INVESTMENT GUIDE

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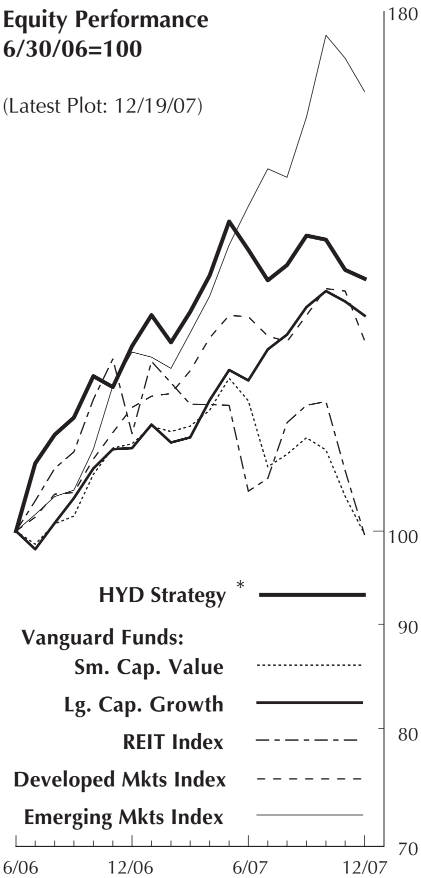
Equity Performance
6/30/06=100

(Latest Plot: 12/19/07)



*** HYD is a hypothetical model based on back-tested results. See p. 94 for a full explanation.**

We offer two discretionary management services: Our Professional Asset Management (PAM) service covers all of our recommended assets and allows us to place trades in stocks, bonds, and mutual funds directly in our clients' accounts. (The accounts remain the property of our clients at all times—we are only authorized to trade on their behalf.) Our High-Yield Dow (HYD) service operates similarly, except it invests only in the highest-yielding Dow stocks, using the 4-for-18 model on a fully invested basis. Investors interested in these low-cost services should contact us at 413-528-1216 or Fax 413-528-0103.

Online: www.americaninvestment.com

AIS: A Distinct Approach to Research

We are often asked about the nature of our investment research and how it is affected by our parent organization, the American Institute for Economic Research (AIER). Indeed, in the world of money management it is an unusual arrangement, but one that confers benefits to both organizations and, by extension, to the donors, subscribers, and clients that both entities serve.

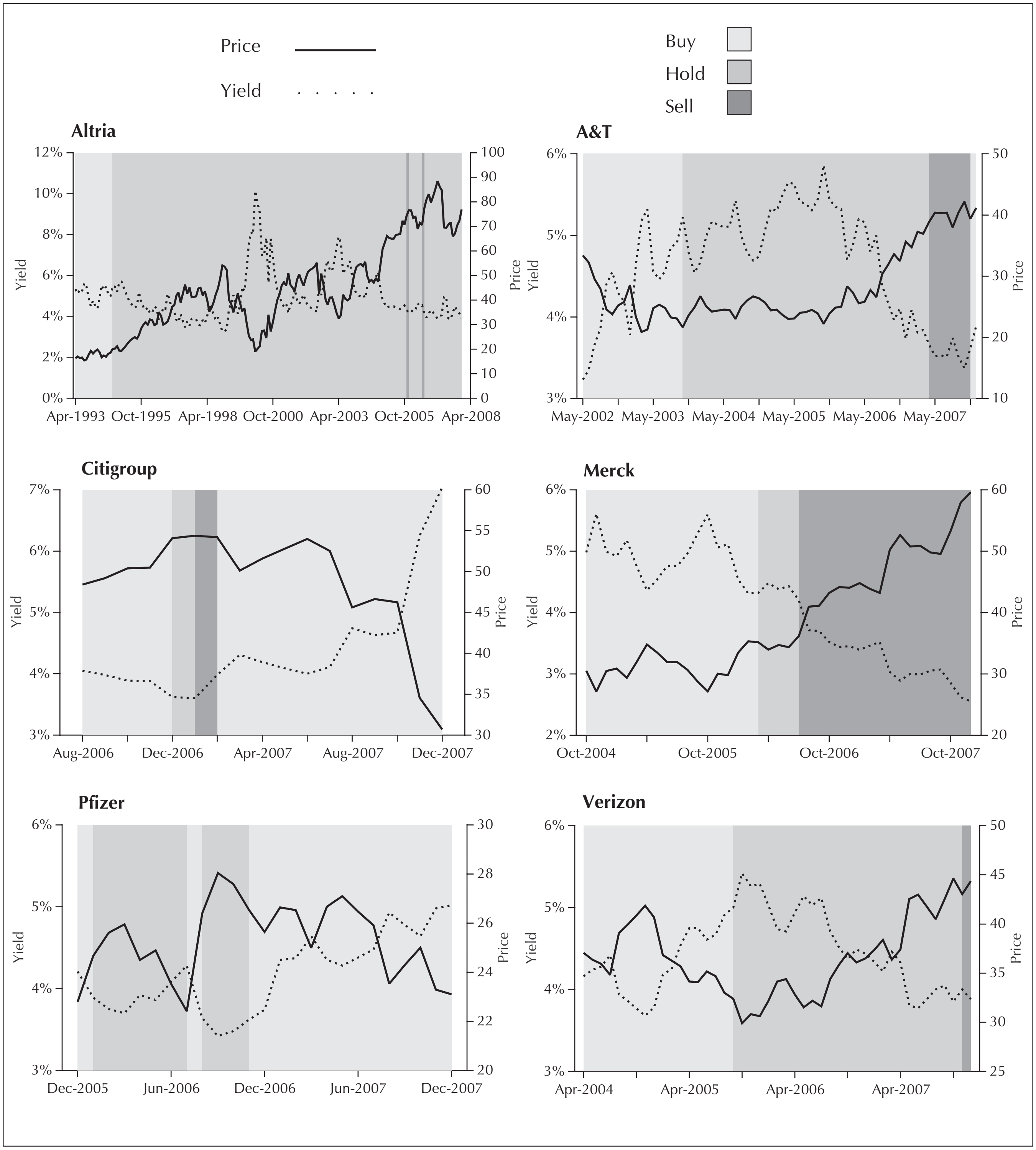
AIER is an independent scientific and educational organization, established as a public charity. Its research is planned to "help individuals protect their personal interests and those of the Nation." AIS, on the other hand, is a for-profit, tax-paying SEC registered investment advisor (organized as a "C corp.") that competes directly with thousands of money managers across the nation. The AIS mission statement follows:

> American Investment Services (AIS) provides investment advice and information based on portfolio diversification, discipline and cost effectiveness, consistent with the scientific research findings of the American Institute for Economic Research (AIER). We serve the interests of individuals and organizations through these advisory services and the sale of investment publications. We expect a reasonable financial return that will enable us to continually expand our services.

While the structure and purpose of AIS is distinct from that of AIER, the entities share a common commitment: the research of both entities is anchored firmly in the science of economics. Like the money managers we compete with, AIS conducts and finances its own research; it is not, and cannot be provided to us by AIER. Our adherence to a scientific method, coupled with our need to compete amidst constant capital market innovation, led us to embrace the tenets of modern portfolio theory. The unique combination of discipline inherent in science and the need to innovate necessitated by our business competition prompted the AIS staff to recognize that certain groups of securities constituted distinct asset classes. Since the late 1990s AIS has recommended small cap, large cap value, large cap growth stocks, REITs, and foreign developed and emerging market stocks. Our simultaneous (and ongoing) review of hundreds of investment vehicles led us to make the specific recommendations which have proven so successful for our clients and readers.

AIER and its supporters have enjoyed substantial direct and indirect benefits from AIS's research efforts. AIER has expanded upon these findings to publish its own widely-sold book, *How to Invest Wisely*. AIER is also a client of AIS and as a result of our recommendations has enjoyed extraordinary growth in their charitable remainder program assets held in trust. AIER has also prospered financially through its ownership of AIS since we embraced asset class investing. Our assets under management, which stood at only $210 million just five years ago, now exceed $450 million, while the number individual and institutional clients we serve has risen from 160 to 260. Finally, through its ownership of AIS, AIER (unlike other "think tanks" devoted to social science research) can claim ownership of an entity that actually *employs* the results of scientific inquiry.

A LOOK INSIDE THE HYD MODEL



Above we have published six charts, one for each firm currently held in our hypothetical high-yield Dow investment approach (see page 94 for a description of this model). Each chart depicts the closing share price of each stock on the 15th of the month for each month these shares were held in the model, as well as the action signaled ("buy", "sell", or "hold") by the model on that date. We have also included the dividend yield for each stock on the 15th of each month.

The 30 companies that comprise the Dow tend to maintain or increase their dividend over time, even during times of distress. This is central to the model's success. The model mechanically purchases shares when they are providing a relatively high dividend yield, (calculated as the current indicated dividend divided by the market price as of the 15th of the month) and sells them when their yield is relatively low. If management has indeed maintained or increased the dividend over this period, the share price must have appreciated relative to the other shares in the model.

These charts reveal that the simple rules we employ for buying, selling, or holding shares based on relative yield are generally effective as a mechanical technique for "buying low" and "selling high."

In certain cases, such as Merck (ticker MRK), shares were accumulated over a relatively narrow price range and later sold as the share price rose. Similarly, Verizon (ticker VZ) shares were added as a clear "buy" as its share price was falling; during the next two years Verizon was a "hold" (though shares continued to accumulate through relatively small rebalancing trades). This month the model is beginning to sell VZ shares, with the stock near its peak since the shares were first purchased.

AT&T (ticker T, formerly SBC) shows a comparable pattern. Shares of T were added through clear-cut "buy" signals as the price was falling and later, during a holding phase that lasted through February 2007, additional shares accumulated through small rebalancing trades. The model subsequently sold T as the share price rose. This month, management announced a 12.7 percent increase in its dividend, so, despite its recent price rise, T ranks as the fourth highest yielding stock among the Dow 30 and is again being purchased by the model.

The model has been buying Pfizer (ticker PFE) or selling small portions through rebalancing trades, since December 2005. Pfizer has remained in a relatively narrow price range during this period. Altria (ticker MO) has been in the model since 1993. MO has been sold during only two of the 177 months it has been in the model.

The model has been accumulating shares of Citigroup (ticker C) since August 2006 and is continuing to make large purchases following a large price drop that began in July 2007 when the subprime debt market situation first roiled the markets. Citigroup shares are currently yielding 7 percent based on its indicated dividend. Management thus far has vowed to maintain its current payout of $2.16 per share.

Dividends are valuable not only as a signal for when to buy and sell, they also provide return directly (total return includes capital appreciation plus investment income). As of mid-December the average yield of the six stocks listed above was 4.4 percent; among these, the four highest yielding (those currently eligible for purchase by the model) were yielding 5 percent. By comparison, the S&P 500 was yielding 1.9 percent.

Any discussion of return is incomplete without mentioning risk and here again dividends add value. The high-yield Dow model currently holds only six stocks. This relatively small level of diversification exposes the portfolio to company specific and industry specific risk, and these distressed stocks have very volatile share prices. However, the regular dividend income generated by these shares tends to provide a "shock absorber" for the overall portfolio that tends to offset these price swings.

NEW RECOMMENDATION: TAX EXEMPT BONDS

Investors who are in a high federal income tax bracket, especially those who live in states with high income taxes, may wish to consider municipal bonds as part of their fixed income holdings. This month we are adding the **Vanguard Limited-Term Tax-Exempt Fund (VMLTX)** to our list of recommended assets.

Municipal bonds ("munis") fall into the fixed-income category of investments. They are debt obligations issued by states, cities, and other government entities to raise money for work to be performed for the "public good". When purchasing muni bonds investors are essentially loaning money to an issuing governmental entity that promises to pay a specified amount of interest and return the principal at the maturity date.

There are two general categories of municipal bonds; general-obligation bonds and revenue bonds. General obligation bonds are secured by the general funds of an issuing entity (i.e., tax revenues); revenue bonds are tied to the receipts produced from a specific project (e.g., toll receipts). One of the first such projects financed in this manner was the Erie Canal in 1817. There are various hybrid bonds as well, such as the "double barrel," which is both a general obligation and a revenue bond, and the limited-tax obligation bond.

According to the Securities Industry and Financial Markets Association, there are approximately 2 million individual bonds outstanding, issued by 50,000 issuers. This includes all 50 states, the District of Columbia, and several U.S. protectorates. In addition, certain types of authorities, such as water districts, housing and industrial development authorities may also issue municipal bonds called "private activity bonds." Private corporations access municipal bond funding by participating in these entities.

The municipal bond market is one of the world's largest securities markets. The Federal Reserve estimates that outstanding state and local government debt obligations totaled over $2 trillion as of the third quarter of 2007. Munis are sold in the secondary market via banks and dealers registered to trade in municipal securities. Roughly one-third of the total outstanding muni bonds are held by private households and the rest are held by institutional investors.

Tax Treatment

The key advantage of municipal bonds is that the interest earned is free of regular Federal income tax and is usually free of any regular state or local income tax if the bond was issued in the state where the taxpayer lives. However, if you buy municipal bonds issued in another state, you will pay income tax on that interest if your own state has an income tax.[1]

If you sell a muni for more than you paid for it, you will have a capital gain. That gain is taxable under the Federal capital-gains tax rates (15 percent maximum if you held the bond for at least 12 months or at your marginal tax rate if you held it for less than 12 months).

The right of states to issue municipal bonds free from Federal taxation has been tested and upheld by the Federal courts. There are taxable municipal bonds as well. Certain projects that do not qualify may issue taxable obligations.

Like conventional bonds, munis are issued with a variety of features. They may have a fixed semi-annual coupon, floating rate, variable rate, zero coupon or compound interest. Measuring the profitability of muni investments is also similar to conventional bonds.

To compare a muni bond to a con-

[1] Taxation of the interest on out-of-state municipal bonds has been challenged in *Davis v. Kentucky*. The case will be heard by the US Supreme Court in its current session with a ruling expected to be announced sometime before June, 2008

ventional bond, consider the muni bond's *Tax Equivalent Yield (TEY)* as follows:

TEY=Tax Free Yield / (1-Marginal Tax Rate)

Example:

For an investor in a combined 35 percent tax bracket contemplating the purchase of a municipal bond quoted at a 3.55 percent yield to maturity, the TEY would be:

$$3.55 / (1-0.35) = 5.46$$

Thus the investor would find this after-tax yield to be attractive compared with taxable bonds of comparable maturity and credit risk yielding less than 5.46 percent.

Portfolio Construction: How to Hold Munis

Nearly all investors should have exposure to fixed income securities. The returns provided by short-term bonds (those that mature in less than five years) can offset the gyrations of common stocks and therefore enhance portfolio stability. Investors are typically best served by allocating their bond holdings to the tax-deferred IRA or retirement accounts if such an account is available, while holding more tax-efficient asset classes, such as common stocks, in their taxable accounts. Taxable bond funds, such as those recommended on page 96 are well suited for this strategy.

If a tax-deferred account is not available then your bond holdings must be held within your taxable account. In that case, the next question is whether your combined federal and state tax bracket is high enough to justify holding munis versus taxable bonds; the TEY calculation above should provide the answer.

If it turns out munis are appropriate, the next step is to decide whether to hold municipal bonds directly, or to purchase a bond mutual fund.

Munis can be purchased through a registered bond broker-dealer and held in a conventional brokerage account; investors investing directly in bonds should construct and maintain a bond "ladder" that includes bonds schedule to mature at regular intervals (e.g. every quarter) over the next three months to five years. However, this approach has drawbacks and is typically suitable only for very high net worth investors who have the time and patience to maintain a bond portfolio. Transaction costs range from 0.5 percent to 3.0 percent of the bond's value. There is no explicit commission; instead the markup is included in the yield and price quoted at the time of purchase. It is often difficult for individual investors to gauge this markup. The Bond Market Association gives daily price and yield information for many munis, as well as transaction prices, on their website: http://www.investinginbonds.com.

Most investors will find that a municipal bond mutual fund is a better alternative. The advantages of a fund versus purchasing bonds directly include lower transaction costs for the underlying bonds, and liquidity. A fund can be sold any day at its closing net-asset value, while offers to sell muni bonds, especially small lots, might not interest buyers. The downside is that a fund may not meet your specific tax needs and it will limit your ability to employ techniques such as laddering of maturities to minimize interest-rate risk. Many fund managers in fact attempt to predict interest rates, often to the detriment of their shareholders. Simply put, bond funds offer a "one size" approach that is appropriate for some but not for all. Many funds are quite costly.

Based on our review of the roughly 208 muni bond mutual funds available, we have concluded that the Vanguard Limited-Term Tax-Exempt Fund (VMLTX) is most suitable for individual investors. VMLTX invests in hundreds of bonds nationwide. Though it is not an index fund, its stated objectives and empirical data thus far suggest that it will track the Lehman Brothers 3 Year Municipal Bond Index very closely. Its target average maturity is 2-6 years, and it is highly correlated (0.97 correlation coefficient) to the index. The fund has an annual expense ratio of only 0.16 percent. For high net worth investors, Admiral Class shares are available, which carry an expense ratio of only 0.09 percent. See page 96 for additional statistics.

Vanguard Multi-State Tax Exempt Mutual Funds

Fund	*Ticker*	*Avg. Maturity*	*# of Holdings*	*Exp. Ratio (%)*
Vanguard Lim.-Term Tax-Exempt Fund	**VMLTX**	**3.0 Yr.**	**741**	**0.16**
Vanguard Short-Term Tax-Exempt Fund	VWSTX	1.2 Yr.	413	0.16
Vanguard Int. Term Tax-Exempt Fund	VWITX	6.5 yr.	1,234	0.17

Multi-State Tax Exempt ETFs

Fund	*Ticker*	*Avg. Maturity*	*# of Holdings*	*Exp. Ratio (%)*
SPDR Lehman Short-Term Municipal Bond Fund	SHM	2.86 Yr.	20	0.20
SPDR Lehman Municipal Bond Fund	TFI	8.19 Yr.	49	0.20*
PowerShares Insured National Muni Bond	PZA	26.3 Yr.	30	0.28
Van Eck Market Vectors-Lehman Brothers AMT-Free Int. Term Muni Index	ITM	11.2 Yr.	39	0.20**
iShares S&P National Municipal Bond Fund	MUB	10.45 Yr.	54	0.25***
PowerShares VRDO Tax-Free Weekly	PVI	18.4 Yr.	26	0.25

*Capped at 0.20% until Sep.11, 2008; maximum thereafter capped at 0.30%.

**Capped at 0.20% until Apr.30, 2008; maximum thereafter capped at 0.65%.

***Capped at 0.25% until Jun.30, 2008; maximum thereafter capped at 0.30%.

What about ETFs?

In September, Barclays Global Investors launched the first U.S. listed municipal bond exchange traded fund (ETF), the iShares S&P National Municipal Bond Fund (MUB). Within a week State Street Global Advisors followed suit with the introduction of the SPDR Lehman Municipal Bond ETF (TFI), and additional municipal bond ETFs debuted since then.

There are now 12 municipal bond ETFs (six of which are nation-wide funds) and we expect more will come to the market in future.

In general, EFTs are good investment products, but the current line-up of available funds do not (yet) pass muster with respect to cost, diversification or average maturity.

Managers of these ETFs maintain that the handful of bonds in their sample is sufficient to track their respective target indexes. They also plan to buy more bonds as total assets increase. Whether this approach will be sufficient to track an index or not remains to be seen. The weighting of sectors and states in these funds could change significantly. As the weight of each state changes within these funds state tax benefits to investors will shift accordingly.

We will continue to monitor the universe of municipal bond funds and ETFs. In the meantime investors who qualify for municipal bonds should consider the Vanguard Limited-Term Tax-Exempt Bond fund.

Single State Muni Funds

The state-specific mutual funds and ETFs currently available have very long-term average maturities and lack adequate diversification. While these deficiencies may disappear in the future, we are skeptical. In most states liquidity is a problem for mutual funds; there are too few bonds available. It is likely that segmenting these funds further, by maturity (e.g. a Massachusetts 1-5 year muni ETF), will continue to be impractical.

A READER INQUIRES: GEOMETRIC AVERAGE MARKET CAP

INVESTMENT GUIDE subscribers are aware that a company's size, as measured by its market capitalization (or market cap), is one dimension of risk that will affect the returns an investor can expect from any given stock. For a publicly traded company a firm's market cap is equal to its share price times the number of shares outstanding. Small cap stocks are more illiquid and have a higher cost of capital compared with large cap stocks and therefore are generally considered to be riskier than large caps. Small caps therefore have commensurately higher expected returns.

Last month we began providing the average market capitalization for the equity mutual funds we recommend; this statistic can be found on page 96. Specifically, we provide the *geometric average market capitalization* for each fund. Since these funds hold many individual stocks (see the "No. of Holdings" column on the same page) our objective was to provide a measure of central tendency that would serve as a meaningful guage for assessing the size of the underlying stocks held by these various funds.

There are many ways to measure central tendency, among the more common are the *median* and the *arithmetic average*. The median can be found by arranging the market caps of all stocks in a fund from lowest to highest and picking the middle value. If there is an even number of stocks, the mean of the two middle values is used. The arithemetic average is calculated by dividing the sum of the market caps for all the stocks in the fund by the number of stocks held.

The geometric mean differs from the arithmetic mean. Instead of adding the market caps then dividing the sum by the number of stocks (n), for equally weighted portfolios, the market caps are multiplied and the "nth root" of the product is calculated. The geometric mean is most widely used in measuring market capitalization. It is preferred because a small number of very large stocks account for a large portion of the stock market's total market capitalization. This is depicted in the table below. These few firms tend to "distort the picture" when the arithmetic mean is used for assessing the central tendency of the stocks held in a fund or an index. But the median is also unsatisfactory because it ignores this tendency completely; it simply provides the "middle" stock when ranked by market cap and gives no consideration at all to this enormous disparity in the magnitude of these market caps.

The table also demonstrates that these three market cap gauges can provide quite different answers, in absolute terms, when assessing the "center of gravity" with respect to the size of a fund's holdings. But any of these statistics is valid for *ranking* funds by market cap, as long as only one measure is applied to all funds being compared.

Note: The average market cap data on p. 96 is provided by Morningstar using methodology that adjusts for the weights of each security in the portfolio.

Russell 3000 Index (as of December 14, 2007)

	Portion of Total U.S. Market Cap
Entire Index (2,896 stocks)	98%
Largest 990 stocks (34% of stocks in the index)	92%
Smallest stocks (66% of stocks in the index)	8%

Market Capitalization Statistics	
Arithmetic Average	$87.99 Billion
Median	$ 1.11 Billion
Geometric Average	$31.49 Billion
Largest Company	$498.17 Billion (Exxon Mobil)
Smallest Company	$3.0 Million (Delta Financial)

MUNI MONEY MARKET FUNDS

Investors who utilize tax-exempt bonds or mutual funds might also consider holding a portion of their cash equivalents in a municipal money market fund. We recommend that investors maintain cash equivalents that will cover six months of living expenses in the event of an emergency in addition to our recommended portfolio allocations for this asset class, which runs as high as 20 percent for conservative investors. The tax bite can be high on interest generated from such a war chest, so holding a portion in a low-cost muni money market fund can make sense.

Since our readers hold their financial assets among numerous custodians, we have never formally recommended specific money market funds. However, for our many readers who already hold Vanguard funds, we suggest Vanguard Tax Exempt Money Market fund. The fund is currently yielding 3.12 percent, (or a 4.8 percent taxable equivalent yield for an investor in a combined 35 percent marginal tax bracket). Its expense ratio is 0.13 percent, which is among the lowest among muni money market funds available. Roughly 17 percent of the fund's income is subject to the federal alternative minimum tax (AMT).

The fund has a minimum investment of $3,000. Account features include automatic transfers to and from your bank account as well as checkwriting redemptions.

THE HIGH-YIELD DOW INVESTMENT STRATEGY

For most investors seeking exposure to U.S. large capitalization value stocks, we recommend either of the two large cap value funds listed on the back page. However, investors who have more than $100,000 to dedicate to this asset class might instead consider our high-yield Dow (HYD) investment strategy ($100,000 is the minimum we estimate that is necessary to ensure that trading costs are reasonable relative to the value of the portfolio). The strategy is especially well suited for certain trusts or other accounts that have an explicit interest in generating investment income, but which also seek capital appreciation. Unlike several popular but simplistic "Dogs of the Dow" methods, our HYD model is based on an exhaustive review of monthly prices, dividends and capital changes pertaining to each of the stocks that have comprised the Dow Jones Industrial Average beginning in July 1962.

Though the model follows an exacting stock-selection strategy (see accompanying box), investors can easily establish and maintain a high-yield Dow portfolio; all that is required is discipline applied on a monthly basis. ***Investment Guide* subscribers can establish and maintain a portfolio simply by ensuring that their portfolios are allocated to reflect the percentage valuations listed in the table to the right. Each month this table will reflect the results of any purchases or sales called for by the model.**

For investors who do not wish to manage their own accounts, we can manage an HYD portfolio on your behalf through our low-cost HYD investment service. Contact us at (413) 528-1216.

HYD: The Nuts and Bolts

Our HYD model began by incrementally "investing" a hypothetical sum of $1 million over 18 months. Specifically, one eighteenth of $1 million ($55,000) was invested equally in each of the 4 highest-yielding issues in the Dow Jones Industrial Average each month, beginning in July 1962. Once fully invested (January 1964) the model began a regular monthly process of considering for sale only those shares purchased 18 months earlier, and replacing them with the shares of the four highest-yielding shares at that time. The model each month thus mechanically purchases shares that are relatively low in price (with a high dividend yield) and sells shares that are relatively high in price (with a low dividend yield), all the while garnering a relatively high level of dividend income. The model also makes monthly "rebalancing" trades, as required, in order to add to positions that have lagged the entire portfolio and sell positions that have done better.

For a thorough discussion of the strategy, we recommend AIER's booklet, "How to Invest Wisely," ($12).

Of the four stocks eligible for purchase this month, **Citigroup** and **Altria** were not eligible for purchase 18 months earlier. HYD investors should find that the indicated purchases of Citigroup and Altria and sales of **Verizon** and **Merck** are sufficiently large to warrant trading. In larger accounts, rebalancing positions in **Pfizer** and **AT&T** may be warranted.

Recommended HYD Portfolio

As of December 15, 2007

					——Percent of Portfolio——	
	Rank	*Yield*	*Price*	*Status*	*Value*	*No. Shares*[1]
CitiGroup	1	7.04%	30.70	Buying	13.98	17.62
Pfizer	2	5.02%	23.10	Holding**	18.40	30.84
Altria Group	3	3.91%	76.82	Buying	24.22	12.21
AT&T Corp	4	3.89%	41.14	Holding**	12.26	11.53
Verizon	5	3.88%	44.37	Selling	26.55	23.17
General Motors	6	3.77%	26.52			
Dupont	7	3.67%	44.73			
Home Depot	8	3.38%	26.63			
JP Morgan Chase	9	3.36%	45.20			
General Electric	10	3.36%	36.91			
Merck	11	2.55%	59.57	Selling	1.65	1.07
KFT	NA		33.31	Selling	2.78	3.23
IAR	NA		17.02	Selling	0.14	0.32
					100.0	100.0

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

Hypothetical Returns: HYD and Relevant Indices

The total returns presented in the table below represent changes in the value of a hypothetical HYD portfolio with a beginning date of January 1979 (the longest period for which data was available for the HYD model and relevant indexes). See the accompanying box for a description of the model's construction. The data in the table (as well as on the front-page chart) reflect the returns of the model had Philip Morris (now Altria) been purchased *whenever warranted* by our 4-for-18 methodology. The data do *not* reflect the returns of the model depicted in the accompanying Recommended HYD Portfolio table, which takes a "phased in" approach to transitioning from a model portfolio that had excluded Altria to one that had never excluded it.

*Hypothetical Total Returns (percent, through November 30, 2007)**

	1 mo.	*1 yr.*	*5 yrs.*	*10 yrs.*	*15 yrs.*	*Since 1/79*	*Std. Dev.*
HYD Strategy	-4.55	14.20	15.15	11.30	15.46	18.32	16.97
Russell 1000 Value Index	-4.89	3.06	13.83	8.10	12.31	14.14	13.84
Dow	0.00	16.14	11.81	8.03	12.41	NA	NA

*Data assume all purchases and sales at mid-month prices (+/–$0.125 per share commissions), reinvestment of all dividends and interest, and no taxes. The 5-, 10- and 15-year total returns are annualized, as is the standard deviation of those returns since January 1979, where available. Model HYD calculations are based on hypothetical trades following a very exacting stock-selection strategy, and are gross of any management fees. They do not reflect returns on actual investments or previous recommendations of AIS. Past performance may differ from future results. Historical performance results for investment indexes and/or categories generally do not reflect the deduction of transaction and/or custodial charges or the deduction of an investment-management fee, the incurrence of which would have the effect of decreasing historical performance results.

RECENT MARKET STATISTICS

Precious Metals & Commodity Prices ($)

	12/14/07	Mo. Earlier	Yr. Earlier
Gold, London p.m. fixing	**789.50**	794.00	623.75
Silver, London Spot Price	**14.01**	14.82	13.73
Copper, COMEX Spot Price	**2.94**	3.08	3.04
Crude Oil, W. Texas Int. Spot	**91.27**	94.32	63.44
Dow Jones Spot Index	**354.43**	352.06	292.76
Dow Jones-AIG Futures Index	**180.65**	180.40	168.32

Interest Rates (%)

U.S. Treasury bills -	91 day	**2.81**	3.22	4.90
	182 day	**3.16**	3.44	5.06
	52 week	**3.28**	3.49	4.91
U.S. Treasury bonds -	10 year	**4.24**	4.17	4.60
Corporates:				
High Quality -	10+ year	**5.64**	5.45	5.75
Medium Quality -	10+ year	**6.79**	6.39	6.14
Federal Reserve Discount Rate		**4.75**	5.00	6.25
New York Prime Rate		**7.25**	7.50	8.25
Euro Rates	3 month	**4.95**	4.58	3.67
Government bonds -	10 year	**4.33**	4.14	3.70
Swiss Rates -	3 month	**2.79**	2.75	1.99
Government bonds -	10 year	**3.03**	2.87	2.41

Exchange Rates ($)

British Pound	**2.019700**	2.048300	1.951800
Canadian Dollar	**0.986680**	1.019992	0.864100
Euro	**1.443300**	1.463900	1.308300
Japanese Yen	**0.008822**	0.009027	0.008470
South African Rand	**0.145560**	0.149477	0.143500
Swiss Franc	**0.866852**	0.890948	0.818700

Securities Markets

	12/14/07	Mo. Earlier	Yr. Earlier
S & P 500 Stock Composite	**1,467.95**	1,451.15	1,427.09
Dow Jones Industrial Average	**13,339.85**	13,110.05	12,445.52
Dow Jones Bond Average	**202.05**	204.21	196.35
Nasdaq Composite	**2,635.74**	2,618.51	2,457.20
Financial Times Gold Mines Index	**2,791.67**	2,952.31	2,422.94
FT EMEA (African) Gold Mines	**2,565.03**	2,858.16	2,998.03
FT Asia Pacific Gold Mines	**14,019.94**	15,382.46	8,981.24
FT Americas Gold Mines	**2,317.25**	2,383.26	1,929.26

Coin Prices ($)

	12/14/07	Mo. Earlier	Yr. Earlier	Prem (%)
American Eagle (1.00)	**833.42**	814.65	644.15	5.56
Austrian 100-Corona (0.9803)	**788.83**	775.22	613.13	1.92
British Sovereign (0.2354)	**195.05**	191.75	152.15	4.95
Canadian Maple Leaf (1.00)	**830.20**	814.90	644.40	5.16
Mexican 50-Peso (1.2057)	**972.40**	955.60	755.90	2.15
Mexican Ounce (1.00)	**806.60**	792.70	627.00	2.17
S. African Krugerrand (1.00)	**821.65**	802.55	635.25	4.07
U.S. Double Eagle-$20 (0.9675)				
St. Gaudens (MS-60)	**885.00**	860.00	670.00	15.86
Liberty (Type I-AU50)	**910.00**	877.50	762.50	19.13
Liberty (Type II-AU50)	**890.00**	855.00	660.00	16.52
Liberty (Type III-AU50)	**855.00**	830.00	640.00	11.93
U.S. Silver Coins ($1,000 face value, circulated)				
90% Silver Circ. (715 oz.)	**10,200.00**	10,150.00	9,600.00	1.83
40% Silver Circ. (292 oz.)	**4,100.00**	4,175.00	3,922.50	0.22
Silver Dollars Circ.	**11,250.00**	10,750.00	10,100.00	3.80

Note: Premium reflects percentage difference between coin price and value of metal in a coin, with gold at $789.5 per ounce and silver at $14.01 per ounce. The weight in troy ounces of the precious metal in coins is indicated in parentheses.

THE DOW JONES INDUSTRIALS RANKED BY YIELD*

	Ticker	Market Prices ($)			12-Month ($)		Latest Dividend			Indicated	
	Symbol	12/14/07	11/15/07	12/15/06	High	Low	Amount ($)	Record Date	Paid	Annual Dividend ($)	Yield† (%)
Citigroup	C	**30.70**	34.58	54.07	57.00	29.50 *L*	0.540	11/05/07	11/21/07	2.160	7.04
Pfizer	PFE	**23.10**	23.29	25.64	27.73	22.24 *L*	0.290	11/09/07	12/04/07	1.160	5.02
Altria Group (s)	MO	**76.82**	72.27	63.95	78.51 *H*	62.63	0.750	12/26/07	1/10/08	3.000	3.91
AT&T (New)	T	**41.14**	39.37	35.66	42.97	32.70	0.400	1/10/08	2/01/08	1.600	3.89
Verizon	VZ	**44.37**	43.04	36.48	46.24	35.60	0.430	1/10/08	2/1/08	1.720	3.88
General Motors	GM	**26.52**	30.14	29.26	43.20	24.50 *L*	0.250	11/16/07	12/10/07	1.000	3.77
Dupont	DD	**44.73**	45.37	48.75	53.90	43.79 *L*	0.410	11/15/07	12/14/07	1.640	3.67
Home Depot, Inc.	HD	**26.63**	28.98	39.89	42.01	26.63 *L*	0.225	11/29/07	12/13/07	0.900	3.38
J P Morgan	JPM	**45.20**	43.53	48.30	53.25	40.15 *L*	0.380	1/04/08	1/31/08	1.520	3.36
General Electric	GE	**36.91**	38.31	37.36	42.15	33.90	0.310	12/24/07	1/25/08	1.240	3.36
Merck	MRK	**59.57**	57.92	44.00	61.62 *H*	42.35	0.380	12/07/07	1/02/08	1.520	2.55
Johnson & Johnson	JNJ	**67.59**	66.88	66.29	68.75 *H*	59.72	0.415	11/27/07	12/11/07	1.660	2.46
McDonald's	MCD	**61.16**	57.18	43.41	63.69 *H*	42.31	1.500	11/15/07	12/03/07	1.500	2.45
3M Company	MMM	**85.93**	79.65	78.31	97.00	72.90	0.480	11/23/07	12/12/07	1.920	2.23
Coca-Cola	KO	**63.81**	61.95	48.93	64.32 *H*	45.56	0.340	12/01/07	12/15/07	1.360	2.13
Caterpillar	CAT	**73.39**	69.73	61.82	87.00	57.98	0.360	1/22/08	2/20/08	1.440	1.96
Alcoa	AA	**35.19**	36.33	31.04	48.77	28.09	0.170	11/02/07	11/25/07	0.680	1.93
Procter and Gamble	PG	**73.90**	71.83	64.11	75.18 *H*	60.42	0.350	10/19/07	11/15/07	1.400	1.89
Wal-Mart Stores	WMT	**47.63**	46.20	46.45	51.44	42.09	0.220	12/14/07	1/02/08	0.880	1.85
Boeing	BA	**88.42**	91.34	90.70	107.83	84.60	0.400	2/08/08	3/07/08	1.600	1.81
Intel Corp	INTC	**26.29**	25.53	20.96	27.99 *H*	18.75	0.113	11/07/07	12/01/07	0.450	1.71
United Tech.	UTX	**76.69**	73.95	62.45	82.50	61.83	0.320	11/16/07	12/10/07	1.280	1.67
Honeywell Int'l.	HON	**59.98**	57.16	43.62	62.29	42.98	0.250	11/20/07	12/10/07	1.000	1.67
Exxon Mobil	XOM	**91.18**	84.49	77.30	95.27	69.02	0.350	11/09/07	12/10/07	1.400	1.54
IBM	IBM	**105.77**	103.60	95.30	121.46	88.77	0.400	11/09/07	12/10/07	1.600	1.51
Amer. Int. Group	AIG	**55.65**	56.95	72.13	72.97	50.86 *L*	0.200	3/07/08	3/21/08	0.800	1.44
American Express	AXP	**52.29**	58.24	61.64	65.89	51.62 *L*	0.180	1/04/08	2/08/08	0.720	1.38
Microsoft Corp.	MSFT	**35.31**	33.76	30.19	37.50	26.71	0.110	11/15/07	12/13/07	0.440	1.25
Walt Disney	DIS	**33.01**	32.40	34.30	36.79	30.68 *L*	0.350	12/07/07	1/11/08	0.350	1.06
Hewlett-Packard	HPQ	**52.14**	48.90	39.94	53.48	38.15	0.080	12/12/07	1/02/08	0.320	0.61

* See the Recommended HYD Portfolio table on page 94 for current recommendations. † Based on indicated dividends and market price as of 12/14/07. Extra dividends are not included in annual yields. *H* New 52-week high. *L* New 52-week low. (s) All data adjusted for splits and spin-offs. Price data provided by Worden Brothers, Inc. 12-month data begins 12/16/06.

RECOMMENDED INVESTMENT VEHICLES

	Ticker	Avg. Market Cap./	No. of	Descriptive Quarterly Statistics, as of 9/30/07 — Ratios				12 Mo.	Annualized Returns (%), as of 11/30/07 — Total			After Tax*		
	Symbol	Avg. Maturity	Holdings	Expense (%)	Sharpe	Turnover (%)	P/B	Yield (%)	1 yr.	3 yr.	5 yr.	1 yr.	3 yr.	5 yr.
Short/Intermediate Fixed Income														
Vanguard Short-Term Bond Index	BSV[2]	2.7 Yrs.	730	0.11		106		4.50	na	na	na	na	na	na
Vanguard Short-Term Bond Index	VBISX	2.7 Yrs.	730	0.18		106		4.55	6.80	4.22	3.79	5.10	2.74	2.43
Vanguard Short-Term Inv. Grade	VFSTX	3.2 Yrs.	787	0.21		43		4.80	5.95	4.49	4.13	4.17	2.96	2.67
iShares Lehman 1-3 Year Treasury	SHY[1]	1.8 Yrs.	31	0.15		64		4.28	6.99	4.16	3.17	5.40	2.82	2.10
Vanguard Limited-Term Tax-Exempt	VMLTX	3.0 Yrs.	741	0.16		27		3.44	3.82	2.92	2.79	3.82	2.92	2.79
Real Estate														
Vanguard REIT Index	VNQ[2]	5.5 B.	104	0.12	0.90	21	2.6	3.92	-13.47	11.82	na	-14.72	10.27	na
Vanguard REIT Index	VGSIX[3]	5.5 B.	104	0.21	0.89	21	2.6	4.38	-13.56	11.73	18.94	-14.77	10.17	17.09
U.S. Large Cap Value														
Vanguard Value Index	VTV[2]	56.6 B.	396	0.11	1.37	20	2.3	2.48	4.09	11.28	na	3.69	10.86	na
Vanguard Value Index	VIVAX	56.6 B.	396	0.21	1.35	20	2.3	2.37	4.01	11.18	13.93	3.64	10.78	13.49
U.S. Small Cap Value														
iShares Russell Microcap Index	IWC[1]	0.4 B.	1371	0.60	na	20	2.0	0.75	-7.05	na	na	-7.22	na	na
Vanguard Small-Cap Value Index	VBR[2]	1.6 B.	945	0.12	0.74	25	1.8	1.96	-5.17	7.20	na	-5.56	6.77	na
Vanguard Small-Cap Value Index	VISVX	1.6 B.	945	0.23	0.73	25	1.8	1.84	-5.29	7.09	14.48	-5.66	6.69	14.04
U.S. Large Cap Growth														
iShares Russell 1000 Growth Index	IWF[1]	35.5 B.	699	0.20	0.90	15	4.4	0.88	12.41	10.01	10.38	12.09	9.79	10.17
Vanguard Growth Index	VIGRX	37.9 B.	430	0.22	0.91	28	4.0	0.81	12.50	10.11	10.19	12.36	9.95	10.02
U.S. Marketwide														
Vanguard Total Stock Market Index	VTI[2]	29.4 B.	3685	0.07	1.14	4	2.8	1.68	7.42	10.54	12.74	7.14	10.24	12.43
Fidelity Spartan Total Market Index	FSTMX[4]	29.4 B.	3465	0.10	1.15	4	2.9	1.21	7.44	10.64	12.69	na	na	na
Foreign- Developed Markets														
iShares MSCI Growth Index	EFG[1]	18.6 B.	563	0.40	na	35	4.0	0.87	21.91	na	na	21.79	na	na
iShares MSCI Value Index	EFV[1]	46.7 B.	546	0.40	na	31	2.4	1.52	12.05	na	na	11.89	na	na
Vanguard Europe Pacific Index	VEA[2]	34.4 B.	1123	0.15	na	4	na	na	na	na	na	na	na	na
Vanguard Tax-Managed International	VTMGX[5]	34.4 B.	1123	0.20	1.84	4	3.1	2.10	16.27	19.19	21.43	15.99	18.94	21.08
Vanguard Developed Markets Index	VDMIX[6]	35.2 B.	1156	0.27	1.83	9	3.1	2.09	17.38	19.40	21.28	16.80	18.86	20.67
Foreign- Emerging Markets														
Vanguard Emerging Market Index	VWO[2]	14.4 B.	850	0.30	na	26	2.9	1.29	45.37	na	na	44.99	na	na
Vanguard Emerging Market Index	VEIEX[7]	14.4 B.	850	0.42	1.80	26	2.9	1.21	43.80	35.45	35.32	43.44	35.14	34.96
Gold-Related Funds														
iShares COMEX Gold Trust	IAU[2]	na	1	0.40	na	na	na	0.00	20.44	na	na	20.44	na	na
streetTRACKS Gold Shares	GLD[1]	na	1	0.40	na	na	na	0.00	20.69	na	na	20.69	na	na

Recommended Gold-Mining Companies ($)

	Ticker Symbol	12/14/07	Month Earlier	Year Earlier	— 52-Week — High	Low	Distributions Latest 12 Months	Frequency	Yield (%)
Anglogold Ltd., ADR	AU	**42.87**	44.30	46.31	49.88	33.80	0.4482	Semiannual	1.0455
Barrick Gold Corp.†	ABX	**38.00**	40.37	30.45	47.72	26.94	0.2550	Semiannual	0.6711
Gold Fields Ltd.	GFI	**14.84**	17.52	18.27	20.70	13.31	0.2575	Semiannual	1.7352
Goldcorp, Inc.†	GG	**32.23**	31.38	28.01	38.11	21.00	0.1530	Monthly	0.4747
Newmont Mining	NEM	**47.81**	48.80	47.49	56.35	38.01	0.4000	Quarterly	0.8366
Rio Tinto PLC‡	RTP	**422.50**	440.96	220.60	484.21	192.86	4.6400	Semiannual	1.0982

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

Data provided by the funds and Morningstar. [1] Exchange traded fund, traded on NYSE. [2] Exchange traded fund, traded on AMEX. [3] 1% fee for redemption in 1 yr. [4] 0.5% fee for redemption in 90 days. [5] 1% fee for redemption in 5 yrs. [6] 2% fee for redemption in 60 days. [7] 0.5% fee for purchase and 0.5% fee for redemption. * Calculated using the highest individual federal income tax rates in effect at the time of each distribution and do not reflect the impact of state and local taxes and individual tax situations. † Dividend shown is after 15% Canadian tax withholding. ‡ Not subject to U.K. withholding tax.