-	-
Net investment income - Platinum Class.....	-	-	-	-	(393)	-	-
Net realized gain on investments.....	-	-	-	-	-	-	(3)
Net realized gain on investments - Mileage Class.....	-	-	-	-	(4)	-	-
NET DISTRIBUTIONS TO SHAREHOLDERS.....	(8)	(15)	(8)	(75)	(5,451)	(729)	(406)
CAPITAL SHARE TRANSACTIONS:							
Proceeds from sales of shares.....	2,652	8,945	3,953	1,752	240,656	47,645	16,949
Reinvestment of dividends and distributions.....	8	14	7	64	4,724	638	347
Cost of shares redeemed.....	(407)	(3,521)	(876)	(616)	(123,336)	(19,558)	(6,659)
NET INCREASE IN NET ASSETS FROM CAPITAL SHARE TRANSACTIONS.....	2,253	5,438	3,084	1,200	122,044	28,725	10,637
NET INCREASE IN NET ASSETS.....	2,494	6,233	3,386	1,167	122,044	28,725	10,637
NET ASSETS:							
Beginning of year.....	1	1	1	1	94	1	1
END OF YEAR*.....	\$2,495	\$6,234	\$ 3,387	\$1,168	\$ 122,138	\$ 28,726	\$10,638

*Includes undistributed net investment income of.....	\$ 60	\$ 84	\$ 29	\$ -	\$ -	\$ -	\$ -
---	-------	-------	-------	------	------	------	------

</TABLE>

See accompanying notes

AMERICAN AADVANTAGE MILEAGE FUNDS
NOTES TO FINANCIAL STATEMENTS
October 31, 1996

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

American AAdvantage Mileage Funds (the "Trust") is organized as a Massachusetts business trust under a Declaration of Trust dated February 14, 1995 and is registered under the Investment Company Act of 1940 (the "Act"), as amended, as a no-load, open-end, management investment company. On July 19, 1995, the Trust's Board of Trustees (the "Board") created seven separate series as follows: American AAdvantage Balanced Mileage Fund, American AAdvantage Growth and Income Mileage Fund, American AAdvantage International Equity Mileage Fund, American AAdvantage Limited-Term Income Mileage Fund, American AAdvantage Money Market Mileage Fund, American AAdvantage Municipal Money Market Mileage Fund and American AAdvantage U.S. Treasury Money Market Mileage Fund (each a "Fund" and collectively the "Funds"). The Funds commenced active operations on November 1, 1995. The Money Market Mileage Fund commenced sales of a second class of shares designated as "Platinum Class" on January 29, 1996. At the same time, the existing shares of the Money Market Mileage Fund were redesignated as "Mileage Class" shares.

Each Fund invests all of its investable assets in the corresponding portfolio of the AMR Investment Services Trust, an open-end diversified management investment company, as follows:

AMERICAN AADVANTAGE:	-) INVESTS ASSETS IN (-)	AMR INVESTMENT SERVICES TRUST:
Balanced Mileage Fund		Balanced Portfolio
Growth and Income Mileage Fund		Growth and Income Portfolio
International Equity Mileage Fund		International Equity Portfolio
Limited-Term Income Mileage Fund		Limited-Term Income Portfolio
Money Market Mileage Fund		Money Market Portfolio
Municipal Money Market Mileage Fund		Municipal Money Market Portfolio
U.S. Treasury Money Market Mileage Fund		U.S. Treasury Money Market Portfolio

Each AMR Investment Services Portfolio has the same investment objectives as its corresponding Fund. The value of such investment reflects each Fund's proportionate interest in the net assets of the corresponding portfolio (0.28%, 0.56%, 0.84%, 0.67%, 6.95%, 35.47% and 11.78% at October 31, 1996 of the AMR Investment Services Trust Balanced, Growth and Income, International Equity, Limited-Term Income, Money Market, Municipal Money Market, and U.S. Treasury Money Market Portfolios) (each a "Portfolio" and collectively the "Portfolios", respectively). The financial statements of the Portfolios are included elsewhere in this report and should be read in conjunction with the Funds' financial statements.

AMR Investment Services, Inc. (the "Manager") is a wholly-owned subsidiary of AMR Corporation, the parent company of American Airlines, Inc. ("American"), and was organized in 1986 to provide business management, advisory, administrative and asset management consulting services.

The following is a summary of the significant accounting policies followed by the Funds.

Valuation of Investments

Valuation of securities by the Portfolios is discussed in Note 1 of the Portfolios' Notes to Financial Statements which are included elsewhere in this report.

Investment Income and Dividends to Shareholders

Each Fund records its share of net investment income, and realized and unrealized gain and loss in the Portfolio each day. All net investment income and realized and unrealized gain and loss of each Portfolio are allocated pro rata among the corresponding Fund and other investors in each Portfolio at the time of such determination. Dividends from net investment income of the Balanced, Growth and Income, and International Equity Mileage Funds normally will be declared and paid annually. The Limited-Term Income Mileage Fund generally declares dividends from net investment income daily, payable monthly. Distributions, if any, of net realized capital gains normally will be paid annually after the close of the fiscal year in which realized.

The Money Market, Municipal Money Market and U.S. Treasury Money Market Mileage Funds (the "Money Market Funds") generally declare dividends daily from net investment income and net short-term capital gain, if any, payable monthly.

Dividends are determined in accordance with income tax principles which may treat certain transactions differently than generally accepted accounting principles.

Federal Income and Excise Taxes

It is the policy of each of the Funds to comply with the requirements of the Internal Revenue Code applicable to regulated investment companies and to distribute substantially all net investment income as well as any net realized capital gains on the sale of investments. Therefore, no federal income or excise tax provision is required. At October 31, 1996, the Limited-Term Income Mileage Fund had a capital loss carryforward for federal income tax purposes of approximately \$37,000 expiring in 2004.

All dividends paid by the Municipal Money Market Mileage Fund were "exempt -- interest dividends", and therefore 100% free of any regular Federal income tax. Approximately 35% of interest earned was derived from investments in certain private activity bonds for purposes of the Federal alternative minimum tax calculation.

Deferred Organization Expenses

Expenses incurred by a Fund in connection with its organization are being amortized on a straight-line basis over a five-year period.

Expenses

Expenses directly attributable to a Fund are charged to that Fund's operations. Expenses directly attributable to a Class of shares are charged to that Class. Expenses incurred by the Trust with respect to any two or more of the Funds are allocated in proportion to the net assets of each Fund, except where allocations of direct expenses to each Fund can otherwise be made fairly. Each share of each Fund, regardless of class, bears equally those expenses that are allocated to the Fund as a whole.

14

16

Valuation of Shares

The price per share is calculated separately for each Fund on each day on which shares are offered for sale and orders accepted or upon receipt of a redemption request. Net asset value per share is computed by dividing the value of a Fund's total assets (which includes the value of the Fund's investment in its corresponding Portfolio), less liabilities, by the number of Fund shares outstanding. With respect to a class of the Money Market Mileage Fund, price per share is computed by dividing the value of the Class's pro rata allocation of the Fund's investments and other assets, less liabilities, by the number of Class shares outstanding.

2. TRANSACTIONS WITH AFFILIATES

Management Agreement

The Manager and the Trust entered into a Management Agreement which obligates the Manager to provide or oversee administrative and management services to the Funds. As compensation for performing the duties required under the Management Agreement, the Manager receives an annualized fee of .25% of the average daily net assets of the Balanced, Growth and Income, International Equity, and Limited-Term Income Mileage Funds and .05% of the net assets of each of the Money Market Funds.

Administrative Services Plan

The Trust has adopted an Administrative Services Plan with respect to the Platinum Class of the Money Market Mileage Fund. As compensation for providing administrative services, the Manager receives an annual fee of .55% of the average daily net assets of the Money Market Mileage Fund -- Platinum Class.

Distribution Plan

The Trust has adopted a Distribution Plan (the "Plan") pursuant to Rule 12b-1 under the Act. A separate plan has been adopted by the Mileage Class and Platinum Class of the Money Market Mileage Fund. Under the Plan, as compensation for distribution assistance, the Manager receives an annual fee of .25% of the average daily net assets of each Class or Fund. The fee will be payable without regard to whether the amount of the fee is more or less than the actual expenses incurred in a particular month by the Manager for distribution assistance. During the year ended October 31, 1996, the Manager waived distribution fees totaling \$4,787, \$11,637, \$5,668, \$3,087, \$32,373 and \$13,188 for the Balanced, Growth and Income, International Equity, Limited-Term Income, Municipal Money Market and U.S. Treasury Money Market Mileage Funds, respectively. During the same period, the Manager waived \$115,712 and \$12,083 for the Money Market Mileage Fund -- Mileage Class and the Money Market Mileage Fund -- Platinum Class, respectively.

Other

Certain officers or trustees of the Trust are also officers of the Manager or American. The Trust makes no direct payments to its officers. Unaffiliated trustees and their spouses are provided free unlimited air

AMERICAN AADVANTAGE MILEAGE FUNDS
 NOTES TO FINANCIAL STATEMENTS
 October 31, 1996
 (Continued)

transportation on American. However, the Trust compensates each Trustee with payments in an amount equal to the Trustee's income tax on the value of this free airline travel. For the year ended October 31, 1996, the cost of air transportation was not material to any of the Funds.

Reimbursement of Expenses

For the year ending October 31, 1996, the Manager reimbursed expenses totaling \$31,951, \$28,894, \$22,256, \$25,594 and \$27,535 for the Balanced, Growth and Income, International Equity, Limited-Term Income and U.S. Treasury Money Market Mileage Funds, respectively.

3. CAPITAL SHARE TRANSACTIONS

The tables below summarizes the activity in capital shares for the year ended October 31, 1996 (in thousands):

<TABLE>
 <CAPTION>

	Balanced Mileage Fund		Growth and Income Mileage Fund		International Equity Mileage Fund		Limited-Term Income Mileage Fund	
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Shares sold.....	182	\$2,652	514	\$ 8,945	281	\$3,953	178	\$1,752
Reinvestment of dividends.....	1	8	1	14	1	7	7	64
Shares redeemed.....	(27)	(407)	(193)	(3,521)	(61)	(876)	(64)	(616)
Net increase in capital share transactions.....	156	\$2,253	322	\$ 5,438	221	\$3,084	121	\$1,200

</TABLE>

The tables below summarizes the activity in capital shares for the year ended October 31, 1996 for each of the Money Market Mileage Funds (in

thousands). Each share is valued at \$1.00.

<TABLE>
<CAPTION>

	Money Market Mileage Fund		Municipal	U.S.
	Mileage Class	Platinum Class	Money Market Mileage Fund	Treasury Money Market Mileage Fund
<S>	<C>	<C>	<C>	<C>
Shares sold.....	214,459	26,197	47,645	16,949
Reinvestment of dividends.....	4,392	332	638	347
Shares redeemed.....	(112,236)	(11,100)	(19,558)	(6,659)
Net increase in capital share transactions.....	106,615	15,429	28,725	10,637

</TABLE>

16

18

(This page intentionally left blank)

17

19

AMERICAN AADVANTAGE MILEAGE FUNDS
FINANCIAL HIGHLIGHTS
Year Ended October 31, 1996
(For a share outstanding throughout the period)

<TABLE>
<CAPTION>

	Balanced Fund(2)	Growth and Income Fund(2)	International Equity Fund	Limited- Term Income Fund
<S>	<C>	<C>	<C>	<C>
Net asset value, beginning of period (4).....	\$13.97	\$15.94	\$ 13.15	\$ 9.83
Income from investment operations:				
Net investment income(5).....	0.49	0.34	0.20	0.59
Net gains (losses) on securities (both realized and unrealized) (5).....	1.65	3.16	2.03	(0.18)
TOTAL FROM INVESTMENT OPERATIONS.....	2.14	3.50	2.23	0.41
Less distributions:				
Dividends from net investment income.....	(0.10)	(0.09)	(0.07)	(0.59)
TOTAL DISTRIBUTIONS.....	(0.10)	(0.09)	(0.07)	(0.59)
NET ASSET VALUE, END OF PERIOD.....	\$16.01	\$19.35	\$ 15.31	\$ 9.65
Total return(1) (6).....	15.97%	22.77%	16.58%	4.55%
RATIOS/SUPPLEMENTAL DATA:				
Net assets, end of period (in thousands).....	\$2,495	\$6,234	\$3,387	\$1,168
Ratios to average net assets (annualized) (5) (6):				
Expenses.....	1.01%	1.00%	1.48%	0.86%
Net investment income.....	3.58%	2.13%	1.63%	6.08%

<CAPTION>

	Money Market Fund(3)		Municipal	U.S. Treasury
	Mileage Class	Platinum Class	Money Market Fund	Money Market Fund
<S>	<C>	<C>	<C>	<C>
Net asset value, beginning of period (4).....	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00
Income from investment operations:				
Net investment income(5).....	0.05	0.03	0.03	0.05
Net gains (losses) on securities (both realized and unrealized) (5).....	-	-	-	-
TOTAL FROM INVESTMENT OPERATIONS.....	0.05	0.03	0.03	0.05
Less distributions:				
Dividends from net investment income.....	(0.05)	(0.03)	(0.03)	(0.05)

TOTAL DISTRIBUTIONS.....	(0.05)	(0.03)	(0.03)	(0.05)
NET ASSET VALUE, END OF PERIOD.....	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00
Total return(1) (6).....	5.12%	4.78%	3.19%	4.98%
RATIOS/SUPPLEMENTAL DATA:				
Net assets, end of period (in thousands).....	\$106,709	\$ 15,429	\$28,726	\$10,638
Ratios to average net assets (annualized) (5) (6):				
Expenses.....	0.67%	1.09%	0.66%	0.62%
Net investment income.....	5.02%	4.48%	3.14%	4.82%

</TABLE>

-
- (1) Total return is calculated assuming an initial investment is made at the net asset value last calculated on the business day before the first day of each period reported, reinvestment of all dividends and capital gains distributions on the payable date and a sale at net asset value on the last day of each period reported.
 - (2) Capital Guardian Trust Company was replaced by Brandywine Asset Management as an investment adviser to the Balanced and the Growth and Income Mileage Funds on April 1, 1996.
 - (3) The Platinum Class of the Money Market Mileage Fund commenced active operations on January 29, 1996 and at that time the existing shares of the Fund were designated as Mileage Class shares.
 - (4) The net asset value per share for the Balanced, Growth and Income, International Equity and Limited Term Income Mileage Funds has been adjusted for a stock split which occurred on November 1, 1995 in the ratio of 1.43169, 1.254705, 1.520913 and 2.034588, respectively.

18

20

AMERICAN AADVANTAGE MILEAGE FUNDS

FINANCIAL HIGHLIGHTS

Year Ended October 31, 1996

(For a share outstanding throughout the period)

-
- (5) The per share amounts and ratios reflect income and expenses assuming inclusion of each Fund's proportionate share of the income and expenses of the respective AMR Investment Services Trust Portfolio.
 - (6) Operating results exclude expenses reimbursed by the Manager. Results prior to expense reimbursements were as follows for the year ended October 31, 1996:

<TABLE>

<CAPTION>

	Balanced Fund	Growth and Income Fund	International Equity Fund	Limited-Term Income Fund	Money Market Fund		Municipal Money Market Fund	U.S. Treasury Money Market Fund
					Mileage Class	Platinum Class		
Ratio of expenses to average net assets (annualized).....	2.93%	1.88%	2.71%	3.19%	0.78%	1.24%	0.80%	1.11%
Ratio of net investment income to average net assets (annualized).....	1.66%	1.25%	0.40%	3.75%	4.91%	4.33%	3.00%	4.33%

</TABLE>

19

21

REPORT OF ERNST & YOUNG LLP, INDEPENDENT AUDITORS

Shareholders and Board of Trustees

- AMR Investment Services Balanced Portfolio
- AMR Investment Services Growth and Income Portfolio
- AMR Investment Services International Equity Portfolio
- AMR Investment Services Limited-Term Income Portfolio
- AMR Investment Services Money Market Portfolio
- AMR Investment Services Municipal Money Market Portfolio
- AMR Investment Services U.S. Treasury Money Market Portfolio

We have audited the accompanying statements of assets and liabilities of the AMR Investment Services Balanced Portfolio, the AMR Investment Services Growth and Income Portfolio, the AMR Investment Services International Equity Portfolio, the AMR Investment Services Limited-Term Income Portfolio, the AMR Investment Services Money Market Portfolio, the AMR Investment Services Municipal Money Market Portfolio, and the AMR Investment Services U.S. Treasury Money Market Portfolio (collectively, "the Portfolios") (separate portfolios comprising the AMR Investment Services Trust), including the schedules of investments as of October 31, 1996, and the related statements of operations, the statements of changes in net assets, and the financial highlights for the year then ended. These financial statements and financial highlights are the responsibility of the Portfolios' management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of investments owned as of October 31, 1996, by correspondence with the custodian and brokers. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of each of the portfolios of the AMR Investment Services Trust at October 31, 1996, the results of their operations, the changes in their net assets, and the financial highlights for the year then ended, in conformity with generally accepted accounting principles.

/s/ ERNST & YOUNG
 Dallas, Texas
 December 20, 1996

AMR INVESTMENT SERVICES TRUST BALANCED PORTFOLIO
 SCHEDULE OF INVESTMENTS
 October 31, 1996

<TABLE>
 <CAPTION>

	Par Amount	Value
	-----	-----
	(dollars in thousands)	
<S>	<C>	<C>
U.S. GOVERNMENT & AGENCY OBLIGATIONS - 21.14%		
U.S. TREASURY BILLS - 0.78%		
Due 11/21/1996.....	\$ 4,000	\$ 3,989
Due 12/26/1996.....	3,000	2,978

TOTAL U.S. TREASURY BILLS....		6,967

U.S. TREASURY BONDS - 5.42%		
8.75%, Due 8/15/2020.....	7,500	9,237
11.625%, Due 11/15/2004.....	8,370	11,109
13.875%, Due 5/15/2011.....	1,230	1,868
10.375%, Due 11/15/2012.....	2,000	2,585
8.75%, Due 5/15/2017.....	4,630	5,647
8.125%, Due 8/15/2019.....	10,035	11,594
8.125%, Due 8/15/2021.....	1,045	1,213
7.25%, Due 8/15/2022.....	5,000	5,291

TOTAL U.S. TREASURY BONDS....		48,544

U.S. TREASURY COUPON STRIPS - 1.04%		
Due 11/15/2008.....	796	362
Due 5/15/2011.....	4,000	1,517
Due 8/15/2018.....	4,000	901
Due 11/15/2018.....	13,000	2,872
Due 8/15/2019.....	11,500	2,413
Due 11/15/2019.....	6,000	1,238

TOTAL U.S. TREASURY COUPON STRIPS.....		9,303

U.S. TREASURY NOTES - 13.90%		
7.375%, Due 11/15/1997.....	1,000	1,018
5.125%, Due 3/31/1998.....	7,500	7,444
5.125%, Due 6/30/1998.....	1,000	991
5.875%, Due 3/31/1999.....	2,750	2,753
6.375%, Due 7/15/1999.....	3,000	3,036
7.125%, Due 9/30/1999.....	12,390	12,777
7.125%, Due 2/29/2000.....	8,190	8,466
5.50%, Due 4/15/2000.....	3,000	2,953
6.125%, Due 7/31/2000.....	2,000	2,006
6.125%, Due 9/30/2000.....	11,950	11,984
8.50%, Due 11/15/2000.....	5,500	5,976
5.625%, Due 11/30/2000.....	3,000	2,953
6.375%, Due 3/31/2001.....	7,500	7,587
7.50%, Due 11/15/2001.....	3,000	3,176
7.50%, Due 5/15/2002.....	1,000	1,063

<CAPTION>

	Par Amount	Value
	(dollars in thousands)	
<S>	<C>	<C>
6.375%, Due 8/15/2002.....	\$ 8,250	\$ 8,339
6.25%, Due 2/15/2003.....	9,190	9,222
5.75%, Due 8/15/2003.....	3,000	2,921
5.875%, Due 2/15/2004.....	2,000	1,953
7.25%, Due 5/15/2004.....	1,500	1,584
7.875%, Due 11/15/2004.....	1,500	1,646
7.50%, Due 2/15/2005.....	5,785	6,215
6.50%, Due 5/15/2005.....	7,000	7,075
6.50%, Due 8/15/2005.....	2,000	2,021
5.875%, Due 11/15/2005.....	3,000	2,903
5.625%, Due 2/15/2006.....	3,000	2,854
7.875%, Due 2/15/2021.....	325	367
6.25%, Due 8/15/2023.....	3,450	3,237
TOTAL U.S. TREASURY NOTES....		124,520
TOTAL U.S. GOVERNMENT & AGENCY OBLIGATIONS.....		189,334

U.S. AGENCY MORTGAGE-BACKED OBLIGATIONS - 6.49%		
FEDERAL HOME LOAN MORTGAGE CORPORATION - 1.78%		
7.15%, Due 6/27/2000.....	2,115	2,133
7.83%, Due 8/11/2004.....	1,130	1,140
7.75%, Due 5/22/2006.....	2,300	2,341
7.61%, Due 5/24/2006.....	3,000	3,057
Series 1194G, 6.50%, Due 10/15/2006.....	1,500	1,488
Series 1250F, 7.00%, Due 4/15/2019.....	887	893
Pool #C00436, 7.50%, Due 12/1/2025.....	4,894	4,910
TOTAL FEDERAL HOME LOAN MORTGAGE CORPORATION.....		15,962

FEDERAL NATIONAL MORTGAGE ASSOCIATION - 3.15%		
6.36%, Due 8/16/2000.....	2,090	2,101
7.78%, Due 5/22/2006.....	1,000	1,013
Pool #297492, 6.50%, Due 10/1/2010.....	26	25
Pool #338030, 6.50%, Due 4/1/2011.....	311	305
Pool #341332, 6.50%, Due 4/1/2011.....	676	664
Pool #341382, 6.50%, Due 4/1/2011.....	270	264

</TABLE>

See accompanying notes

<TABLE>
<CAPTION>

	Par Amount -----	Value -----
	(dollars in thousands)	
<S>	<C>	<C>
Pool #342743, 6.50%, Due 4/1/2011.....	\$ 721	\$ 708
Pool #337195, 6.50%, Due 5/1/2011.....	1,356	1,332
Pool #344287, 6.50%, Due 5/1/2011.....	493	485
Pool #344429, 6.50%, Due 5/1/2011.....	129	127
Series 1349FG, 6.50%, Due 5/15/2014.....	400	401
Pool #66185, 6.059%, Due 7/1/2018.....	1,737	1,702
Series 1992-143G, 6.75%, Due 10/25/2018.....	500	502
Series 1989-21G, 10.45%, Due 4/25/2019.....	209	228
Pool #218949, 7.50%, Due 12/1/2023.....	936	950
Pool #266196, 7.114%, Due 1/1/2024.....	1,581	1,597
TBA, 7.50% Due 9/23/2024.....	1,670	1,673
Pool #306505, 8.00%, Due 3/1/2025.....	1,411	1,439
Pool #308798, 7.32%, Due 4/1/2025.....	371	382
Pool #303585, 7.00%, Due 10/1/2025.....	733	719
Pool #250414, 7.00%, Due 12/1/2025.....	2,421	2,374
Pool #339141, 7.00%, Due 3/1/2026.....	5,488	5,381
Pool #341041, 7.00%, Due 4/1/2026.....	29	28
TBA, 8.00%, Due 11/13/2026.....	3,700	3,774

TOTAL FEDERAL NATIONAL MORTGAGE ASSOCIATION.....		28,174

GOVERNMENT NATIONAL MORTGAGE ASSOCIATION-1.56%		
Pool #102932, 10.50%, Due 9/15/1998.....	12	12
Series 1994-2 Cl O, 7.99125%, Due 4/16/2010.....	1,488	1,527
Pool #180220, 9.00%, Due 10/15/2016.....	887	938
TBA, 8.00%, Due 2/1/2020.....	1,640	1,677
Pool #340063, 7.50%, Due 12/15/2022.....	20	21
Pool #339886, 7.50%, Due 1/15/2023.....	463	465

<CAPTION>

	Par Amount -----	Value -----
	(dollars in thousands)	
<S>	<C>	<C>
Pool #349306, 8.00%, Due 2/15/2023.....	\$ 2,525	\$ 2,581
Pool #345300, 7.00%, Due 3/15/2023.....	878	861
Pool #344261, 7.50%, Due 4/15/2023.....	505	507
Pool #336950, 7.50%, Due 4/15/2023.....	783	786
Pool #355479, 8.00%, Due 5/15/2023.....	1,518	1,552
Pool #320073, 7.00%, Due 6/15/2023.....	20	20
Pool #341926, 8.00%, Due 6/15/2023.....	17	18
Pool #352117, 8.00%, Due 7/15/2023.....	1,131	1,157

Pool #355721, 7.50%, Due 7/15/2023.....	157	158
Pool #344979, 7.50%, Due 8/15/2023.....	451	453
Pool #1849, 8.50%, Due 8/20/2024.....	563	580
TBA, 7.50%, Due 6/1/2025.....	630	632

TOTAL GOVERNMENT NATIONAL MORTGAGE ASSOCIATION.....		13,945

TOTAL U.S. AGENCY MORTGAGE-BACKED OBLIGATIONS.....		58,081

ASSET-BACKED SECURITIES - 2.21%		
American Express Master Trust 1992-1 A, 6.05%, Due 6/15/1998.....	2,250	2,256
AT&T Universal Card Master Trust, 1995-2A, 5.95%, Due 10/17/2002.....	550	545
Boatmen's Auto Trust, 1996-A A2, 6.35%, Due 1/15/2003.....	850	856
Chase Manhattan Credit Card Master Trust, 1996-4A, 6.73%, Due 2/15/2003.....	1,550	1,576
Chemical Master Credit Card Trust 1, 1996-1A, 5.55%, Due 9/15/2003.....	810	789
Chemical Master Credit Card Trust 1, 1995-3A, 6.23%, Due 4/15/2005.....	990	980

</TABLE>

See accompanying notes

22

24

AMR INVESTMENT SERVICES TRUST BALANCED PORTFOLIO
SCHEDULE OF INVESTMENTS
October 31, 1996

<TABLE>
<CAPTION>

	Par Amount -----	Value -----
	(dollars in thousands)	
<S>	<C>	<C>
Citibank Credit Card Master Trust I, 1996-1A, Zero Coupon, Due 2/7/2003.....	\$ 1,410	\$ 1,075
ContiMortgage Home Equity Loan Trust, 1994-4 A2, 7.96%, Due 9/15/2009.....	2,003	2,046
Discover Card Master Trust I, 1996-3A, 6.05%, Due 8/18/2008.....	1,010	958
General Electric Railcar Trust, 1992-1A, 7.75%, Due 6/1/2004.....	601	629
NationsBank Auto Owner Trust, 1996-A A3, 6.375%, Due 7/15/2000.....	2,550	2,567
NationsBank Credit Card Master Trust, 1993-2A, 6.00%, Due 12/15/2005.....	1,060	1,027
Olympic Automobile Receivables Trust, 1993-CA, 4.50%, Due 2/15/2000.....	173	172
Prime Credit Card Master Trust, 1996-1A, 6.70%, Due 7/15/2004.....	500	508
Sears Credit Account Master Trust, 1995-5A, 6.05%, Due 1/16/2008.....	720	704
Sears Credit Account Master Trust, 1996-4A, 6.45%, Due 10/16/2006.....	440	442
Signet Credit Card Master		

Trust, 1994-4A, 6.80%, Due 12/15/2000.....	1,800	1,817
UCFC Home Equity Loan, 1994-C1 A2, 7.275%, Due 6/10/2007.....	380	382
Western Financial Grantor Trust,1994-3 A2, 6.65%, Due 12/1/1999.....	471	475

TOTAL ASSET-BACKED SECURITIES.....		19,804

NON-AGENCY MORTGAGE-BACKED OBLIGATIONS - 1.24%

Citicorp Mortgage Securities, Incorporated, 1987-14 A1, 9.50%, Due 9/25/2002.....	608	619
Citicorp Mortgage Securities, Incorporated, 1987-5 A1, 8.50%, Due 4/25/2017.....	646	644
Citicorp Mortgage Securities, Incorporated, 1990-4 A5, 9.50%, Due 3/25/2005.....	836	833

<CAPTION>

	Par Amount	Value
	-----	-----
	(dollars in thousands)	(dollars in thousands)
<S>	<C>	<C>

DLJ Mortgage Acceptance Corporation, 1994-Q1 2A1, 4.56029%, Due 3/25/2024.....	\$ 498	\$ 490
General Electric Capital Mortgage Services, Incorporated, 1992-4A A4, 8.00%, Due 4/25/2022.....	614	625
Green Tree Financial Corporation, 1993-3 A5, 5.75%, Due 10/15/2018.....	990	969
Green Tree Financial Corporation, 1994-5 A2, 7.30%, Due 11/15/2019.....	690	701
Green Tree Financial Corporation, 1996-8 A4, 7.00%, Due 10/15/2027.....	1,300	1,327
Independent National Mortgage Corporation, 1995-F A5, 8.25%, Due 5/25/2010.....	600	623
Independent National Mortgage Corporation, 1995W A2, 7.25% Due 2/25/2026.....	1,500	1,435
The Money Store Home Equity Trust, 7.66%, Due 8/15/2026....	1,500	1,508
Residential Asset Securitization Trust, 1996-A3 A11, 7.50%, Due 7/25/2011.....	976	994
Residential Funding Mortgage 1, 1993-S28 A4, 6.35%, Due 8/25/2023.....	300	296

TOTAL NON-AGENCY MORTGAGE-BACKED OBLIGATIONS.....		11,064

CORPORATE BONDS - 10.13%

FINANCIAL - 5.12%

American General Financial, 7.25%, Due 5/15/2005.....	410	418
Associates Corporation of North America 7.50%, Due 5/15/1999.....	80	82
BankAmerica Corporation, 7.50%, Due 3/15/1997.....	960	966
BankAmerica Corporation, 9.75%, Due 7/1/2000.....	600	664
BankAmerica Corporation, 7.20%, Due 4/15/2006.....	1,280	1,294
Bankers Trust New York, 8.25%, Due 5/1/2005.....	740	795
BanPonce, 7.30%, Due 6/5/2002.....	640	657
Capital One Bank, 6.73%, Due 6/4/1998.....	2,500	2,516

</TABLE>

AMR INVESTMENT SERVICES TRUST BALANCED PORTFOLIO
 SCHEDULE OF INVESTMENTS
 October 31, 1996

<TABLE>

<CAPTION>

	Par Amount	Value
	-----	-----
	(dollars in thousands)	
<S>	<C>	<C>
Chase Manhattan Corporation, 7.625%, Due 1/15/2003.....	\$ 200	\$ 209
Chase Manhattan Corporation, 8.625%, Due 5/1/2002.....	700	763
Chemical Banking Corporation, FRN, 6.2125%, Due 6/15/2000....	2,300	2,309
Chemical New York Corporation, 9.75%, Due 6/15/2099.....	900	975
Countrywide Funding Corporation, 7.20%, Due 1/15/2006.....	2,190	2,218
Dean Witter Discover, 6.875%, Due 3/1/2003.....	1,290	1,298
First Union Corporation, 7.05%, Due 8/1/2005.....	840	841
Fleet Mortgage Group, Incorporated, 6.125%, Due 8/15/1997.....	930	932
Ford Motor Credit Company, 9.25%, Due 6/15/1998.....	1,000	1,048
Ford Motor Credit Company, 7.95%, Due 5/17/1999.....	2,000	2,080
Ford Motor Credit Company, 8.20%, Due 2/15/2002.....	1,510	1,611
General Motors Acceptance Corporation, 6.65%, Due 5/24/2000.....	2,700	2,719
General Motors Acceptance Corporation, 6.75%, Due 6/17/2002.....	1,140	1,146
Health & Rehab, FRN, 6.9875%, Due 7/13/1999.....	1,000	997
International Business Machines, Incorporated, 7.00%, Due 10/30/2025.....	1,290	1,242
Lehman Brothers Holding, Incorporated, 7.41%, Due 5/25/1999.....	500	510
Lehman Brothers, 6.625%, Due 2/15/2000.....	570	568
Lehman Brothers, Incorporated, 5.04%, Due 12/15/2003.....	1,000	1,004
National Bank Of Detroit, 7.125%, Due 5/15/2007.....	700	701
NationsBank Corporation, 7.00%, Due 9/15/2001.....	750	764
Paine Webber, 7.625%, Due 10/15/2008.....	2,200	2,227
PNC Funding Corporation, 6.125%, Due 9/1/2003.....	1,000	961
Salomon Incorporated, 7.05%, Due 1/15/1998.....	800	807

<CAPTION>

	Par Amount	Value
	-----	-----
	(dollars in thousands)	
<S>	<C>	<C>
Salomon Incorporated, 7.00%, Due 1/20/1998.....	\$ 390	\$ 394
Salomon Incorporated, 5.53%, Due 1/30/1998.....	1,500	1,487
Salomon Incorporated, 6.04%, Due 7/9/1998.....	625	622
Salomon Incorporated, 6.70%, Due 12/1/1998.....	390	393

Salomon Incorporated, 5.395%, Due 4/5/1999.....	500	497
Society National Bank, 7.25%, Due 6/1/2005.....	800	813
St. Paul Companies, 9.375%, Due 6/15/1997.....	600	613
Taubman Realty Group, 8.00%, Due 6/15/1999.....	2,000	2,038
Taubman Realty Group, 5.75%, Due 11/3/1997.....	1,500	1,498
Travelers/Aetna P & C, 6.75%, Due 4/15/2001.....	1,300	1,312
Westpac Banking Corporation, 7.875%, Due 10/15/2002.....	800	847
TOTAL FINANCIAL.....		45,836

INDUSTRIAL - 3.17%		
American Home Products, 7.70%, Due 2/15/2000.....	450	469
Atlantic Richfield Corporation, 8.50%, Due 4/1/2012.....	870	999
Atlantic Richfield Corporation, 8.75%, Due 3/1/2032.....	610	714
The Boeing Company, 8.625%, Due 11/15/2031.....	620	724
Capital Cities/ABC, 8.875%, Due 12/15/2000.....	1,000	1,086
CIT Group Holdings, 6.375%, Due 5/21/1999.....	750	755
Coca-Cola Company, 6.625%, Due 10/1/2002.....	1,000	1,007
Columbia/HCA Health, 7.69%, Due 6/15/2025.....	730	756
Dresser Industries, 6.25%, Due 6/1/2000.....	2,000	1,996
E.I. DuPont de Nemours & Company, 6.75%, Due 10/15/2002.....	1,000	1,013
Exxon Capital Corporation, 7.45%, Due 12/15/2001.....	1,000	1,046
Heinz H.J. Company, 5.50%, Due 9/15/1997.....	520	519

</TABLE>

See accompanying notes

24

26

AMR INVESTMENT SERVICES TRUST BALANCED PORTFOLIO
SCHEDULE OF INVESTMENTS
October 31, 1996

<TABLE>

<CAPTION>

	Par Amount	Value
	-----	-----
	(dollars in thousands)	
<S>	<C>	<C>
Legrand, 8.50%, Due 2/15/2025.....	\$ 820	\$ 917
Lockheed Martin Corporation, 7.45%, Due 6/15/2004.....	1,390	1,442
The May Department Store Company, 9.75%, Due 2/15/2021.....	400	468
News America Holdings, 9.25%, Due 2/1/2013.....	710	800
Occidental Petroleum Corporation, 8.50%, Due 9/15/2004.....	2,000	2,109
Pepsico Incorporated, 7.00%, Due 11/15/1996.....	550	550
Philip Morris Companies, Incorporated, 8.25%, Due 10/15/2003.....	640	685
Philip Morris Companies, Incorporated, 8.375%, Due 1/15/2017.....	625	640
Pohang Iron & Steel, 7.375%, Due 5/15/2005.....	750	763

RJR Nabisco, 8.75%, Due 8/15/2005.....	1,000	996
RJR Nabisco, 8.00%, Due 7/15/2001.....	1,750	1,761
Sears Roebuck Acceptance, 6.82%, Due 10/17/2002.....	2,710	2,724
Sysco Corporation, 7.00%, Due 5/1/2006.....	1,000	1,012
Tenneco, Incorporated, 10.00%, Due 8/1/1998.....	1,000	1,063
Texaco Cap, MTN, 6.19%, Due 7/9/2003.....	750	727
WMX Technologies, 6.22%, Due 4/30/2004.....	590	631

TOTAL INDUSTRIAL.....		28,372

UTILITY - 0.32%		
General Telephone Southwest, Incorporated, 8.50%, Due 11/15/2031.....	600	677
Pacific Bell Telephone, 8.70%, Due 6/15/2001.....	670	727
Southern California Edison Company, 8.25%, Due 2/1/2000.....	1,425	1,501

TOTAL UTILITY.....		2,905

FOREIGN BONDS - 1.52%		
ABN AMRO, 7.27%, Due 5/31/2005...	690	704
ANZ Banking, 6.25%, Due 2/1/2004.....	770	737

<CAPTION>

	Par Amount ----- (dollars in thousands) <C>	Value ----- (dollars in thousands) <C>
<S>		
BCH Cayman Islands Limited, 7.70%, Due 7/15/2006.....	\$ 850	\$ 875
Hanson Overseas, 7.375%, Due 1/15/2003.....	600	617
Hydro-Quebec, 7.375%, Due 2/1/2003.....	400	414
Hydro-Quebec, 9.40%, Due 2/1/2021.....	1,800	2,160
Hydro-Quebec, 8.875%, Due 3/1/2026.....	1,200	1,376
Kansallis-Osake-Pankki Bank, 10.00%, Due 5/1/2002.....	810	924
Korea Development Bank, 5.875%, Due 12/1/1998.....	100	99
Korea Development Bank, 6.25%, Due 5/1/2000.....	770	765
Midland Bank PLC, 7.625%, Due 6/15/2006.....	910	946
Province of Newfoundland, 9.875%, Due 6/1/2020.....	250	314
Province of Quebec, 8.80%, Due 4/15/2003.....	335	371
Province of Quebec, 5.735%, Due 3/2/2026.....	890	864
Santander Financial Issuance Limited, 7.75%, Due 5/15/2005.....	250	260
Santander Financial Issuance Limited, 7.00%, Due 4/1/2006...	460	457
Svenska Handelsbanken, 8.35%, Due 7/15/2004.....	740	804
Swiss Bank Corporation, 7.50%, Due 7/15/2025.....	950	957

TOTAL FOREIGN BONDS.....		13,644

TOTAL CORPORATE BONDS.....		90,757

	Shares -----	
COMMON STOCK - 56.85%		
FOREIGN STOCKS - 1.19%		
Arthur Guinness & Sons, ADR.....	24,700	885
British Petroleum PLC, ADR.....	10,000	1,286

British Telecom PLC, ADR.....	22,300	1,285
Ciba-Geigy AG.....	30,000	1,855
Elf Aquitaine SA.....	36,100	1,449
Hanson PLC, ADR.....	301,300	1,921
Imperial Tobacco Group PLC.....	30,000	350
Royal Dutch Petroleum Company, New York Registry.....	10,000	1,654

TOTAL FOREIGN STOCKS.....		10,685

</TABLE>

See accompanying notes

25

27

AMR INVESTMENT SERVICES TRUST BALANCED PORTFOLIO
SCHEDULE OF INVESTMENTS
October 31, 1996

<TABLE>

<CAPTION>

	Shares	Value
	-----	-----
	(dollars in thousands)	
CONSUMER STAPLES - 9.05%		
<S>	<C>	<C>
DEPARTMENT AND MAIL ORDER - 1.37%		
J.C. Penney Company, Incorporated.....	96,075	\$ 5,044
K Mart Corporation.....	359,600	3,506
The May Department Store Company.....	32,500	1,540
Sears Roebuck & Company.....	45,000	2,177

TOTAL DEPARTMENT AND MAIL ORDER.....		12,267

DISTILLERS AND BREWERS - 0.66%		
Anheuser-Busch Companies, Incorporated.....	123,000	4,736
Brown-Foreman, Incorporated.....	26,700	1,155

TOTAL DISTILLERS AND BREWERS.....		5,891

DRUGS AND HOSPITAL SUPPLY - 2.50%		
American Home Products Corporation.....	82,100	5,029
Baxter International, Incorporated.....	55,000	2,289
Bristol-Myers Squibb Company....	48,600	5,139
Horizon / CMS Healthcare Corporation.....	120,675	1,252
Merck & Company, Incorporated....	35,000	2,594
Pharmacia & Upjohn, Incorporated.....	47,300	1,703
Warner Lambert, Incorporated.....	68,700	4,371

TOTAL DRUGS AND HOSPITAL SUPPLY.....		22,377

FOOD PROCESSING - 0.23%		
Archer Daniels Midland Company...	94,500	2,055

TOTAL FOOD PROCESSING.....		2,055

FOODS - 0.16%		
Nabisco Holdings Corporation, Class A.....	37,900	1,412

TOTAL FOODS.....		1,412

LEISURE - 0.36%		
Hasbro, Incorporated.....	35,200	1,368
King World Productions, Incorporated (non-income producing).....	11,200	403
Toys R Us, Incorporated.....	44,500	1,507

TOTAL LEISURE.....		3,278

PHOTOGRAPHY - 1.14%		
Eastman Kodak Company.....	127,900	10,200

TOTAL PHOTOGRAPHY.....		10,200

<CAPTION>

	Shares	Value
	-----	-----
	(dollars in	thousands)
<S>	<C>	<C>
PUBLISHING - 0.26%		
A.H. Belo, Incorporated, Class		
A.....	60,700	\$ 2,367

TOTAL PUBLISHING.....		2,367

TOBACCO - 2.37%		
American Brands, Incorporated....	91,400	4,364
Philip Morris Companies,		
Incorporated.....	152,389	14,115
RJR Nabisco Holdings.....	95,700	2,763

TOTAL TOBACCO.....		21,242

TOTAL CONSUMER STAPLES.....		81,089

INTEREST SENSITIVE - 21.77%

BANKS - 7.37%		
Bank America Corporation.....	152,000	13,908
Bank of Boston Corporation.....	40,000	2,560
Bankers Trust Company New York...	19,400	1,639
Chase Manhattan Corporation.....	196,200	16,824
Corestates Financial		
Corporation.....	16,000	778
First Chicago NBD.....	130,681	6,665
First of America Bank		
Corporation.....	50,000	2,719
First Security Corporation.....	60,000	1,763
First Union Corporation.....	20,000	1,455
Fleet Financial Group,		
Incorporated.....	25,000	1,247
J.P. Morgan & Company,		
Incorporated.....	33,000	2,850
Norwest Corporation.....	183,900	8,069
PNC Bank Corporation.....	115,000	4,169
Wells Fargo and Company.....	5,000	1,336

TOTAL BANKS.....		65,982

BUILDING AND MATERIALS - 0.42%

PPG Industries, Incorporated.....	66,500	3,791

TOTAL BUILDING AND		
MATERIALS.....		3,791

FINANCE - 0.68%

Beneficial Corporation.....	35,000	2,048
Household International,		
Incorporated.....	30,000	2,655
Paine Webber Group,		
Incorporated.....	58,900	1,384

TOTAL FINANCE.....		6,087

</TABLE>

See accompanying notes

26

28

AMR INVESTMENT SERVICES TRUST BALANCED PORTFOLIO
SCHEDULE OF INVESTMENTS
October 31, 1996

<TABLE>

<CAPTION>

	Shares	Value
	-----	-----
	(dollars in	thousands)
<S>	<C>	<C>
INSURANCE - LIFE AND		
MULTI-LINE - 2.58%		

Aetna Incorporated.....	75,600	\$ 5,056
American Financial Group, Incorporated.....	12,600	452
American General Corporation.....	26,000	969
Aon Corporation.....	114,300	6,601
Lincoln National Corporation.....	45,000	2,183
Old Republic International Corporation.....	121,000	2,995
Travelers Corporation.....	89,503	4,856

TOTAL INSURANCE - LIFE AND MULTI-LINE.....		23,112

INSURANCE - PROPERTY AND CASUALTY - 1.32%		
Allstate Corporation.....	113,300	6,359
Chubb Corporation.....	20,000	1,000
St. Paul Companies.....	60,000	3,263
TIG Holdings, Incorporated.....	42,000	1,213

TOTAL INSURANCE - PROPERTY AND CASUALTY.....		11,835

SAVINGS AND LOAN - 0.48%		
Great Western Financial Corporation.....	75,000	2,100
H.F. Ahmanson & Company.....	70,000	2,196

TOTAL SAVINGS AND LOAN.....		4,296

UTILITIES - ELECTRIC - 3.56%		
Central and Southwest Corporation.....	48,500	1,285
CMS Energy Corporation.....	60,000	1,898
DTE Energy Company.....	83,700	2,521
Edison International.....	80,000	1,580
Entergy Corporation.....	383,000	10,724
Illinova Corporation.....	60,000	1,635
Northeast Utilities.....	287,400	3,090
Potomac Electric Power.....	23,900	612
PP&L Resources, Incorporated....	25,000	584
Public Service Enterprise Group, Incorporated.....	45,400	1,220
Rochester Gas and Electric, Incorporated.....	30,000	559
Unicom Corporation.....	238,100	6,191

TOTAL UTILITIES - ELECTRIC...		31,899

<CAPTION>

	Shares	Value
	-----	-----
	(dollars in	thousands)
<S>	<C>	<C>
UTILITIES - NATURAL GAS - 1.95%		
Consolidated Natural Gas Company.....	149,200	\$ 7,926
Panenergy Corporation.....	193,500	7,450
Peoples Energy Corporation.....	58,000	2,045

TOTAL UTILITIES - NATURAL GAS.....		17,421

UTILITIES - TELEPHONE - 1.35%		
AT&T Corporation.....	30,000	1,046
NYNEX Corporation.....	32,000	1,424
Pacific Telesis Group, Incorporated.....	96,500	3,281
SBC Communications.....	14,400	700
US West, Incorporated.....	184,200	5,595

TOTAL UTILITIES - TELEPHONE.....		12,046

MISCELLANEOUS - INTEREST		
SENSITIVE - 2.06%		
American Express Company.....	205,600	9,663
Dean Witter Discover & Company...	22,600	1,331
Federal Home Loan Mortgage Corporation.....	20,800	2,101
Federal National Mortgage Association.....	117,200	4,585
Fund American Enterprises,		

Incorporated.....	8,800	789

TOTAL MISCELLANEOUS - INTEREST SENSITIVE.....		18,469

TOTAL INTEREST SENSITIVE.....		194,938

CONSUMER CYCLICALS - 3.55% AUTOMOBILE AND TRUCK - 3.27%		
Dana Corporation.....	208,200	6,168
Eaton Corporation.....	25,000	1,494
Ford Motor Company.....	408,200	12,756
General Motors Corporation.....	164,800	8,879

TOTAL AUTOMOBILE AND TRUCK...		29,297

ELECTRICAL HOUSEHOLD EQUIPMENT - 0.13%		
Whirlpool Corporation.....	24,400	1,153

TOTAL ELECTRICAL HOUSEHOLD EQUIPMENT.....		1,153

</TABLE>

See accompanying notes

27

29

AMR INVESTMENT SERVICES TRUST BALANCED PORTFOLIO
SCHEDULE OF INVESTMENTS
October 31, 1996

<TABLE>

<CAPTION>

	Shares	Value
	-----	-----
	(dollars in thousands)	
<S>	<C>	<C>
TIRE AND RUBBER - 0.15%		
Goodyear Tire & Rubber Company.....	28,800	\$ 1,321

TOTAL TIRE AND RUBBER.....		1,321

TOTAL CONSUMER CYCLICALS.....		31,771

INTERMEDIATE GOODS & SERVICES - 13.37%		
CHEMICALS - 1.60%		
ARCO Chemical Company.....	35,000	1,671
Dow Chemical.....	27,000	2,099
E.I. DuPont de Nemours & Company.....	27,000	2,504
Eastman Chemical Company.....	38,900	2,052
FMC Corporation (non-income producing).....	58,300	4,292
Olin Corporation.....	40,000	1,700

TOTAL CHEMICALS.....		14,318

FOREST PRODUCTS - 1.28%		
Boise Cascade Corporation.....	46,700	1,448
Georgia-Pacific Corporation.....	15,000	1,125
International Paper Company.....	55,000	2,351
Louisiana Pacific Corporation...	59,200	1,236
Mead Corporation.....	12,000	681
Millenium Chemicals, Incorporated.....	31,172	631
Union Camp Corporation.....	40,000	1,950
Weyerhaeuser Company.....	45,000	2,064

TOTAL FOREST PRODUCTS.....		11,486

METALS - ALUMINUM - 0.39%		
Alumax, Incorporated.....	43,000	1,381
Aluminum Company of America.....	36,000	2,111

TOTAL METALS - ALUMINUM.....		3,492

NATURAL GAS TRANSMISSION - 0.20%		
Coastal Corporation.....	40,700	1,750

TOTAL NATURAL GAS TRANSMISSION.....		1,750
OIL - 6.40%		
Amoco Corporation.....	120,500	9,128
Ashland, Incorporated.....	50,000	2,125
Atlantic Richfield Corporation...	15,000	1,988
Chevron Corporation.....	30,000	1,973
Exxon Corporation.....	62,600	5,548

<CAPTION>

	Shares	Value
	-----	-----
	(dollars in thousands)	
<S>	<C>	<C>
Louisiana Land and Exploration Company.....	25,400	\$ 1,445
Mobil Corporation.....	10,000	1,168
Phillips Petroleum Company.....	217,300	8,909
Tenneco, Incorporated.....	205,000	10,148
Texaco, Incorporated.....	82,900	8,425
Ultramar Corporation.....	70,000	2,004
Union Pacific Resources Group, Incorporated.....	78,600	2,162
Union Texas Petroleum Holdings, Incorporated.....	105,700	2,259
TOTAL OIL.....		57,282
OIL SERVICE - 0.45%		
Baker Hughes, Incorporated.....	113,200	4,033
TOTAL OIL SERVICE.....		4,033
TRANSPORTATION - 1.71%		
Conrail, Incorporated.....	17,500	1,665
CSX Corporation.....	120,300	5,188
Norfolk Southern Corporation.....	77,100	6,872
Ryder Systems, Incorporated.....	55,000	1,636
TOTAL TRANSPORTATION.....		15,361
MISCELLANEOUS - INTERMEDIATE GOODS & SERVICES - 1.34%		
Browning-Ferris Industries.....	71,500	1,877
Dresser Industries, Incorporated.....	146,700	4,823
Federal-Mogul Corporation.....	46,200	1,034
GATX Corporation.....	40,000	1,910
LTV Corporation.....	30,200	310
Mapco, Incorporated.....	33,800	1,052
USX-US Steel Group.....	35,400	965
TOTAL MISCELLANEOUS - INTERMEDIATE GOODS & SERVICES.....		11,971
TOTAL INTERMEDIATE GOODS & SERVICES.....		119,693
CAPITAL GOODS - 7.92%		
AEROSPACE - 4.27%		
Allegheny Teledyne, Incorporated.....	23,100	494
Coltec Industries, Incorporated (non-income producing).....	120,700	2,082
Harsco Corporation.....	30,000	1,916
Lockheed Martin Corporation.....	102,299	9,169
Northrop Corporation.....	25,000	2,019
Raytheon Company.....	209,300	10,308
Rockwell International Corporation.....	40,000	2,200

See accompanying notes

<TABLE>
<CAPTION>

	Shares	Value
	-----	-----
	(dollars in thousands)	
<S>	<C>	<C>
Textron, Incorporated.....	70,100	\$ 6,221
Thiokol Corporation.....	45,400	1,901
United Technologies Corporation.....	15,000	1,931

TOTAL AEROSPACE.....		38,241

ELECTRICAL EQUIPMENT - 1.32%		
General Electric Corporation.....	25,000	2,419
Honeywell, Incorporated.....	40,300	2,504
ITT Industries, Incorporated.....	119,500	2,778
Sunbeam-Oster Company.....	57,500	1,416
Westinghouse Electric Corporation.....	157,400	2,695

TOTAL ELECTRICAL EQUIPMENT...		11,812

ELECTRONICS - INDUSTRIAL - 0.29%		
Advanced Micro Devices.....	72,700	1,290
Lam Research Corporation.....	25,000	609
Teradyne, Incorporated.....	43,400	689

TOTAL ELECTRONICS - INDUSTRIAL.....		2,588

MACHINERY - 0.37%		
Caterpillar Tractor Company.....	8,600	590
Deere and Company.....	42,000	1,754
Tecumseh Products Company.....	17,900	1,007

TOTAL MACHINERY.....		3,351

NEWSPAPERS-PUBLISHING & PRINTING - 0.15%		
Gannett Company.....	17,800	1,351

TOTAL NEWSPAPERS-PUBLISHING & PRINTING.....		1,351

<CAPTION>

	Shares	Value
	-----	-----
	(dollars in thousands)	
<S>	<C>	<C>
OFFICE EQUIPMENT - 1.52%		
Apple Computer, Incorporated.....	23,400	\$ 538
International Business Machines Corporation.....	26,900	3,470
Storage Tech Group.....	45,200	1,927
Xerox Corporation.....	164,700	7,638

TOTAL OFFICE EQUIPMENT.....		13,573

TOTAL CAPITAL GOODS.....		70,916

TOTAL COMMON STOCK.....		509,092

<CAPTION>

	Par Amount	

<S>	<C>	<C>
SHORT-TERM INVESTMENTS (NOTE A) - 2.53%		
Bank Brussels Lambert Euro TD, 6.00%, Due 11/1/1996.....	\$8,453	8,453
Bank of Tokyo Mitsubishi, Limited, YCD, 5.60%, Due 11/14/1996.....	1,000	10,000
Dai-Ichi Kangyo Bank, Limited, BA, 5.45%, Due 11/20/1996.....	4,200	4,200

TOTAL SHORT-TERM INVESTMENTS.....		22,653

TOTAL INVESTMENTS - 100.59% (COST \$764,769).....		900,785

LIABILITIES, NET OF OTHER	
ASSETS - (0.59%).....	(5,303)

TOTAL NET ASSETS - 100%.....	\$895,482
	=====

</TABLE>

Based on the cost of investments of \$766,140 for federal income tax purposes at October 31, 1996, the aggregate gross unrealized appreciation was \$143,793, the aggregate gross unrealized depreciation was \$9,148 and the net unrealized appreciation of investments was \$134,645.

(A) Rates associated with short-term investments represent yield to maturity.

ABBREVIATIONS:

ADR - American Depositary Receipt
AG - Company
BA - Bankers Acceptance
FRN - Floating Rate Note
MTN - Medium Term Note
PLC - Public Limited Corporation
SA - Company
TBA - To Be Announced
TD - Time Deposit
YCD - Yankee Certificate of Deposit

See accompanying notes

AMR INVESTMENT SERVICES TRUST GROWTH AND INCOME PORTFOLIO
SCHEDULE OF INVESTMENTS
October 31, 1996

<TABLE>
<CAPTION>

	Shares	Value
	-----	-----
	(dollars in thousands)	
<S>	<C>	<C>
COMMON STOCK - 97.08%		
FOREIGN STOCKS - 3.20%		
Arthur Guinness & Sons, ADR...	197,000	\$ 7,057
British Petroleum PLC, ADR....	33,000	4,244
British Telecom PLC, ADR.....	40,100	2,310
Ciba-Geigy AG.....	35,000	2,164
Elf Aquitaine SA.....	48,100	1,930
Exel Limited.....	150,000	5,700
Hanson PLC, ADR.....	1,021,400	6,511
Imperial Tobacco Group PLC....	108,400	1,265
Royal Dutch Petroleum Company, New York Registry.....	27,000	4,465

TOTAL FOREIGN STOCKS.....		35,646

CONSUMER STAPLES - 16.67%		
DEPARTMENT AND MAIL ORDER - 2.12%		
J.C. Penney Company, Incorporated.....	272,600	14,312
K Mart Corporation.....	359,400	3,504
The May Department Store Company.....	60,000	2,843
Sears Roebuck & Company.....	60,000	2,903

TOTAL DEPARTMENT AND MAIL ORDER.....		23,562

DISTILLERS AND BREWERS - 1.35%		
Anheuser-Busch Companies, Incorporated.....	197,200	7,592
Brown-Foreman, Incorporated...	171,400	7,413

TOTAL DISTILLERS AND BREWERS.....		15,005

DRUGS AND HOSPITAL SUPPLY - 4.19%		
American Home Products Corporation.....	109,300	6,694

Baxter International, Incorporated.....	65,000	2,705
Bristol-Myers Squibb Company.....	159,700	16,888
Horizon / CMS Healthcare Corporation.....	509,700	5,288
Merck & Company, Incorporated.....	60,000	4,447
Pharmacia & Upjohn, Incorporated.....	87,800	3,160
Warner Lambert, Incorporated.....	116,300	7,400

TOTAL DRUGS AND HOSPITAL SUPPLY.....		46,582

FOOD PROCESSING - 0.18%		
Archer Daniels Midland Company.....	81,900	1,781
Heinz H.J. Company.....	5,000	178

TOTAL FOOD PROCESSING.....		1,959

<CAPTION>

	Shares	Value
	-----	-----
	(dollars in thousands)	
<S>	<C>	<C>
FOODS - 0.71%		
Nabisco Holdings Corporation, Class A.....	212,900	\$ 7,931

TOTAL FOODS.....		7,931

LEISURE - 1.28%		
Hasbro, Incorporated.....	203,400	7,907
King World Productions, Incorporated (non-income producing).....	66,900	2,408
Toys R Us, Incorporated.....	116,700	3,953

TOTAL LEISURE.....		14,268

PHOTOGRAPHY - 1.57%		
Eastman Kodak Company.....	218,600	17,433

TOTAL PHOTOGRAPHY.....		17,433

PUBLISHING - 0.82%		
A.H. Belo, Incorporated, Class A.....	235,600	9,188

TOTAL PUBLISHING.....		9,188

TOBACCO - 4.32%		
American Brands, Incorporated.....	138,900	6,632
Philip Morris Companies, Incorporated.....	346,600	32,104
RJR Nabisco Holdings.....	322,520	9,313

TOTAL TOBACCO.....		48,049

MISCELLANEOUS - CONSUMER STAPLES - 0.13%		
Gibson Greetings, Incorporated.....	90,550	1,415

TOTAL MISCELLANEOUS - CONSUMER STAPLES.....		1,415

TOTAL CONSUMER STAPLES....		185,392

INTEREST SENSITIVE - 33.40%		
BANKS - 10.35%		
Bank America Corporation.....	272,700	24,952
Bank of Boston Corporation....	52,000	3,328
Bankers Trust Company New York.....	92,000	7,774
Chase Manhattan Corporation...	290,614	24,920
Corestates Financial Corporation.....	33,000	1,605
First Chicago NBD.....	227,965	11,626
First of America Bank		

Corporation.....	70,000	3,806
First Security Corporation....	120,500	3,540
First Union Corporation.....	17,000	1,237
Fleet Financial Group, Incorporated.....	55,000	2,743
J.P. Morgan & Company, Incorporated.....	92,600	7,998
NationsBank Corporation.....	130,000	12,253

See accompanying notes

30

32

AMR INVESTMENT SERVICES TRUST GROWTH AND INCOME PORTFOLIO
SCHEDULE OF INVESTMENTS
October 31, 1996

<TABLE>

<CAPTION>

	Shares	Value
	-----	-----
	(dollars in thousands)	
<S>	<C>	<C>
PNC Bank Corporation.....	219,600	\$ 7,961
Wells Fargo and Company.....	5,000	1,336
TOTAL BANKS.....		115,079
BUILDING AND MATERIALS - 0.58%		
PPG Industries, Incorporated.....	113,100	6,447
TOTAL BUILDING AND MATERIALS.....		6,447
FINANCE - 0.84%		
Beneficial Corporation.....	60,000	3,510
Household International, Incorporated.....	45,000	3,983
Paine Webber Group, Incorporated.....	79,300	1,864
TOTAL FINANCE.....		9,357
INSURANCE - LIFE AND MULTI-LINE - 4.42%		
Aetna, Incorporated.....	170,400	11,396
American Financial Group, Incorporated.....	47,950	1,720
American General Corporation.....	61,000	2,272
Aon, Corporation.....	181,400	10,476
Lincoln National Corporation.....	80,000	3,880
Old Republic International Corporation.....	370,900	9,180
TransAmerica Corporation.....	50,000	3,794
Travelers Corporation.....	118,344	6,420
TOTAL INSURANCE - LIFE AND MULTI-LINE.....		49,138
INSURANCE - PROPERTY AND CASUALTY - 1.55%		
Allstate Corporation.....	182,825	10,261
Chubb Corporation.....	5,000	250
St. Paul Companies.....	76,500	4,160
TIG Holdings, Incorporated....	88,000	2,541
TOTAL INSURANCE - PROPERTY AND CASUALTY.....		17,212
SAVINGS AND LOAN - 0.52%		
Great Western Financial Corporation.....	100,000	2,800
H.F. Ahmanson & Company.....	95,000	2,981
TOTAL SAVINGS AND LOAN....		5,781
UTILITIES - ELECTRIC - 6.33%		
Central And Southwest Corporation.....	175,000	4,638
CMS Energy Corporation.....	130,000	4,111

DTE Energy Company.....	233,800	7,043
Edison International.....	187,500	3,703
Entergy Corporation.....	774,600	21,689
Illinova Corporation.....	90,000	2,453
New York State Electric & Gas Corporation.....	70,000	1,461

<CAPTION>

	Shares	Value
	-----	-----
	(dollars in thousands)	
<S>	<C>	<C>
Northeast Utilities.....	480,900	\$ 5,170
Peco Energy Company.....	100,000	2,525
Potomac Electric Power.....	48,500	1,243
PP&L Resources, Incorporated.....	65,000	1,519
Public Service Enterprise Group, Incorporated.....	172,100	4,625
Rochester Gas and Electric, Incorporated.....	45,000	838
Unicom Corporation.....	359,300	9,342

TOTAL UTILITIES - ELECTRIC.....		70,360

UTILITIES - NATURAL GAS - 2.89% Consolidated Natural Gas Company.....	273,300	14,519
Panenergy Corporation.....	399,500	15,381
Peoples Energy Corporation....	65,000	2,291

TOTAL UTILITIES - NATURAL GAS.....		32,191

UTILITIES - TELEPHONE - 1.99% AT&T Corporation.....	47,500	1,657
NYNEX Corporation.....	100,000	4,450
Pacific Telesis Group, Incorporated.....	160,200	5,447
SBC Communications.....	19,400	943
US West, Incorporated.....	318,900	9,687

TOTAL UTILITIES - TELEPHONE.....		22,184

MISCELLANEOUS - INTEREST SENSITIVE - 3.93% American Express Company.....	347,000	16,309
Dean Witter Discover & Company.....	56,200	3,309
Federal Home Loan Mortgage Corporation.....	78,600	7,939
Federal National Mortgage Association.....	317,900	12,438
Fund American Enterprises, Incorporated.....	41,375	3,708

TOTAL MISCELLANEOUS - INTEREST SENSITIVE.....		43,703

TOTAL INTEREST SENSITIVE.....		371,452

CONSUMER CYCLICALS - 5.64% AUTOMOBILE AND TRUCK - 5.05% Dana Corporation.....	414,800	12,288
Eaton Corporation.....	76,800	4,589
Ford Motor Company.....	739,100	23,097
General Motors Corporation....	300,800	16,206

TOTAL AUTOMOBILE AND TRUCK.....		56,180

</TABLE>

See accompanying notes

<TABLE>
<CAPTION>

	Shares	Value
	-----	-----
	(dollars in thousands)	
<S>	<C>	<C>
ELECTRICAL HOUSEHOLD EQUIPMENT - 0.23%		
Whirlpool Corporation.....	55,000	\$ 2,599

TOTAL ELECTRICAL HOUSEHOLD EQUIPMENT.....		2,599

TIRE AND RUBBER - 0.36%		
Goodyear Tire & Rubber Company.....	87,000	3,991

TOTAL TIRE AND RUBBER.....		3,991

TOTAL CONSUMER CYCLICALS.....		62,770

INTERMEDIATE GOODS & SERVICES - 23.90%		
CHEMICALS - 2.82%		
ARCO Chemical Company.....	60,000	2,865
Dow Chemical.....	40,000	3,110
E.I. DuPont de Nemours & Company.....	47,000	4,359
Eastman Chemical Company.....	101,775	5,369
FMC Corporation (non-income producing).....	178,200	13,120
Olin Corporation.....	60,000	2,550

TOTAL CHEMICALS.....		31,373

FOREST PRODUCTS - 2.10%		
Boise Cascade Corporation....	110,000	3,410
Georgia-Pacific Corporation...	50,000	3,750
International Paper Company...	80,000	3,420
Louisiana Pacific Corporation.....	111,400	2,325
Mead Corporation.....	24,000	1,362
Millenium Chemicals, Incorporated.....	82,672	1,674
Union Camp Corporation.....	77,300	3,768
Weyerhaeuser Company.....	80,000	3,670

TOTAL FOREST PRODUCTS.....		23,379

METALS - ALUMINUM - 0.49%		
Alumax, Incorporated.....	74,800	2,403
Aluminum Company of America...	52,000	3,049

TOTAL METALS - ALUMINUM...		5,452

NATURAL GAS TRANSMISSION - 0.43%		
Coastal Corporation.....	111,200	4,782

TOTAL NATURAL GAS TRANSMISSION.....		4,782

OIL - 12.58%		
Amoco Corporation.....	207,700	15,733
Ashland, Incorporated.....	90,000	3,825
Atlantic Richfield Corporation.....	145,400	19,266
Chevron Corporation.....	55,000	3,616

<CAPTION>

	Shares	Value
	-----	-----
	(dollars in thousands)	
<S>	<C>	<C>
Exxon Corporation.....	117,100	\$ 10,378
Louisiana Land and Exploration Company.....	113,325	6,445
Mobil Corporation.....	21,500	2,510
Phillips Petroleum Company....	399,300	16,371
Tenneco, Incorporated.....	375,700	18,597
Texaco, Incorporated.....	210,000	21,341
Ultramar Corporation.....	120,000	3,435
Union Pacific Resources Group, Incorporated.....	267,700	7,362

Union Texas Petroleum Holdings, Incorporated.....	360,800	7,712
USX-Marathon Group.....	150,000	3,281

TOTAL OIL.....		139,872

OIL SERVICE - 0.59%		
Baker Hughes, Incorporated....	185,200	6,598

TOTAL OIL SERVICE.....		6,598

TRANSPORTATION - 2.53%		
Conrail, Incorporated.....	35,000	3,329
CSX Corporation.....	209,100	9,017
Norfolk Southern Corporation.....	145,600	12,977
Ryder Systems, Incorporated...	93,000	2,767

TOTAL TRANSPORTATION.....		28,090

MISCELLANEOUS - INTERMEDIATE GOODS & SERVICES - 2.36%		
Browning-Ferris Industries....	129,300	3,394
Dresser Industries, Incorporated.....	229,800	7,555
Federal-Mogul Corporation....	96,100	2,150
GATX Corporation.....	70,000	3,343
Mapco, Incorporated.....	224,600	6,991
LTV Corporation.....	67,400	691
USX-US Steel Group.....	76,200	2,076

TOTAL MISCELLANEOUS - INTERMEDIATE GOODS & SERVICES.....		26,200

TOTAL INTERMEDIATE GOODS & SERVICES.....		265,746

CAPITAL GOODS - 14.27%		
AEROSPACE - 8.46%		
Allegheny Teledyne, Incorporated.....	266,323	5,693
Coltec Industries, Incorporated (non-income producing).....	465,700	8,033
Harsco Corporation.....	55,000	3,513
Lockheed Martin Corporation...	231,994	20,792
Northrop Corporation.....	45,000	3,634
Raytheon Company.....	484,200	23,847
Rockwell International Corporation.....	60,000	3,300

</TABLE>

See accompanying notes

32

34

AMR INVESTMENT SERVICES TRUST GROWTH AND INCOME PORTFOLIO
SCHEDULE OF INVESTMENTS
October 31, 1996

<TABLE>

<CAPTION>

	Shares	Value
	-----	-----
	(dollars in thousands)	
<S>	<C>	<C>
Textron, Incorporated.....	170,900	\$ 15,167
Thiokol Corporation.....	149,200	6,248
United Technologies Corporation.....	30,000	3,863

TOTAL AEROSPACE.....		94,090

ELECTRICAL EQUIPMENT - 1.86%		
General Electric Corporation.....	7,700	745
Honeywell, Incorporated.....	91,200	5,666
ITT Industries, Incorporated.....	208,800	4,855
Sunbeam-Oster Company.....	201,100	4,952
Westinghouse Electric Corporation.....	260,700	4,464

TOTAL ELECTRICAL		
EQUIPMENT.....		20,682
ELECTRONICS - INDUSTRIAL - 0.40%		
Advanced Micro Devices.....	135,000	2,396
Lam Research Corporation.....	30,000	731
Teradyne, Incorporated.....	85,200	1,353
TOTAL ELECTRONICS - INDUSTRIAL.....		
		4,480
MACHINERY - 0.93%		
Caterpillar Tractor Company...	17,900	1,228
Deere and Company.....	90,000	3,758
Tecumseh Products Company.....	94,400	5,310
TOTAL MACHINERY.....		
		10,296

<CAPTION>

	Shares	Value
	(dollars in thousands)	(dollars in thousands)
<S>		
<C>		
<C>		
OFFICE EQUIPMENT - 2.62%		
Apple Computer, Incorporated.....		
	47,700	\$ 1,097
International Business Machines Corporation.....		
	54,400	7,018
Storage Tech Group.....		
	92,400	3,939
Xerox Corporation.....		
	369,200	17,122
TOTAL OFFICE EQUIPMENT....		
		29,176
TOTAL CAPITAL GOODS.....		
		158,724
TOTAL COMMON STOCK.....		
		1,079,730

<CAPTION>

	Par Amount	
<S>		
<C>		
<C>		
SHORT-TERM INVESTMENTS (NOTE A) - 3.07%		
Bank Brussels Lambert Eurodollar TD, 6.00%, Due 11/1/1996.....		
	\$ 14,112	14,112
Bank of Tokyo-Mitsubishi, Limited, YCD, 5.60%, Due 11/14/1996.....		
	20,000	20,000
TOTAL SHORT-TERM INVESTMENTS.....		
		34,112
TOTAL INVESTMENTS - 100.15% (COST \$880,481).....		
		1,113,842
LIABILITIES, NET OF OTHER ASSETS - (0.15%).....		
		(1,685)
TOTAL NET ASSETS - 100%.....		
		\$1,112,157

</TABLE>

Based on the cost of investments of \$882,056 for federal income tax purposes at October 31, 1996, the aggregate gross unrealized appreciation was \$250,652, the aggregate gross unrealized depreciation was \$18,866, and the net unrealized appreciation of investments was \$231,786.

(A) Rates associated with short-term investments represent yield to maturity.

ABBREVIATIONS:

ADR - American Depositary Receipt
AG - Company
PLC - Public Limited Corporation
SA - Company
TD - Time Deposit
YCD - Yankee Certificate of Deposit

AMR INVESTMENT SERVICES TRUST INTERNATIONAL EQUITY PORTFOLIO
 SCHEDULE OF INVESTMENTS
 October 31, 1996

<TABLE>

<CAPTION>

	Shares	Value
	-----	-----
	(dollars in thousands)	
<S>	<C>	<C>
AUSTRALIA COMMON STOCK - 5.25%		
Australia & New Zealand		
Banking Group.....	799,577	\$ 4,673
Brambles Industries, Limited.....	192,200	3,186
Burns Philip & Company, Limited.....	400,000	634
CSR, Limited.....	460,000	1,547
Coles Myer Limited Australian.....	361,000	1,320
GIO Australia Holdings, Limited.....	470,271	1,212
Goodman Fielder Limited.....	1,150,000	1,350
News Corporation, Limited....	210,000	1,196
News Corporation Preferred Rights.....	155,000	682
Pacific Dunlop, Limited.....	401,000	890
Pioneer International, Limited.....	860,000	2,292
QBE Insurance Group, Limited.....	429,197	2,274

TOTAL AUSTRALIA COMMON STOCKS.....		21,256

AUSTRIA COMMON STOCKS - 1.22%		
Boehler-Uddeholm.....	27,500	2,057
Evn Energie-Versorgung Niederroesterreich AG.....	3,960	537
Mayr-Melnhof Karton AG.....	16,000	786
VA Technologie AG.....	11,000	1,539

TOTAL AUSTRIA COMMON STOCKS.....		4,919

BELGIUM COMMON STOCKS - 0.88%		
Arbed, SA (non-income producing).....	2,200	258
GIB Holdings, Limited, NPV...	14,800	624
Groupe Bruxelles Lambert, SA.....	11,759	1,461
Solvay Et Cie, NPV.....	2,000	1,197

TOTAL BELGIUM COMMON STOCKS.....		3,540

CANADA COMMON STOCKS - 2.61%		
Anderson Exploration Limited.....	115,000	1,338
Bank of Nova Scotia.....	62,439	1,967
Canadian Imperial Bank of Commerce.....	60,000	2,494
IMASCO, Limited.....	119,000	2,764
Noranda, Incorporated.....	62,500	1,375
Wascana Energy, Incorporated (non-income producing).....	60,000	631

TOTAL CANADA COMMON STOCKS.....		10,569

DENMARK COMMON STOCKS - 1.07%		
Den Danske Bank.....	16,000	1,148

<CAPTION>

	Shares	Value
	-----	-----
	(dollars in thousands)	

<S>	<C>	<C>
Novo Nordisk AS "B".....	8,000	\$ 1,332
Unidanmark AS, "A".....	40,000	1,845

TOTAL DENMARK COMMON		
STOCKS.....		4,325

FINLAND COMMON STOCKS - 2.78%		
Enso-Gutzeit OY.....	170,000	1,332
Huhtamaki Group I Free.....	28,100	1,222
Merita Bank, Limited.....	785,000	2,321
Metsa-Serla OY.....	100,000	695
Nokia OY "A".....	55,700	2,574
UPM-Kymmene OY.....	152,500	3,096

TOTAL FINLAND COMMON		
STOCKS.....		11,240

FRANCE COMMON STOCKS - 8.20%		
Adecco SA.....	3,855	1,093
Alcatel Alsthom CG.....	20,000	1,707
Assurances Generales de		
France.....	11,850	350
Axa SA.....	18,542	1,159
Banque Nationale de Paris....	66,213	2,480
Bongrain SA.....	1,870	758
Credit Lyonnais-CDI (non-		
income producing).....	9,100	249
Elf Aquitaine SA.....	67,300	5,386
Groupe Danone.....	8,950	1,226
La Farge-Coppee SA.....	63,323	3,803
La France SA.....	9,000	2,229
Pechiney SA.....	18,800	808
Peugot SA.....	11,000	1,148
Rhone-Poulenc "A".....	50,000	1,483
Sa Des Galeries Lafayette....	162	58
Saint Gobain.....	11,234	1,517
Thomson CSF.....	10,900	340
Total Petroleum Company "B"..	43,954	3,441
Usinor Sacilor.....	170,000	2,524
Valeo SA.....	23,600	1,417

TOTAL FRANCE COMMON		
STOCKS.....		33,176

GERMANY - 5.73%		
PREFERRED STOCK - 1.18%		
Herlitz AG.....	8,947	984
RWE AG.....	42,000	1,420
Spar Handels AG.....	25,600	316
Volkswagen AG.....	6,800	2,065

TOTAL GERMANY PREFERRED		
STOCKS.....		4,785

COMMON STOCKS - 4.55%		
BASF AG.....	49,000	1,567
BAYER AG.....	150,625	5,694
Commerzbank AG.....	40,000	897
Deutsche Bank AG.....	30,000	1,395

</TABLE>

See accompanying notes

34

36

AMR INVESTMENT SERVICES TRUST INTERNATIONAL EQUITY PORTFOLIO
SCHEDULE OF INVESTMENTS
October 31, 1996

<TABLE>

<CAPTION>

	Shares	Value
	-----	-----
	(dollars in thousands)	
<S>	<C>	<C>
Hoechst AG.....	16,000	\$ 603
Karstadt AG.....	6,500	2,371
Mannesmann AG.....	1,840	717
Muenchener Rueckversicherungs		
AG.....	300	585
Muenchener Rueckversicherungs		

AG - Reg.....	137	332
Muenchener Rueckversicherungs AG - Warrants.....	37	8
Varta AG (non-income producing).....	1,520	277
Veba AG.....	54,200	2,895
Volkswagen AG.....	2,650	1,050

TOTAL GERMANY COMMON STOCKS.....		18,391

TOTAL GERMANY.....		23,176

HONG KONG COMMON STOCK - 5.60%		
Cheung Kong Holdings, Limited.....	235,000	1,884
Dickson Concepts (International) Limited....	360,000	1,201
Hang Lung Development Company, Limited.....	710,000	1,405
Hong Kong Electric Holdings.....	292,900	938
Hong Kong Land (SGD).....	515,000	1,148
Hong Kong Telecommunications, Limited.....	1,432,400	2,529
HSBC Holdings, Limited.....	114,500	2,332
Hutchinson Whampoa, Limited..	200,000	1,397
Jardine Matheson Holdings, Limited.....	575,800	3,253
National Mutual Of Asia, Limited.....	1,700,000	1,429
New World Development Company, Limited.....	507,000	2,951
Peregrine Investments Holdings, Limited.....	550,000	886
Peregrine Investmens Holdings, Limited Warrants.....	55,000	10
South China Morning Post (Holdings), Linted.....	1,100,000	939
Sun Hung Kai Properties, Limited.....	100	1
Swire Pacific Limited "A"....	40,000	353

TOTAL HONG KONG COMMON STOCKS.....		22,656

IRELAND COMMON STOCKS - 0.57%		
Jefferson Smurfit.....	851,542	2,301

TOTAL IRELAND COMMON STOCKS.....		2,301

ITALY - 2.55%		
PREFERRED STOCK - 0.19%		
Concessioni E Costruzioni Autostrade.....	525,000	777

TOTAL ITALY PREFERRED STOCK.....		777

<CAPTION>

	Shares	Value
	-----	-----
	(dollars in thousands)	
<S>	<C>	<C>
COMMON STOCKS - 2.36%		
Danieli Group Risp.....	473,960	\$ 1,507
Fiat SPA.....	600,000	1,605
Olivetti Ing C, & Co.....	940,000	273
Sasib SPA.....	500,000	866
STET Risp Non Convertible....	550,000	1,901
Telecom Italia, SPA.....	250,000	557
Telecom Italia, SPA Non Convertible Risp.....	100,000	191
Sta Finanziaria Telefonica Torino.....	1,000,000	2,664

TOTAL ITALY COMMON STOCKS.....		9,564

TOTAL ITALY.....		10,341

JAPAN COMMON STOCKS - 11.74%

Aisin Seiki Company, Limited.....	87,000	1,262
Bridgestone Corporation.....	54,000	912
Canon, Incorporated.....	70,000	1,342
Chudenko Corporation.....	19,000	583
Daibiru Corporation.....	100,000	1,134
Daicel Chemical.....	120,000	608
Daikin Industries.....	70,000	665
Dainippon Ink & Chemical.....	57,000	244
Daiwa House Industry Company, Limited.....	103,000	1,431
East Japan Railway Company...	270	1,242
Fuji Photo Film.....	150,000	4,312
Hitachi Koki Company, Limited.....	70,000	588
Hitachi, Limited.....	305,000	2,708
KAO Corporation.....	146,000	1,720
Kirin Brewery Company, Limited.....	37,000	381
Matsushita Electric Industrial Company.....	75,000	1,200
MOS Food Services.....	79,000	1,653
Nichicon Corporation.....	114,000	1,423
Nichido Fire & Marine Insurance.....	240,000	1,498
Nintendo Company, Limited....	37,300	2,387
Nippon Fire And Marine Insurance.....	287,000	1,514
Nippon Telegraph & Telephone Corporation.....	143	1,000
Promise Company, Limited....	39,000	1,821
Ryosan Company.....	12,000	273
Sekisui Chemical Company, Limited.....	227,000	2,535
Sony Corporation.....	51,800	3,111
Sumitomo Marine & Fire Insurance.....	255,000	1,829

See accompanying notes

35

37

AMR INVESTMENT SERVICES TRUST INTERNATIONAL EQUITY PORTFOLIO
SCHEDULE OF INVESTMENTS
October 31, 1996

<TABLE>
<CAPTION>

	Shares	Value
	-----	-----
	(dollars in thousands)	
<S>	<C>	<C>
Sumitomo Rubber Industries...	220,000	\$ 1,559
Suzuki Motor Company, Limited.....	167,000	1,703
TDK Corporation.....	21,000	1,233
Toyo Seikan Kaisha.....	58,000	1,836
Yodogawa Steel Works.....	274,000	1,783

TOTAL JAPAN COMMON STOCKS.....		47,490

MEXICO COMMON STOCKS - 0.13%		
Alfa, SA.....	125,000	513

TOTAL MEXICO COMMON STOCKS.....		513

MALAYSIA COMMON STOCKS - 1.19%		
Arab Malaysian Finance.....	390,000	2,099
Golden Hope Plantations BHD.....	17,000	29
Kedah Cement Holdings BHD....	636,000	1,178
Malaysian International Shipping Corporation BHD...	505,666	1,511

TOTAL MALAYSIA COMMON STOCKS.....		4,817

NETHERLANDS COMMON STOCKS - 7.91%		

ABN AMRO Holdings NV.....	79,145	4,476
Aegon NV.....	40,000	2,036
Akzo Nobel NV.....	44,775	5,645
Fortis Amev NV.....	76,054	2,274
Hollandsche Beton Groep NV...	17,104	3,176
Internationale Nederlanden Groep NV.....	214,570	6,693
Koninklijke Bijenkorf Beheer NV.....	14,000	978
Phillips Electronics.....	96,500	3,403
Royal PTT Nederland NV.....	49,480	1,791
Unilever NV.....	10,000	1,521

TOTAL NETHERLANDS COMMON STOCKS.....		31,993

<CAPTION>

	Par Amount	
<S>	<C>	<C>
NEW ZEALAND - 1.21%		
FOREIGN BONDS - 0.01%		
Brierley Investments Limited Subordinated Convertible 9%, Due 6/30/1998.....	\$ 63	53

TOTAL NEW ZEALAND BONDS.....		53

COMMON STOCK - 1.20%		

<CAPTION>

	Shares	
<S>	<C>	<C>
Brierley Investments, Limited.....	1,400,000	1,277
Fisher & Paykel, Limited.....	210,000	768
Fletcher Challenge Paper.....	382,500	693
Fletcher Challenge Building.....	775,250	2,100

TOTAL NEW ZEALAND COMMON STOCKS.....		4,838

TOTAL NEW ZEALAND.....		4,891

<CAPTION>

	Shares	Value
<S>	<C>	<C>
(dollars in thousands)		
NORWAY COMMON STOCKS - 3.07%		
Den Norsk Bank Series A.....	565,000	\$ 1,879
Hafslund AS, Series B.....	99,500	734
Kvaerner Industries AS.....	49,789	1,882
Norsk Hydro AS.....	40,000	1,845
Nycomed AS, Series B.....	270,500	3,649
Saga Petroleum, Series B Free.....	100,000	1,569
Unitor AS.....	80,000	878

TOTAL NORWAY COMMON STOCKS.....		12,436

SINGAPORE COMMON STOCKS - 0.48%

Inchcape Berhad.....	175,000	569
Neptune Orient Lines.....	300,000	251
Sembawang Corporation.....	258,000	1,108

TOTAL SINGAPORE COMMON STOCKS.....		1,928

SPAIN COMMON STOCKS - 4.15%

Banco Espana Credito SA.....	7,000	44
Banco Popular Espanol.....	7,000	1,339
Banco Santander SA.....	50,000	2,569
Iberdrola SA.....	350,357	3,724
Repsol SA (BR).....	77,000	2,516
Telefonica de Espana.....	297,000	5,964
Uralita (non-income producing).....	79,250	622

TOTAL SPAIN COMMON		
STOCKS.....		16,778

SWEDEN COMMON STOCKS - 4.10%		
Assidoman AB.....	48,000	1,188
Astra AB, "B" Free.....	48,000	2,194
Electrolux AB "B".....	43,000	2,397
Esselte AB, Class "A".....	2,000	44
Esselte AB, Class "B".....	17,000	381
Fastighets AB Tornet.....	9,170	117
Marieberg Tidnings.....	77,267	1,883
Nordbanken AS.....	28,500	751
Skandia Forsakrings AB.....	23,100	649
SKF AB, "B" Free.....	55,000	1,219
Sparbanken Sverige AB "A"....	91,700	1,453
Stora Kopparbergs Bergslags, "A".....	42,100	552
Stora Kopparbergs Bergslags, "B".....	25,800	332
Svedala Industries, "A" Free.....	80,000	1,255
Svenska Cellulosa, "B" Free.....	59,000	1,240
Svenska Handelsbanken, "A"...	3,200	79

See accompanying notes

36

38

AMR INVESTMENT SERVICES TRUST INTERNATIONAL EQUITY PORTFOLIO
SCHEDULE OF INVESTMENTS
October 31, 1996

<TABLE>

<CAPTION>

	Shares	Value
	-----	-----
	(dollars in thousands)	
<S>	<C>	<C>
Volvo AB.....	40,000	\$ 832

TOTAL SWEDEN COMMON		
STOCKS.....		16,566

SWITZERLAND COMMON STOCKS - 6.69%		
BBC AG Series "A".....	1,100	1,365
Ciba-Geigy AG.....	5,000	6,185
Distefora Holding AG.....	16,400	216
Forbo Holding AG-R.....	2,000	798
Gerbrueder Sulzer AG.....	1,800	1,028
Holderbank Financial Glarus-B.....	1,350	938
Nestle SA.....	3,800	4,145
Schindler Holding AG.....	840	860
Schindler Holding AG Warrants.....	300	1
SGS Holding SA (Reg).....	4,200	1,792
SIG AG.....	1,540	3,707
SGS Holding SA (BR).....	240	547
Sulzer AG.....	4,365	2,323
Swiss Reinsurance Company....	2,925	3,151

TOTAL SWITZERLAND COMMON		
STOCKS.....		27,056

UNITED KINGDOM COMMON STOCKS - 11.80%		
Albert Fisher Group, PLC.....	262,500	171
Associated British Foods Group, PLC.....	62,000	426
Barclays, PLC.....	27,900	438
Barratt Developments, PLC....	350,000	1,456
BAT Industries, PLC.....	490,000	3,415
British Gas.....	550,000	1,715
British Telecommunications...	409,000	2,368
BTR, PLC.....	450,000	1,887
Burton Group, PLC.....	335,000	814
Coats Viyella, PLC.....	700,000	1,744
Commercial Union, PLC.....	172,500	1,822
English China Claylord Group.....	134,022	410

Grand Metropolitan, PLC.....	303,742	2,293
Hanson, PLC.....	620,000	815
Hillsdown Holdings, PLC.....	830,000	2,372
Hyder, PLC.....	164,000	1,891
Imperial Tobacco Group.....	62,000	362
Kwik Save Group, PLC.....	136,200	706
London Pacific Group, PLC....	130,000	494
National Power, PLC.....	50,000	331
National Westminster Bank, PLC.....	119,100	1,361
Northern Foods, PLC.....	300,000	972
Peninsular & Orient Steam Company.....	41,800	411
PowerGen, PLC.....	249,990	2,076
Reckitt & Coleman, PLC.....	171,679	1,988
Redland, PLC.....	220,000	1,508
Rolls Royce, PLC.....	107,600	445
Royal & Sun Alliance Insurance Group.....	205,000	1,407

<CAPTION>

	Shares	Value
	-----	-----
	(dollars in thousands)	
<S>	<C>	<C>
Safeway, PLC.....	309,677	\$ 1,838
Salvesen, (Christian), PLC...	290,000	1,504
Shell Transportation & Trading, PLC.....	45,000	738
Southern Electric, PLC.....	55,900	586
Tate & Lyle, PLC.....	105,000	816
Tesco, PLC.....	340,173	1,842
Thames Water Group, PLC.....	129,800	1,172
Unilever, PLC.....	120,000	2,523
WPP Group, PLC.....	169,500	629

TOTAL UNITED KINGDOM COMMON STOCKS.....		47,746

FOREIGN SECURITIES DENOMINATED IN U.S. DOLLARS - 1.15%		
Dairy Farm International.....	908,000	549
G P Batteries International Limited.....	137,000	397
G P Batteries Warrants Expiration 11/15/2000.....	34,250	26
Jardine Strategic.....	920,000	2,999
Millenium Chemicals Incorporated.....	8,857	179
Telmex ADR.....	17,000	519

TOTAL FOREIGN SECURITIES DENOMINATED IN U.S. DOLLARS.....		4,669

UNITED STATES - 6.14%		
FOREIGN BONDS - 0.12%		

<CAPTION>

	Par Amount	

<S>	<C>	<C>
New World China Convertible Bond, 4.00%, Due 12/31/1999.....	\$ 481	481

TOTAL UNITED STATES FOREIGN BONDS.....		481

UNITED STATES GOVERNMENT OBLIGATIONS (NOTE B) - 6.02%		
U. S. Treasury Bill, 5.01%, Due 11/7/1996.....	5,011	5,006
U. S. Treasury Bill, 5.02%, Due 11/14/1996.....	6,411	6,398
U. S. Treasury Bill, 5.05%, Due 11/21/1996.....	581	579
U. S. Treasury Bill, 5.16%, Due 11/29/1996.....	4,587	4,569
U. S. Treasury Bill, 4.92%, Due 12/5/1996.....	962	957
U. S. Treasury Bill, 5.12%, Due 12/12/1996.....	401	399
U. S. Treasury Bill, 4.83%, Due 12/26/1996.....	302	300

</TABLE>

See accompanying notes

37

39

AMR INVESTMENT SERVICES TRUST INTERNATIONAL EQUITY PORTFOLIO
SCHEDULE OF INVESTMENTS
October 31, 1996

<TABLE>
<CAPTION>

	Par Amount	Value
	-----	-----
	(dollars in thousands)	
<S>	<C>	<C>
U. S. Treasury Bill, 4.92%, Due 1/2/1997.....	\$ 10	\$ 10
U. S. Treasury Bill, 4.94%, Due 1/9/1997.....	6,174	6,114

TOTAL UNITED STATES U S GOVERNMENT BONDS.....		24,332

TOTAL UNITED STATES.....		24,813

TOTAL INVESTMENTS - 96.22% (COST \$335,924).....		389,195

OTHER ASSETS, NET OF LIABILITIES - 3.78%.....		15,301

TOTAL NET ASSETS - 100%.....		\$ 404,496
		=====

</TABLE>

(A) Based on the cost of investments of \$336,065 for federal income tax purposes at October 31, 1996, the aggregate gross unrealized appreciation was \$66,481, the aggregate gross unrealized depreciation was \$13,351, and the net unrealized appreciation of investments was \$53,130.

(B) Rates associated with United States Government Bonds represent yield to maturity from time of purchase.

ABBREVIATIONS:

- ADR - American Depository Receipt
- AB - Company (Sweden)
- AG - Company (Switzerland, Germany)
- AS - Company (Denmark, Norway)
- BHD - Berhard (Malaysia)
- BR - Bearer (Spain, Switzerland)
- CG - Company General (France)
- HG - Holding (Switzerland)
- NPV - No Par Value (Belgium)
- NV - Company (Netherlands)
- ORD - Ordinary (Netherlands, France, Australia)
- OY - Company (Sweden)
- PLC - Public Limited Corporation (UK, Hong Kong)
- SA - Company (Switzerland, Spain, Mexico, France, Belgium)
- SGD - Singapore Dollars (Hong Kong)
- SPA - Company (Italy)
- VZA - Vorzugsaktie - Preferred (Germany)

See accompanying notes

38

40

AMR INVESTMENT SERVICES TRUST INTERNATIONAL EQUITY PORTFOLIO
INDUSTRY DIVERSIFICATION
October 31, 1996

<TABLE>
<CAPTION>

Percent of
Net Assets

	----- <C>
<S>	
Basic Industry.....	31.49%
Capital Goods.....	9.60%
Consumer Goods & Services.....	19.59%
Energy.....	4.42%
Financing, Insurance & Real Estate.....	20.13%
Short Term Investments.....	6.02%
Transportation.....	0.85%
Utilities.....	4.23%
Other Assets/Liabilities.....	3.67%

NET ASSETS.....	100.00%
	=====

</TABLE>

See accompanying notes

AMR INVESTMENT SERVICES TRUST LIMITED-TERM INCOME PORTFOLIO
SCHEDULE OF INVESTMENTS
October 31, 1996

<TABLE>

<CAPTION>

	Par Amount	Value
	-----	-----
	(dollars in thousands)	
<S>	<C>	<C>
CERTIFICATES OF DEPOSIT - 5.24%		
Advanta National Bank CD, 6.43%, Dated 4/30/1996, Due 4/30/1998.....	\$ 9,000	\$ 9,078

TOTAL CERTIFICATES OF DEPOSIT.....		9,078

U.S. GOVERNMENT & AGENCY OBLIGATIONS - 54.20%		
Federal Home Loan Mortgage Corporation, 1647 PE, 6.00%, Due 8/15/2006.....	7,535	7,470
Federal Home Loan Mortgage Corporation, M H-1 A REMIC, 10.15%, Due 4/15/2006.....	173	174
Government National Mortgage Association, Pool #780285, 9.50%, Due 12/15/2017.....	24,250	26,367
Government National Mortgage Association, Pool #780426, 9.50%, Due 11/15/2017.....	26,257	28,549
Government National Mortgage Association, Pool #780173, 9.50%, Due 12/15/2019.....	12,324	13,386
Government National Mortgage Association, Pool #780010, 9.50%, Due 3/15/2023.....	12,001	13,040
U.S. Treasury Notes, 5.75%, Due 8/15/2003.....	5,000	4,869

TOTAL U.S. GOVERNMENT & AGENCY OBLIGATIONS.....		93,855

CORPORATE OBLIGATIONS - 20.60%		
INDUSTRIAL - 9.39%		
Cox Communications, Incorporated 6.94%, Due 10/1/2001.....	8,000	8,096
Philip Morris, Incorporated 7.25%, Due 9/15/2001.....	8,000	8,168

TOTAL INDUSTRIAL.....		16,264

BANK FUNDING - 11.21%		
Ford Motor Credit Corporation, 5.75%, Due 1/25/2001.....	8,000	7,775
Smith Barney Holdings, 5.875%, Due 2/01/2001.....	5,000	4,874

<CAPTION>

	Par Amount	Value
	-----	-----
	(dollars in thousands)	
<S>	<C>	<C>
Southtrust Bank Of Alabama, 5.58%, Due 2/6/2006, Puttable 2001, Dated 2/6/1996.....	\$ 7,000	\$ 6,768
TOTAL BANK FUNDING.....		19,417
TOTAL CORPORATE OBLIGATIONS.....		35,681
ASSET-BACKED SECURITIES - 5.94%		
Case Equipment Loan Trust, Series 1993-B, 5.10%, Due 5/15/1999.....	2,241	2,221
Corestates 1996-1, 6.75%, Due 2/15/2005.....	8,000	8,065
TOTAL ASSET-BACKED SECURITIES.....		10,286
NON-AGENCY MORTGAGE BACKED OBLIGATIONS - 13.37%		
Collateralized Mortgage Obligation Trust, 56 A, 9.00%, Due 5/1/2014.....	194	200
Residential Funding Securities Corporation, 1995-1 KS1, 6.7125%, Due 6/25/2025.....	3,872	3,892
Resolution Trust Corporation, 1992-MH3 B1, 7.25%, Due 12/15/2011.....	7,301	7,347
Resolution Trust Corporation, 1992-7 A3, 6.97312%, Due 3/25/2022.....	2,784	2,755
Resolution Trust Corporation, 1992-6 A 3, 6.97312%, Due 3/25/2022.....	2,767	2,806
Resolution Trust Corporation, 1992-1 A1, 6.3860%, Due 5/25/2028.....	2,983	3,017
Resolution Trust Corporation, 1992-4 A2, 6.2696%, Due 7/25/2028.....	3,086	3,132
TOTAL NON-AGENCY MORTGAGE BACKED OBLIGATIONS.....		23,149
SHORT-TERM INVESTMENTS (NOTE A) - 1.40%		
Bank Brussels Lambert, Euro TD, 5.5625%, Due 11/1/1996.....	2,430	2,430
TOTAL SHORT-TERM INVESTMENTS.....		2,430
TOTAL INVESTMENTS - 100.75% (COST \$173,958).....		174,479
LIABILITIES, NET OF OTHER ASSETS - (0.75%).....		(1,302)
TOTAL NET ASSETS - 100%.....		\$173,177
		=====

</TABLE>

See accompanying notes

40

42

AMR INVESTMENT SERVICES TRUST LIMITED-TERM INCOME PORTFOLIO
SCHEDULE OF INVESTMENTS
October 31, 1996

Based on the cost of investments of \$173,958 for federal income tax purposes at October 31, 1996, the aggregate gross unrealized appreciation was \$927, the unrealized depreciation was \$406, and the net unrealized appreciation of investments was \$521.

(A) Rates associated with short-term investments represent yield to maturity.

ABBREVIATIONS:

CD - Certificate of Deposit
REMIC - Real Estate Mortgage Investment Conduit
TD - Time Deposit

See accompanying notes

AMR INVESTMENT SERVICES TRUST MONEY MARKET PORTFOLIO
SCHEDULE OF INVESTMENTS
October 31, 1996

<TABLE>

<CAPTION>

	Par Amount	Value
	-----	-----
	(dollars in thousands)	
<S>	<C>	<C>
EURODOLLAR TIME DEPOSITS (NOTE A) - 9.16%		
Bank Brussels Lambert, 6.00%, Due 11/1/1996.....	\$ 85,000	\$ 85,000
Fuji Bank, 5.84375%, Due 11/1/1996.....	57,000	57,000
Skandinaviska Enskilda Banken, 5.75%, Due 11/1/1996.....	19,662	19,662

TOTAL EURODOLLAR TIME DEPOSITS.....		161,662

CERTIFICATES OF DEPOSIT (NOTE A) - 22.61%		
FOREIGN BANKS - 21.25%		
Banca CRT S.p.A., New York, Variable Rate, 5.65625%, Due 3/10/1997.....	75,000	75,000
Industrial Bank of Japan, New York, Variable Rate, 5.50219%, Due 8/27/1997 ...	25,000	25,000
Industrial Bank of Japan, New York, Variable Rate, 5.54%, Due 8/5/1997.....	80,000	80,000
Postipankki, Limited, New York, Variable Rate Demand, 5.5225%, Due 9/26/1997 (Note C).....	90,000	90,000
Sanwa Bank, Limited, New York, Variable Rate, 5.59594%, Due 2/6/1997.....	72,000	72,000
Sanwa Bank, Limited, New York, Variable Rate, 5.49219%, Due 2/27/1997....	33,000	33,000

TOTAL FOREIGN BANKS.....		375,000

DOMESTIC BANKS - 1.36%		
Banco Popular de Puerto Rico, Variable Rate, 5.725%, Due 4/4/1997 (Note B).....	24,000	24,000

TOTAL DOMESTIC BANKS.....		24,000

TOTAL CERTIFICATES OF DEPOSIT.....		399,000

PROMISSORY NOTES (NOTES A AND C) - 16.71%		
Goldman Sachs Group L.P., Variable Rate Demand, 5.57547%, Due 4/4/1997.....	18,000	18,000
Goldman Sachs Group L.P., Variable Rate Demand, 5.50516%, Due 4/18/1997....	50,000	50,000
Goldman Sachs Group L.P., Variable Rate Demand, 5.50516%, Due 4/18/1997.....	12,000	12,000

<CAPTION>

	Par Amount	Value
	-----	-----
	(dollars in thousands)	
<S>	<C>	<C>
Goldman Sachs Group L.P., Variable Rate Demand, 5.46219%, Due 5/19/1997.....	\$ 25,000	\$ 25,000
Heller Financial, Incorporated, Variable Rate Demand, 5.75%, Due 12/20/1996.....	65,000	65,000
Heller Financial, Incorporated, Variable Rate Demand, 5.63125%, Due 1/27/1997.....	10,000	10,000
Heller Financial, Incorporated, Variable Rate Demand, 5.705%, Due 3/11/1997.....	25,000	25,000
Jackson National Life Insurance FA #F-1041-1, Variable Rate Demand, 5.57078%, Due 9/2/1997.....	90,000	90,000

TOTAL PROMISSORY NOTES...		295,000

BANK NOTES (NOTE A) - 5.44%		
Advanta Bank USA, Variable Rate, 5.66125%, Due 1/9/1997.....	25,000	25,000
Advanta Bank USA, Variable Rate, 5.65625%, Due 7/15/1997.....	25,000	24,999
Advanta National Bank, Variable Rate, 5.825%, Due 4/4/1997	11,000	11,000
Advanta National Bank, Variable Rate, 5.73125%, Due 4/10/1997.....	10,000	10,001
Advanta National Bank, Variable Rate, 5.825%, Due 10/1/1997.....	25,000	25,000

TOTAL BANK NOTES.....		96,000

COMMERCIAL PAPER (NOTE A) - 7.70%		
Aristar, Incorporated, 5.42%, Due 11/14/1996.....	9,175	9,157
Aristar, Incorporated, 5.44%, Due 11/14/1996.....	35,000	34,932
BanPonce Financial Corporation, 5.52%, Due 11/14/1996.....	12,000	11,976
Finova Capital Corporation, 5.33%, Due 11/14/1996.....	10,000	9,981
Finova Capital Corporation, 5.33%, Due 11/14/1996.....	50,000	49,904
Finova Capital Corporation, 5.34%, Due 11/14/1996.....	20,000	19,962

TOTAL COMMERCIAL PAPER...		135,912

</TABLE>

See accompanying notes

42

44

AMR INVESTMENT SERVICES TRUST MONEY MARKET PORTFOLIO
SCHEDULE OF INVESTMENTS
October 31, 1996

<TABLE>
<CAPTION>

	Par Amount	Value
	-----	-----
	(dollars in thousands)	
<S>	<C>	<C>

VARIABLE RATE MEDIUM-TERM NOTES

(NOTE A) - 37.85%

American Honda Finance Corporation, 144A, 5.53125%, Due 1/27/1997....	\$ 70,000	\$ 69,992
American Honda Finance Corporation, 144A, 5.58078%, Due 2/7/1997.....	10,000	10,000
Bank of Boston Corporation, 5.56125%, Due 1/24/1997....	50,000	50,000
Bank of Boston Corporation, 5.55125%, Due 1/24/1997....	15,000	15,000
Bank of Boston Corporation, 5.55125%, Due 1/29/1997....	5,000	5,000
BanPonce Corporation, 5.91250%, Due 2/3/1997.....	40,000	40,019
BanPonce Financial Corporation, 6.0125%, Due 11/25/1996.....	5,000	5,001
BanPonce Financial Corporation, 6.0625%, Due 1/7/1997.....	10,000	10,007
Bear Stearns Companies, Incorporated, 5.55469%, Due 1/17/1997.....	25,000	25,000
CS First Boston, Incorporated, 144A, 5.53906%, Due 5/11/1997....	58,000	58,000
General Motors Acceptance Corporation, Variable Rate Demand, 5.50%, Due 2/23/1998 (Note D).....	70,000	70,000

<CAPTION>

	Par	
	Amount	Value
	-----	-----
	(dollars in thousands)	
<S>	<C>	<C>

General Motors Acceptance Corporation, Variable Rate Demand, 5.48734%, Due 10/22/1998 (Note D).....	\$ 25,000	\$ 25,000
Merrill Lynch & Company, Incorporated, 5.50906%, Due 2/12/1997.....	30,000	30,000
Salomon Incorporated, 5.73125%, Due 10/31/1997...	95,000	95,000
Sanwa Business Credit Corporation, 144A, 5.62125%, Due 1/10/1997....	25,000	25,000
Sanwa Business Credit Corporation, 144A, 5.62125%, Due 1/10/1997....	25,000	25,000
Sanwa Business Credit Corporation, 144A, 5.61906%, Due 2/10/1997....	10,000	9,999
Sanwa Business Credit Corporation, 144A, 5.65203%, Due 3/4/1997.....	20,000	19,996
Sears Roebuck Acceptance Corporation, 5.51078%, Due 10/2/1997.....	80,000	80,000

TOTAL VARIABLE RATE MEDIUM-TERM NOTES.....		668,014

TOTAL INVESTMENTS - 99.47% (COST \$1,755,588).....		1,755,588

OTHER ASSETS, NET OF LIABILITIES - 0.53%.....		9,334

TOTAL NET ASSETS - 100%.....		\$1,764,922
		=====

</TABLE>

Based on the cost of investments of \$1,755,588 for federal income tax purposes at October 31, 1996, there was no unrealized appreciation or depreciation of investments.

(A) Rates associated with money market securities represent yield to maturity or yield to next reset date.

(B) Obligation is subject to a same day credit quality put back to issuer.

(C) Obligation is subject to an unconditional put back to the issuer with seven calendar days notice.

(D) Obligation is subject to an unconditional put back to the issuer with thirty calendar days notice.

ABBREVIATION:

L.P. - Limited Partnership

See accompanying notes

AMR INVESTMENT SERVICES TRUST MUNICIPAL MONEY MARKET PORTFOLIO
SCHEDULE OF INVESTMENTS
October 31, 1996

<TABLE>
<CAPTION>

	Par Amount	Value
	-----	-----
	(dollars in thousands)	
<S>	<C>	<C>
COMMERCIAL PAPER (NOTE A) - 4.25%		
City of Burlington, Kansas Customized Purchase Pollution Control Refunding and Improvement Revenue Bonds Series 1985B, 3.60%, Due 9/1/2015, LOC Societe Generale.....	\$ 1,400	\$ 1,400
Carbon County Industrial Development Authority Resource Recovery Bonds (Panther Creek Project) Series 1991A, 3.60%, Due 12/1/2017, LOC National Westminster Bank, PLC.....	750	750
Toledo, Lucas County, Ohio Port Authority Port Facility Refunding Revenue Bonds (CSX Transportation, Incorporated Project) Series 1992, 3.55%, Due 12/15/2021, LOC Bank of Nova Scotia.....	1,300	1,300

TOTAL COMMERCIAL PAPER.....		3,450

MUNICIPAL BONDS (NOTE A) - 92.24%		
ALABAMA - 4.52%		
Birmingham Baptist Medical Centers - Alabama Special Care Facilities Financing Authority Revenue Bonds (Senior Living Communities, Incorporated Project) Series 1990A, 3.70%, Due 9/1/2020, LOC Fuji Bank, Limited, VRDO.....	3,190	3,190
Birmingham Baptist Medical Centers - Alabama Medical Clinic Board Revenue Bonds (Western Medical System, Inc. Project), Series 1990A, 3.70%, Due 6/1/2028, LOC Fuji Bank, Limited, VRDO.....	480	480

TOTAL ALABAMA.....		3,670

ARIZONA - 2.95%		
Industrial Development Authority of Apache County, Arizona Pollution Control Revenue (Tucson Electric Power Company) Series 1981B, 3.65%, Due 10/1/2021, LOC Bank of Tokyo-Mitsubishi,		

Limited, VRDO.....	2,400	2,400

TOTAL ARIZONA.....		2,400

<CAPTION>

	Par Amount	Value
	-----	-----
	(dollars in thousands)	
<S>	<C>	<C>
ARKANSAS - 1.48%		
Little River County, Arkansas Solid Waste Disposal Revenue Bonds (Georgia-Pacific Corporation Project) Series 1991, 3.70%, Due 11/1/2026, LOC Sumitomo Bank, Limited, VRDO.....	\$ 1,200	\$ 1,200

TOTAL ARKANSAS.....		1,200

CALIFORNIA - 7.93%		
California Pollution Control Financing Authority Solid Waste Disposal Revenue Bonds (Taormina Industries, Incorporated Project) Series 1994B, 3.70%, Due 8/1/2014, LOC Sanwa Bank, Limited, VRDO.....	1,000	1,000
California Statewide Community Development Authority Industrial Development Revenue Bonds (Nichirin-Flex U.S.A., Incorporated Project) Series 1989, 3.55%, Due 10/1/2004, LOC Dai-Ichi Kangyo Bank, Limited, VRDO...	2,500	2,500
County of Sacramento, California Revenue Bonds Series 1985A, 3.60%, Due 4/15/2007, LOC Dai-Ichi Kangyo Bank, Limited, VRDO...	200	200
County of Sacramento, California Revenue Bonds Series 1985B, 3.60%, Due 4/15/2007, LOC Dai-Ichi Kangyo Bank, Limited, VRDO...	100	100
Los Angeles County Industrial Development Authority (Gary A. Bandy), 4.10%, Due 12/1/2007, LOC Dai-Ichi Kangyo Bank, Limited, VRDO...	345	345
Los Angeles County Industrial Development Authority (Bicara, Limited Project) Series 1987A-II, 4.10%, Due 12/1/2007, LOC Dai-Ichi Kangyo Bank, Limited, VRDO...	600	600
Southeast Resource Recovery Facilities Authority California Lease Revenue Bonds Series 1995A, 3.55%, Due 12/1/2018, LOC Industrial Bank of Japan, Limited, VRDO.....	1,700	1,700

TOTAL CALIFORNIA.....		6,445

</TABLE>

See accompanying notes

AMR INVESTMENT SERVICES TRUST MUNICIPAL MONEY MARKET PORTFOLIO
SCHEDULE OF INVESTMENTS
October 31, 1996

<TABLE>

<CAPTION>

Par Amount	Value
-----	-----

<C> <C>
(dollars in thousands)

COLORADO - 2.22%

Adams County, Colorado
Industrial Development
Revenue Bonds (City View Park
Project) Series 1985, 3.60%,
Due 12/1/2015, LOC Barclays
Bank PLC, VRDO..... \$ 1,800 \$ 1,800

TOTAL COLORADO..... 1,800

CONNECTICUT - 0.25%

Connecticut Development
Authority Solid Waste
Disposal Facility Revenue
Bonds (Exeter Energy Project)
Series 1989A, 3.60%, Due
12/1/2019, LOC Sanwa Bank,
Limited, VRDO..... 200 200

TOTAL CONNECTICUT..... 200

FLORIDA - 6.52%

Broward County, Florida Housing
Finance Authority Multifamily
Housing Revenue
Bonds(Parkview Partnership
Limited), 3.75%, Due
12/1/2010, LOC Fuji Bank,
Limited, VRDO..... 1,000 1,000

City of Naples, Florida
Hospital Revenue Bonds
(Naples Community Hospital,
Incorporated Project) Series
1992, 3.70%, Due 11/1/2022,
LOC Mellon Bank, N.A.,
VRDO..... 100 100

Dade County, Florida Capital
Asset Acquisition Special
Obligation Bonds Series 1990,
3.90%, Due 10/1/2010, LOC
Sanwa Bank, Limited, VRDO.... 1,700 1,700

Lee County, Florida Industrial
Development Authority Revenue
Bonds (Christian & Missionary
Alliance Foundation - Shell
Point Village Project),
Series 1985, 3.625%, Due
4/1/2010, LOC Banque Paribas,
VRDO..... 2,500 2,500

TOTAL FLORIDA..... 5,300

GEORGIA - 6.36%

Clayton County, Georgia Housing
Authority Multifamily Housing
Revenue Refunding Bonds
(Chateau Forest Apartments
Project) Series 1990E, 3.55%,
Due 1/1/2021, Bond
Insurance - Financial
Security Assurance, VRDO..... 570 570

<CAPTION>

Par Amount	Value
-----	-----

(dollars in thousands)

<S>

Industrial Development
Authority of Cartersville
(Sekisui Jushi America
Incorporated Project) Series
1992, 4.05%, Due 6/1/2012,
LOC Sanwa Bank, Limited,
VRDO..... \$ 1,100 \$ 1,100

Thomaston-Upson County
Industrial Development
Revenue Authority (Yamaha
Music Manufacturing,

Incorporated) Series 1988, 4.05%, Due 8/1/2018, LOC Bank of Tokyo-Mitsubishi, Limited, VRDO.....	3,500	3,500

TOTAL GEORGIA.....		5,170

HAWAII - 0.74%

Hawaii Housing Finance & Development Corporation (Pohulani Rental Housing Development Project) Rental Housing System Revenue Bonds Series 1990B, 3.60%, Due 7/1/2025, LOC Industrial Bank of Japan, Limited, VRDO.....	500	500
Hawaii State Housing Finance & Development Corporation Revenue Rental Housing System (Kamakee Vista Rental Housing Development Project) Series 1990A, 3.60%, Due 7/1/2025, LOC Industrial Bank of Japan, Limited, VRDO.....	100	100

TOTAL HAWAII.....		600

ILLINOIS - 3.19%

Illinois Development Finance Authority (Illinois Power Project) Series 1987D, 3.55%, Due 3/1/2017, LOC Bank of Tokyo-Mitsubishi, Limited, VRDO.....	900	900
Illinois Housing Development Authority Multi-Family Mortgage - Revenue Bonds (Hyde Park Project) Series 1989, 4.05%, Due 2/1/2024, LOC Sumitomo Bank, Limited, VRDO.....	1,265	1,265
Oswego, Illinois Industrial Development Revenue Bonds (Griffith Laboratories World Wide, Incorporated Project) Series 1995, 3.65%, Due 7/1/2025, LOC ABN AMRO Bank, N.V., VRDO.....	430	430

TOTAL ILLINOIS.....		2,595

</TABLE>

See accompanying notes

AMR INVESTMENT SERVICES TRUST MUNICIPAL MONEY MARKET PORTFOLIO
SCHEDULE OF INVESTMENTS
October 31, 1996

<TABLE>
<CAPTION>

	Par Amount	Value
	-----	-----
	(dollars in thousands)	
<S>	<C>	<C>
INDIANA - 4.01%		
Fort Wayne Industrial Economic Development Revenue Bonds (ND-Tech Corporation Project) Series 1989, 3.65%, Due 7/1/2009, LOC Societe Generale, VRDO.....	\$ 600	\$ 600
Indianapolis, Indiana Resource Recovery Revenue Bonds (Ogden Martin System) Series 1987, 3.65%, Due 12/1/2016, LOC Swiss Bank Corporation,		

VRDO.....	400	400
Princeton Industrial Development Revenue Bonds (Orion Electric America, Incorporated Project) Series 1987, 3.80%, Due 4/30/2017, LOC Bank of Tokyo-Mitsubishi, Limited, VRDO.....	455	455
Seymour Economic Development Revenue Bonds (Kobelco Metal Powder of America, Incorporated Project) Series 1987, 4.05%, Due 12/15/1997, LOC Industrial Bank of Japan, Limited, VRDO.....	600	600
Shelbyville, Indiana Economic Development Revenue Bonds (Nippisun Indiana Corporation Project) Series 1991, 4.25%, Due 9/1/2006, LOC Industrial Bank of Japan, Limited, VRDO.....	1,200	1,200
TOTAL INDIANA.....		3,255

IOWA - 0.95%		
Dubuque, Iowa Industrial Development Revenue Bonds (Swiss Valley Farms Company Project Series 1987), 3.90%, Due 12/1/2001, LOC Rabobank Nederland, VRDO.....	770	770
TOTAL IOWA.....		770

KENTUCKY - 3.44%		
Bowling Green Industrial Building Revenue Bonds (TWN Fastener, Incorporated Project) Series 1988, 4.05%, Due 3/1/2008, LOC Industrial Bank of Japan, Limited, VRDO.....	900	900

<CAPTION>

	Par	
	Amount	Value
	-----	-----
	(dollars in thousands)	
<S>	<C>	<C>

Georgetown, Kentucky Public Project Revenue Bond Series 1986, 4.00%, Due 12/1/2006, LOC Bank of Tokyo-Mitsubishi, Limited, VRDO.....	\$ 300	\$ 300
Hopkinsville Industrial Development Revenue Bonds (American Precision Machinery, Incorporated Project) Series 1990, 3.75%, Due 5/1/2000, LOC Bank of Tokyo-Mitsubishi, Limited, VRDO.....	1,400	1,400
Hopkinsville, Kentucky Industrial Building Revenue Refunding Bonds (Co Par, Incorporated Project) Series 1994A, 4.05%, Due 4/1/2004, LOC Dai-Ichi Kangyo Bank, Limited, VRDO.....	100	100
Shelbyville, Kentucky Industrial Building Revenue Bonds (Ichikoh Manufacturing, Incorporated Project) Series 1987, 4.05%, Due 10/1/1997 LOC Industrial Bank of Japan, Limited, VRDO.....	100	100
TOTAL KENTUCKY.....		2,800

LOUISIANA - 4.20%

Louisiana Public Facilities
Authority Capital Facilities
Revenue Bonds Series 1985A,

3.90%, Due 12/1/2005, LOC Sumitomo Bank, Limited, VRDO.....	1,210	1,210
Louisiana Public Facilities Authority Revenue Bonds (College & University Equipment & Capital Facilities) Series 1985A, 3.55%, Due 9/1/2010, Bond Insurance - Financial Guaranty Insurance Company, VRDO.....	2,200	2,200
TOTAL LOUISIANA.....		3,410
MICHIGAN - 0.25% Kent Hospital Finance Authority (Butterworth Hospital Project) Series 1991A, 3.85%, Due 1/15/2020, LOC Sanwa Bank, Limited, VRDO.....	200	200
TOTAL MICHIGAN.....		200

</TABLE>

See accompanying notes

AMR INVESTMENT SERVICES TRUST MUNICIPAL MONEY MARKET PORTFOLIO
SCHEDULE OF INVESTMENTS
October 31, 1996

<TABLE>
<CAPTION>

	Par Amount	Value
	-----	-----
	(dollars in thousands)	
<S>	<C>	<C>
MISSOURI - 4.43% Barry County, Missouri Industrial Development Authority, Industrial Revenue Bonds (George's Processing, Incorporated Project) Series 1987, 3.60%, Due 4/1/2000, LOC Sumitomo Bank, Limited, VRDO.....	\$ 2,200	\$ 2,200
Missouri Higher Education Loan Authority Revenue Bonds Series 1988A, 3.60%, Due 6/1/2017, LOC National Westminster Bank, PLC, VRDO.....	1,400	1,400
TOTAL MISSOURI.....		3,600
NEBRASKA - 1.11% Lancaster County, Nebraska Industrial Revenue Bonds (Sun-Husker Foods, Incorporated Project), Series 1989, 4.05%, Due 8/15/2009, LOC Bank of Tokyo-Mitsubishi, Limited, VRDO.....	900	900
TOTAL NEBRASKA.....		900

NEVADA - 4.55% Clark County, Nevada Industrial Development Revenue Bonds Pollution Control Refunding Revenue Bonds (Nevada Power Company Project) Series 1995A, 3.75%, Due 10/1/2030, LOC Barclays Bank, PLC, VRDO.....	700	700
Clark County, Nevada Industrial Development Revenue Bonds		

Pollution Control Refunding
Revenue Bonds (Nevada Power
Company Project) Series
1995C, 3.60%, Due 10/1/2030,
LOC Barclays Bank, PLC,
VRDO..... 3,000 3,000

TOTAL NEVADA..... 3,700

NEW JERSEY - 3.33%
New Jersey Health Care
Facilities Financing
Authority Revenue
Bonds(Carrier Foundation
Project)Series 1985C, 3.80%,
Due 7/1/2005, Bond Insurance
Financial Guaranty Insurance
Corporation, VRDO..... 2,705 2,705

TOTAL NEW JERSEY..... 2,705

<CAPTION>

Par
Amount Value

(dollars in thousands)
<C> <C>

<S>
OHIO - 1.84%
Saint Mary's, Ohio Industrial
Development Revenue
Bonds(Setex Incorporated
Project), Series 1988, 4.05%,
Due 12/1/2001, LOC Industrial
Bank of Japan Limited,
VRDO..... \$ 1,500 \$ 1,500

TOTAL OHIO..... 1,500

PENNSYLVANIA - 7.53%
Cambria County Industrial
Development Authority
Resource Recovery Revenue
Bonds(Cambria Cogen Company
Project) Series 1989 V-1,
3.65%, Due 9/1/2019, LOC ABN
AMRO Bank, N.V., VRDO..... 1,000 1,000

Cambria County Industrial
Development Authority
Resource Recovery Revenue
Bonds(Cambria Cogen Company
Project) Series 1989 V-2,
3.65%, Due 9/1/2019, LOC ABN
AMRO Bank, N.V., VRDO..... 900 900

Cambria County Industrial
Development Authority
Resource Recovery Revenue
Bonds(Cambria Cogen Company
Project) Series 1991 V-1,
3.65%, Due 9/1/2019, LOC ABN
AMRO Bank, N.V., VRDO..... 1,150 1,150

Emmaus, Pennsylvania General
Authority Revenue Bonds
(Saucon Valley School
District) Series 1989 D,
Subseries D-12, 3.60%, Due
3/1/2024, LOC Canadian
Imperial Bank of Commerce,
VRDO..... 400 400

Emmaus, Pennsylvania General
Authority Local Government
Revenue Bonds, (Bond Pod
Program) Series 1989H
Subseries H-8, 3.60%, Due
3/1/2024, LOC Canadian
Imperial Bank of Commerce,
VRDO..... 400 400

Gettysburg Area Industrial
Development Authority
Industrial Development
Refunding Bonds (Dal-Tile
Corporation) Series 1987B,
3.75%, Due 3/1/2004, LOC
Credit Suisse, VRDO..... 1,670 1,670

</TABLE>

AMR INVESTMENT SERVICES TRUST MUNICIPAL MONEY MARKET PORTFOLIO
 SCHEDULE OF INVESTMENTS
 October 31, 1996

<TABLE>

<CAPTION>

	Par Amount ----- (dollars in thousands)	Value ----- (dollars in thousands)
<S>	<C>	<C>
Northumberland County Industrial Development Authority Resource Recovery Revenue Bonds (Foster Wheeler Mt. Carmel, Incorporated Project) Series 1987A, 3.70%, Due 2/1/2010, LOC Union Bank of Switzerland, VRDO.....	\$ 600	\$ 600

TOTAL PENNSYLVANIA.....		6,120

TENNESSEE - 0.98%		
Blount County Industrial Development Revenue Bonds (Advanced Crystal Technology, Incorporated Project) Series 1988, 4.05%, Due 8/1/2008, LOC Industrial Bank of Japan, Limited, VRDO.....	500	500
Covington, Tennessee Industrial Development Board Industrial Development Revenue Bonds (Charms Company Project) Series 1992, 3.65%, Due 6/1/2027, LOC Societe Generale, VRDO.....	300	300

TOTAL TENNESSEE.....		800

TEXAS - 4.92%		
Brazos River Authority, Texas Pollution Control Revenue Refunding Bonds (Coll. Utility Company Project) Series 1996B, 3.70%, Due 6/1/2030, Bond Insurance AMBAC, VRDO.....	2,600	2,600
Brazos River Authority, Texas Pollution Control Revenue Refunding Bonds (Texas Utilities Electric Company) Series 1995 B, 3.70%, Due 6/1/2030, LOC Union Bank of Switzerland, VRDO.....	400	400
Harris County, Texas Industrial Development Revenue Bonds (Zeon Chemicals Project) Series 1989, 4.05%, Due 2/1/2009, LOC Industrial Bank of Japan, Limited, VRDO.....	600	600
Harris County, Texas Industrial Development Revenue Bonds (Chusei "USA" Project) Series 1991C, 4.05%, Due 8/1/2001, LOC Bank of Tokyo-Mitsubishi, Limited, VRDO.....	100	100

<CAPTION>

	Par Amount ----- (dollars in thousands)	Value ----- (dollars in thousands)
<S>	<C>	<C>
Montgomery County, Texas Industrial Development Revenue Bonds (Dal-Tile		

Corporation Project) Series 1986B, 3.75%, Due 12/1/2003, LOC Credit Suisse, VRDO.....	\$ 300	\$ 300

TOTAL TEXAS.....		4,000

UTAH - 3.57%		
Housing Authority of Provo City, Utah Multifamily Rental Housing Revenue Refunding Bonds(Branbury Park Project) Series 1987A, 3.75%, Due 12/15/2010, LOC Dai-Ichi Kangyo Bank, Limited VRDO....	1,600	1,600
Housing Authority of Provo City, Utah Multifamily Rental Housing Revenue Refunding Bonds(Branbury Park Project) Series 1987B, 3.956%, Due 12/15/2010, LOC Dai-Ichi Kangyo, Bank, Limited, VRDO.....	300	300
Utah State Board of Regents Student Loan Revenue Bonds(Bond Insurance-AMBAC Indemnity Corporation) Series 1988C, 3.60%, Due 11/1/2013, Dresdner Bank A.G., VRDO.....	1,000	1,000

TOTAL UTAH.....		2,900

VIRGINIA - 1.11%		
Alexandria Industrial Development Authority Resource Recovery Revenue Bonds (Alexandria/ Arlington Waste-To-Energy Facility) Series 1986A, 3.65%, Due 12/1/2016, LOC Swiss Bank Corporation, VRDO.....	700	700
Virginia Housing Development Authority (AHC Service Corporation) Series 1987A, 3.60%, Due 9/1/2017, LOC Bank of Tokyo-Mitsubishi, Limited, VRDO.....	200	200

TOTAL VIRGINIA.....		900

WASHINGTON - 6.15%		
Port Angeles Industrial Development Corporation (Daishowa America Project) Series 1992, 4.05%, Due 8/1/2007, LOC Industrial Bank of Japan, Limited, VRDO.....	200	200

See accompanying notes

48

50

AMR INVESTMENT SERVICES TRUST MUNICIPAL MONEY MARKET PORTFOLIO
SCHEDULE OF INVESTMENTS
October 31, 1996

<TABLE>
<CAPTION>

	Par Amount	Value
	-----	-----
	(dollars in thousands)	
<S>	<C>	<C>
Port Angeles Industrial Development Corporation Revenue Bonds Series 1992B, 4.05%, Due 12/1/2007, LOC Industrial Bank Of Japan, Limited, VRDO.....	\$ 200	\$ 200
Port Everett Revenue Bonds Series 1986, 4.05%, Due		

12/1/2006, LOC Sumitomo Bank, Limited, VRDO.....	1,200	1,200
Washington Student Loan Finance Association Revenue Bonds Series 1987A, 3.70%, Due 12/1/2002, LOC Sanwa Bank, Limited, VRDO.....	2,400	2,400
Washington Student Loan Finance Association Revenue Bonds Series 1987B, 3.70%, Due 12/1/2002, LOC Sanwa Bank, Limited, VRDO.....	1,000	1,000
TOTAL WASHINGTON.....		5,000

WEST VIRGINIA - 1.37%		
Marion County, West Virginia Solid Waste Disposal Facility (Grant Town Cogeneration Project) Series 1990B, 3.60%, Due 10/1/2017, LOC National Westminster Bank, PLC, VRDO.....	115	115
Marion County, West Virginia Solid Waste Disposal Facility (Grant Town Cogeneration Project) Series 1990C, 3.60%, Due 10/1/2017, LOC National Westminster Bank, PLC, VRDO.....	1,000	1,000
TOTAL WEST VIRGINIA.....		1,115

<CAPTION>

	Par Amount	Value
	-----	-----
	(dollars in thousands)	
<S>	<C>	<C>

WISCONSIN - 2.34%		
Lacrosse, Wisconsin Industrial Development Revenue Bonds (Dairyland Power Cooperative Project) Series 1984B, 3.70%, Due 2/1/2015, LOC Rabobank Nederland, VRDO.....	\$ 1,900	\$ 1,900
TOTAL WISCONSIN.....		1,900
TOTAL MUNICIPAL BONDS.....		74,955
OTHER INVESTMENTS - 3.24%		
Lehman Municipal Money Market Fund.....	2,630	2,630
TOTAL OTHER INVESTMENTS....		2,630
TOTAL INVESTMENTS - 99.73% (COST \$81,035).....		81,035
OTHER ASSETS, NET OF LIABILITIES - 0.27%.....		223
TOTAL NET ASSETS - 100%.....		\$ 81,258

</TABLE>

Based on the cost of investments of \$81,035 for federal income tax purposes at October 31, 1996, there was no unrealized appreciation or depreciation of investments.

(A) Rates associated with money market securities represent yield to maturity or yield to next reset date.

ABBREVIATIONS:

- LOC - Letter of Credit
- PLC - Public Limited Corporation
- VRDO - Variable Rate Demand Obligation

See accompanying notes

AMR INVESTMENT SERVICES TRUST U.S. TREASURY MONEY MARKET PORTFOLIO
 SCHEDULE OF INVESTMENTS
 October 31, 1996

<TABLE>

<CAPTION>

	Par Amount -----	Value -----
	(dollars in thousands)	
<S>	<C>	<C>
REPURCHASE AGREEMENTS		
(NOTES A AND B) - 100.02%		
BA Securities, 5.52%, Dated 10/31/1996, Due 11/1/1996 with a maturing value of \$20,003. (Collateralized by \$18,120 U.S. Treasury Notes, due 2/15/2025, market value - \$20,416).....		
	\$20,000	\$20,000
Goldman Sachs Tri-Party Treasury Repo, 5.54%, Dated 10/31/1996, Due 11/1/1996. (Collateral held at The Bank of New York Company, Incorporated by \$38,656 U.S. Treasury Notes, due 11/30/1999, market value - \$41,820).....		
	41,000	41,000
Morgan Stanley Tri-Party Government National Mortgage Association Repo, 5.58%, Dated 10/31/1996, Due 11/1/1996 (Collateral held at The Bank of New York Company, Incorporated, by \$30,275 Government National Mortgage Association, 6.00%, due 10/20/2026, market value - \$30,474).....		
	29,714	29,714

<CAPTION>

	Par Amount -----	Value -----
	(dollars in thousands)	
<S>	<C>	<C>
TOTAL U S TREASURY REPURCHASE AGREEMENTS.....		
		\$90,714
TOTAL INVESTMENTS - 100.02% - (COST - \$90,714).....		
		90,714
LIABILITIES, NET OF OTHER ASSETS - (0.02%).....		
		(22)
TOTAL NET ASSETS - 100%.....		
		\$90,692 =====

</TABLE>

 Based on the cost of investments of \$90,714 for federal income tax purposes at
 October 31, 1996, there was no unrealized appreciation or depreciation of
 investments.

(A) Rates associated with Money Market securities represent yield to maturity.

(B) Repurchase agreements are fully collateralized by U.S. Treasury or
 Government agency securities. All collateral is held at the Portfolio's
 custodian bank, NationsBank of Texas, N.A., or at subcustodian banks, as
 indicated. The collateral is monitored daily by the Portfolio so that its
 market value exceeds the carrying value of the repurchase agreement.

See accompanying notes

AMR INVESTMENT SERVICES TRUST
STATEMENTS OF ASSETS AND LIABILITIES
October 31, 1996

<TABLE>
<CAPTION>

	Balanced Portfolio	Growth and Income Portfolio	International Equity Portfolio	Limited-Term Income Portfolio
	(in thousands)			
<S>	<C>	<C>	<C>	<C>
ASSETS:				
Investments in securities at value (cost - \$764,769; \$880,481; \$335,924; \$173,958, respectively).....	\$900,785	\$1,113,842	\$ 389,195	\$174,479
Cash, including foreign currency.....	-	-	14,651	-
Unrealized appreciation on foreign currency contracts...	-	-	484	-
Dividends and interest receivable.....	6,586	2,193	993	1,278
Reclaims receivable.....	-	-	566	-
Receivable for investments sold.....	120	241	235	-
Deferred organization costs.....	34	34	34	34
Other assets.....	1	-	-	-
TOTAL ASSETS.....	907,526	1,116,310	406,158	175,791
LIABILITIES:				
Payable for investments purchased.....	10,606	3,040	678	2,508
Payable for portfolio redemptions.....	538	126	43	-
Management and investment advisory fees payable (Note 2).....	803	904	496	37
Accrued organization costs.....	43	43	35	43
Other liabilities.....	54	40	410	26
TOTAL LIABILITIES.....	12,044	4,153	1,662	2,614
NET ASSETS APPLICABLE TO INVESTORS' BENEFICIAL INTERESTS....	\$895,482	\$1,112,157	\$ 404,496	\$173,177

</TABLE>

See accompanying notes

AMR INVESTMENT SERVICES TRUST
STATEMENTS OF ASSETS AND LIABILITIES
October 31, 1996

<TABLE>
<CAPTION>

	Money Market Portfolio	Municipal Money Market Portfolio	U.S. Treasury Money Market Portfolio
	(in thousands)		
<S>	<C>	<C>	<C>
ASSETS:			
Investments in securities at value (cost - \$1,755,588; \$81,035; \$90,714, respectively)*.....	\$1,755,588	\$ 81,035	\$ 90,714
Cash.....	-	-	17
Dividends and interest receivable.....	9,671	274	14
Deferred organization costs.....	34	34	34
TOTAL ASSETS.....	1,765,293	81,343	90,779
LIABILITIES:			
Management and investment advisory fees payable (Note 2).....	237	4	11
Accrued organization costs.....	43	43	43
Other liabilities.....	91	38	33
TOTAL LIABILITIES.....	371	85	87
NET ASSETS APPLICABLE TO INVESTORS' BENEFICIAL INTERESTS.....	\$1,764,922	\$ 81,258	\$ 90,692

</TABLE>

* Includes repurchase agreements of \$90,714 for the U.S. Treasury Money Market Portfolio.

AMR INVESTMENT SERVICES TRUST
STATEMENTS OF OPERATIONS
Year Ended October 31, 1996

<TABLE>

<CAPTION>

	Balanced Portfolio	Growth and Income Portfolio	International Equity Portfolio	Limited- Term Income Portfolio	Money Market Portfolio	Municipal Money Market Portfolio	U.S. Treasury Money Market Portfolio
(in thousands)							
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
INVESTMENT INCOME:							
Interest income.....	\$ 24,184	\$ 2,577	\$ 1,389	\$ 12,656	\$ 89,923	\$ 2,275	\$ 4,915
Dividend income (net of foreign taxes of \$762 in International Equity Portfolio).....	15,597	28,031	8,527	-	-	-	-
Income derived from securities lending, net.....	89	60	54	7	-	-	-
TOTAL INVESTMENT INCOME.....	39,870	30,668	9,970	12,663	89,923	2,275	4,915
EXPENSES:							
Management and investment advisory fees (Note 2).....	2,845	3,154	1,458	454	2,393	92	137
Custodian fees.....	121	93	317	46	193	7	11
Professional fees.....	59	57	20	19	84	2	6
Organization costs.....	-	-	-	-	8	8	8
Other expenses.....	80	80	40	42	107	17	19
TOTAL EXPENSES.....	3,105	3,384	1,835	561	2,785	126	181
Less fees waived (Note 2).....	-	-	-	-	-	47	-
NET EXPENSES.....	3,105	3,384	1,835	561	2,785	79	181
NET INVESTMENT INCOME.....	36,765	27,284	8,135	12,102	87,138	2,196	4,734
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS:							
Net realized gain (loss) on investments.....	67,731	77,846	9,600	(3,216)	73	-	39
Net realized gain on foreign currency transactions.....	-	-	1,572	-	-	-	-
Change in net unrealized appreciation of investments.....	27,670	94,294	38,592	458	-	-	-
Change in net unrealized depreciation of foreign currency contracts and translations.....	-	-	(7,840)	-	-	-	-
NET GAIN (LOSS) ON INVESTMENTS.....	95,401	172,140	41,924	(2,758)	73	-	39
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS.....	\$132,166	\$199,424	\$50,059	\$ 9,344	\$ 87,211	\$ 2,196	\$ 4,773

</TABLE>

See accompanying notes

AMR INVESTMENT SERVICES TRUST
STATEMENTS OF CHANGES IN NET ASSETS
Year Ended October 31, 1996

<TABLE>

<CAPTION>

	Balanced Portfolio	Growth and Income Portfolio	International Equity Portfolio	Limited-Term Income Portfolio	Money Market Portfolio	Municipal Money Market Portfolio	U.S. Treasury Money Market Portfolio
--	-----------------------	-----------------------------------	--------------------------------------	-------------------------------------	------------------------------	---	--

<S>	<C>	<C>	<C>	(in thousands) <C>	<C>	<C>	<C>
INCREASE IN NET ASSETS:							
OPERATIONS:							
Net investment income....	\$ 36,765	\$ 27,284	\$ 8,135	\$ 12,102	\$ 87,138	\$ 2,196	\$ 4,734
Net realized gain (loss) on investments and foreign currency transactions.....	67,731	77,846	11,172	(3,216)	73	-	39
Change in net unrealized appreciation of investments and foreign currency translations...	27,670	94,294	30,752	458	-	-	-
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS.....	132,166	199,424	50,059	9,344	87,211	2,196	4,773
TRANSACTIONS IN INVESTORS'							
BENEFICIAL INTERESTS:							
Contributions.....	1,029,398	1,053,593	397,164	292,820	14,620,176	189,085	275,202
Withdrawals.....	(266,082)	(140,860)	(42,727)	(128,987)	(12,942,465)	(110,023)	(189,283)
NET INCREASE IN NET ASSETS RESULTING FROM TRANSACTIONS IN INVESTORS' BENEFICIAL INTERESTS.....	763,316	912,733	354,437	163,833	1,677,711	79,062	85,919
NET INCREASE IN NET ASSETS....	895,482	1,112,157	404,496	173,177	1,764,922	81,258	90,692
NET ASSETS:							
Beginning of year.....	-	-	-	-	-	-	-
END OF YEAR.....	\$ 895,482	\$1,112,157	\$ 404,496	\$ 173,177	\$ 1,764,922	\$ 81,258	\$ 90,692

FINANCIAL HIGHLIGHTS:

RATIOS:

Net investment income to average net assets*....	4.26%	2.81%	2.50%	6.67%	5.45%	3.59%	5.18%
Expenses to average net assets*.....	0.36%	0.35%	0.56%	0.31%	0.17%	0.13%	0.20%
Portfolio turnover rate...	76%	40%	19%	304%	-	-	-
Average commission rate paid.....	\$ 0.0409	\$ 0.0412	\$ 0.0192	-	-	-	-

</TABLE>

* Ratios to average net assets exclude fees waived by the Manager. Had the Municipal Money Market Portfolio paid such fees, the ratios of net investment income and expenses to average net assets would have been 3.51% and .21%, respectively.

See accompanying notes

AMR INVESTMENT SERVICES TRUST
NOTES TO FINANCIAL STATEMENTS
October 31, 1996

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

AMR Investment Services Trust (the "Trust") is registered under the Investment Company Act of 1940, as amended, as a no-load, open-end, management investment company which was organized as a trust under the laws of the State of New York pursuant to a Declaration of Trust dated as of June 27, 1995 and amended on August 11, 1995. Beneficial interests in the Trust are divided into seven separate series, each having distinct investment objectives and policies, as follows: AMR Investment Services Balanced Portfolio, AMR Investment Services Growth and Income Portfolio, AMR Investment Services International Equity Portfolio, AMR Investment Services Limited-Term Income Portfolio, AMR Investment Services Money Market Portfolio, AMR Investment Services Municipal Money Market Portfolio, and AMR Investment Services U.S. Treasury Money Market Portfolio (each a "Portfolio" and collectively the "Portfolios"). The assets of each Portfolio belong only to that Portfolio, and the liabilities of each Portfolio

are borne solely by that Portfolio and no other. The Trust commenced active operations on November 1, 1995.

AMR Investment Services, Inc. (the "Manager") is a wholly-owned subsidiary of AMR Corporation, the parent company of American Airlines, Inc. ("American"), and was organized in 1986 to provide business management, advisory, administrative and asset management consulting services.

The following is a summary of the significant accounting policies followed by the Portfolios.

Security Valuation

Equity securities that are primarily traded on domestic securities exchanges are valued at the last quoted sales price on a designated exchange prior to the close of trading on the New York Stock Exchange (the "Exchange") or, lacking any current sales, on the basis of the last current bid price prior to the close of trading on the Exchange. Portfolio securities that are primarily traded on foreign securities exchanges are generally valued at the preceding closing values of such securities on their respective exchanges where primarily traded. Over-the-counter equity securities are valued on the basis of the last bid price on that date prior to the close of trading. Debt securities (other than short-term securities) normally will be valued on the basis of prices provided by a pricing service and may take into account appropriate factors such as institution-size trading in similar groups of securities, yield, quality, coupon rate, maturity, type of issue, trading characteristics and other market data. In some cases, the prices of debt securities may be determined using quotes obtained from brokers. Securities for which market quotations are not readily available are valued at fair value, as determined in good faith and pursuant to procedures approved by the Board. Investment grade short-term obligations with 60 days or less to maturity and securities of the Money Market, Municipal Money Market and U.S. Treasury Money Market Portfolios (the "Money Market Portfolios") are valued using the amortized cost method. In the event that a deviation of 1/2 of 1% or more exists between the \$1.00 per share price of the Money Market Portfolios, calculated at amortized cost, and the price per share calculated by reference to market quotations, or if there is any other deviation which the Board believes would result in a material dilution to shareholders or purchasers, the Board will promptly consider the appropriate action which should be initiated.

Security Transactions and Investment Income

Security transactions are recorded on the trade date of the security purchase or sale. Dividend income is recorded on the ex-dividend date except certain dividends from foreign securities which are

55

57

AMR INVESTMENT SERVICES TRUST
NOTES TO FINANCIAL STATEMENTS
October 31, 1996
(Continued)

recorded as soon as the information is available to the Portfolios. Interest income is earned from settlement date, recorded on the accrual basis, and adjusted, if necessary, for amortization of premiums or accretion of discounts on investment grade short-term securities and zero coupon instruments. For financial and tax reporting purposes, realized gains and losses are determined on the basis of specific lot identification.

Currency Translation

All assets and liabilities initially expressed in foreign currency values are converted into U.S. dollar values at the bid price of such currencies against U.S. dollars as last quoted by a recognized dealer. Income, expenses and purchases and sales of investments are translated into U.S. dollars at the rate of exchange prevailing on the respective dates of such transactions. The Portfolios include that portion of the results of operations resulting from changes in foreign exchange rates with net realized and unrealized gain on investments, as appropriate.

Forward Foreign Currency Contracts

The International Equity Portfolio may enter into forward foreign currency contracts to hedge the exchange rate risk on investment transactions or to hedge the value of portfolio securities denominated in foreign currencies. Forward foreign currency contracts are valued at the forward exchange rate prevailing on the day of valuation.

Federal Income and Excise Taxes

The Portfolios will be treated as partnerships for federal income tax purposes. As such, each investor in a Portfolio will be taxed on its share of the Portfolio's ordinary income and capital gains. It is intended that each Portfolio's assets will be managed in such a way that an investor in the Portfolio will be able to satisfy the requirements of sub-chapter M of the Internal Revenue Code. Accordingly, no provision for United States federal income or excise tax is necessary.

Repurchase Agreements

Under the terms of a repurchase agreement, securities are acquired by a Portfolio from a securities dealer or a bank which are subject to resale at a later date. Repurchase agreements are fully collateralized by U.S. Treasury or Government agency securities. All collateral is monitored daily by each Portfolio so that the collateral's market value exceeds the carrying value of the repurchase agreement.

Deferred Organization Expenses

Expenses incurred by a Portfolio in connection with its organization are being amortized on a straight-line basis over a five-year period.

AMR INVESTMENT SERVICES TRUST
 NOTES TO FINANCIAL STATEMENTS
 October 31, 1996
 (Continued)

2. TRANSACTIONS WITH AFFILIATES

Management Agreement

The Trust and the Manager are parties to a Management Agreement which obligates the Manager to provide or oversee the provision of all administrative, investment advisory and portfolio management services. Investment assets of the Balanced, Growth and Income, and International Equity Portfolios ("Variable NAV Portfolios") are managed by multiple investment advisers which have entered into separate investment advisory agreements with the Manager. As compensation for performing the duties required under the Management Agreement, the Manager receives from the Portfolios an annualized fee equal to .10% of the average daily net assets of the Variable NAV Portfolios plus amounts paid by the Manager to the investment advisers hired by the Manager to direct investment activities of the Portfolios. Management fees are paid as follows (dollars in thousands):

<TABLE>
 <CAPTION>

	Management Fee Rate	Management Fee	Amount paid to Investment Advisors	Net Amount Paid to Manager
<S>	<C>	<C>	<C>	<C>
Balanced Portfolio.....	.225%-.70%	\$2,845	\$2,005	\$840
Growth and Income Portfolio.....	.225%-.70%	3,154	2,182	972
International Equity Portfolio.....	.50%-.90%	1,458	1,132	326

</TABLE>

The Manager serves as the sole investment adviser to the Limited-Term Income Portfolio, and each of the Money Market Portfolios. Pursuant to the Management Agreement, the Manager receives from the Portfolios an annualized fee equal to .25% of the average daily net assets of the Limited-Term Income Portfolio and .15% of the average daily net assets of each of the Money Market Portfolios. During the year ended October 31, 1996, the Manager waived management fees totaling \$47,000 for the Municipal Money Market Portfolio.

Other

Certain officers or trustees of the Trust are also officers of the Manager or American. The Trust makes no direct payments to its officers. Unaffiliated trustees and their spouses are provided free unlimited air transportation on American. However, the Trust compensates each Trustee with payments in an amount equal to the Trustee's income tax on the value of this free airline travel. For the year ended October 31, 1996, the cost of air transportation was not material to any of the Portfolios.

3. INVESTMENT TRANSACTIONS

Investment transactions for the year ended October 31, 1996 (excluding short-term investments) are as follows (in thousands):

<TABLE>

<CAPTION>

	Balanced Portfolio	Growth and Income Portfolio	International Equity Portfolio	Limited-Term Income Portfolio
<S>	<C>	<C>	<C>	<C>
Purchases.....	\$647,086	\$536,001	\$ 139,871	\$523,969
Proceeds from sales.....	\$632,770	\$365,851	\$ 57,351	\$547,409

</TABLE>

AMR INVESTMENT SERVICES TRUST
NOTES TO FINANCIAL STATEMENTS
October 31, 1996
(Continued)

4. COMMITMENTS

In order to protect itself against a decline in the value of particular foreign currencies against the U.S. dollar, the International Equity Portfolio has entered into forward contracts to deliver or receive foreign currency in exchange for U.S. dollars as described below. The Portfolio bears the market risk that arises from changes in foreign exchange rates, and accordingly, the unrealized gain (loss) on these contracts is reflected in the accompanying financial statements. The Portfolio also bears the credit risk if the counterparty fails to perform under the contract. At October 31, 1996, the Portfolio had outstanding forward foreign currency contracts as follows:

<TABLE>
<CAPTION>

Contracts to Deliver		Settlement Date	Value	Unrealized Gain/(Loss)
(amounts in thousands)				
<S>	<C>	<C>	<C>	<C>
2,900	AUD.....	1/10/97	\$ 2,291	\$ (8)
10,000	DEM.....	6/19/97	6,681	190
300,000	ESP.....	12/2/96	2,349	15
34,000	FRF.....	6/19/97	6,715	83
21,700	FRF.....	6/19/97	4,286	(29)
195,000	JPY.....	12/20/96	1,721	290
2,750	NLG.....	11/14/96	1,623	145
3,900	NLG.....	11/14/96	2,302	219
18,500	SEK.....	9/16/97	2,828	(36)
Total contracts to deliver				
(Receivable amount \$31,665).....			\$30,796	\$ 869
Contracts to Receive				
(amounts in thousands)				
10,000	DEM.....	6/19/97	\$ 6,681	\$ (228)
195,000	JPY.....	12/24/96	1,721	(101)
6,650	NLG.....	11/14/96	3,925	(56)
Total contracts to receive				
(Payable amount \$12,712).....			\$12,327	\$ (385)

</TABLE>

5. SECURITIES LENDING

The Portfolios participate in a securities lending program under which securities are loaned to selected institutional investors for a fee. All such loans require collateralization with cash, securities of the U.S. Government and its agencies or letters of credit that at all times equal at least 100% of the market value of the loaned securities plus accrued interest. At October 31, 1996 there were no outstanding securities loans for any of the Portfolios.