AIS INVESTMENT GUIDE

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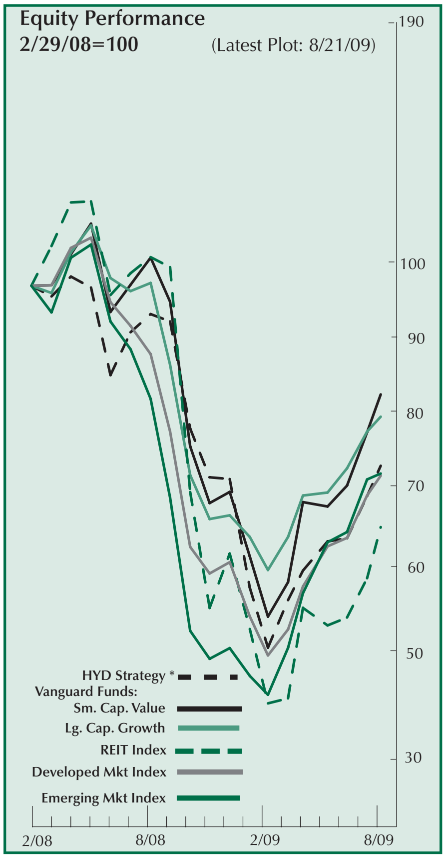

*** HYD is a hypothetical model based on back-tested results. See www.americaninvestment.com for full explanation.**

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.

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"Greenback Emissions" and a Cloudy Fiscal Forecast

The chorus of concern over projected federal deficits has grown louder in recent weeks. Warren Buffett sounded the alarm in a *New York Times* commentary in which he wrote that, "unchecked greenback emissions will certainly cause the purchasing power of currency to melt" and that the "dollar's destiny lies with Congress".

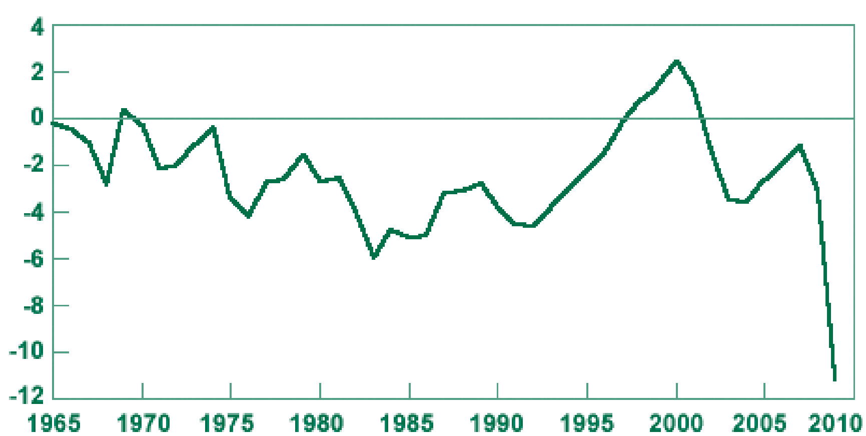
In the August Ten Year Budget and Economic Outlook update the Congressional Budget Office estimated that the government will record a budget deficit of $1.6 trillion in 2009. The estimate, which assumes no changes to existing laws or policies, projects that the deficit will shrink from its current level but continue to grow at three percent of GDP per year throughout the 2010–2019 period. As a result, debt held by the public would reach 68 percent of GDP by 2019. The White House Office of Management and Budget put the 10-year deficit at $9.051 trillion.

Absent drastically reduced spending, all of this debt portends higher taxes and/or inflating. Politicians are eager to increase spending further and with weak economic growth projections and political pressure, the Federal Reserve's ability and willingness to tighten monetary policy will be put to the test.

As always, we defer to capital markets' "judgement" in pricing assets (and interest rates), but our faith in the market's wisdom is pressed as hard as ever when we look at the slope of the yield curve, TIPS' spreads, and the gold price. Inflationary expectations are mild and appear to be outweighed by short-term anxiety over continued global economic malaise and possible deflation.

We have made no changes to our recommended portfolio allocations. However, investors who have refrained from purchasing gold related assets, inflation protected Treasuries (TIPs), and foreign equities, should consider filling any gaps in their portfolios.

Total Deficit or Surplus (Percentage of GDP)



Source: Congressional Budget Office

INDEXING IMPERFECTIONS

Our readers know well our preference for a passive investing approach, which advocates purchasing asset classes in their entirety, over active strategies, which attempt to pick and choose winning investments or identify favorable times to hold one asset class versus another.

We have consistently provided theory and evidence that overwhelmingly favors the passive approach. On the back page we recommend investment vehicles that are based on commercial indexes, as the most cost effective means available for implementing such a strategy.

Index-based investing, however, is not perfect. Commercial indexes such as the S&P 500 are simply hypothetical portfolios designed to track the performance of a particular market segment. These indexes, unencumbered by transaction costs and other constraints inherent in the "real world" of investing, were not intended to form the basis of an actual investment portfolio.

Here we review some of the problems that arise from index investing. When we formulate our recommendations, we seek to avoid those investments that are most susceptible to these problems.

What is Included?

Market indexes can be formed in a variety of ways. Some are formed by a committee, such as the Dow Jones Industrial Average, which includes 30 stocks selected by the editors of the Wall Street Journal. Others are more formulaic, such as the Russell 1000, which includes the 1,000 largest U.S. traded companies based on market capitalization.

Regardless of methodology, nearly all commercial indexes, even those based on rigid rules, include criteria (e.g. the largest 1000 companies) that are not necessarily optimal in distinguishing between asset classes based on risk and return.

This is demonstrated in Table 1, which summarizes the composition of two commonly used U.S. Small Cap indexes (Russell 2000 and Standard and Poors 600). Also displayed are the same measures for the entire universe of U.S. small caps, as well as the universe of micro cap stocks.[1]

Both the Russell and Standard and Poors indexes have far fewer holdings than the index of all small caps. This is largely due to their underexposure to the tiny but numerous "micro cap" stocks. In addition, these commercial indexes include several stocks that exceed the upper limit for the small cap category. These differences are not trivial. As Table 2 shows, micro caps have historically provided higher (though more volatile) returns than larger small caps.

Table 1	Russell 2000 Index	S&P 600 Index	Small Caps: CRSP 6-10 Index	Micro Caps: CRSP 9-10 Index
Number of Companies	1,934	599	3,058	2,081
Estimated Universe ($BB)	747	325	837	213
Wtd. Avg. Mkt. Cap. ($MM)	895	911	706	240
Median Mkt. Cap. ($MM)	322	459	143	65

Table 2 1/26-7/09	Annualized Return	Standard Deviation
CRSP Deciles 9-10 Index (Microcaps)	11.95	9.51
CRSP Deciles 6-10 Index (all Small Caps)	11.20	7.93

Keeping it Real: Reconstitution

Once an index-based fund is established, its holdings can "drift" considerably from those of the true asset class to which an investor is seeking exposure. This is made clear in Table 3 and in Chart 1. Over time securities within an index can migrate to another asset class (for example, small caps may grow and become large caps). Since commercial indexes typically reconstitute only once every 12 months, the index's risk/return profile can be quite different 11 months after reconstitution due to these changes. As a result, index-based funds provide asset class exposure that is not entirely consistent, and less than thorough.

The composition of a commercial index itself will also change, depending on the parameters specified by its creators. For example, some stocks may be eliminated

Table 3: Annual Index Reconstitution Effects*
Consistency of Asset Class Exposure

	Percentage of Assets in Bottom 10% of Market	
	Russell 2000 Index	CRSP 6-10 Index
June 30 Averages (reconstitution month)	96.18	95.44
May 31 Averages (11 months after reconstitution)	87.64	96.42

*Month-end values from January 2004-December 2008. Russell data copyright © Russell Investment Group 1995-2009, all rights reserved. CRSP data provided by the Center for Research in Security Prices, University of Chicago. Indices are not available for direct investment. Their performance does not reflect the expenses associated with the management of an actual portfolio. Past performance is not a guarantee of future results.

[1]Small caps are defined as those stocks that comprise deciles 6-10 when all stocks listed on the NYSE, AMEX, and Nasdaq exchange are ranked by their market cap, while micro caps include only those stocks that comprise deciles 9 and 10 (the smallest of the small caps). (Source: DFA, Center for Research in Security Prices).

and others added. These changes are often announced annually. Mutual funds or ETFs that track these indexes therefore change their holdings annually as well. This annual reconstitution is intended to minimize any *tracking error,* or deviations between the fund's returns and those of the hypothetical returns of the index due to differences in the underlying holdings.

But there is a trade-off to minimizing tracking error. There are transaction costs that must be incurred, and as part of that process index funds are often forced to buy high (and sell low). The need to replicate an index requires executing trades that are pre-specified. The stocks to be traded, number of shares, and trade dates are all public information, well known in advance. The timing lag between the reconstitution announcement and the effective date enables non-indexing traders to buy those stocks that are to be added (and to sell those that are to be sold) at advantageous prices, in advance of the index-tracking mutual fund managers.

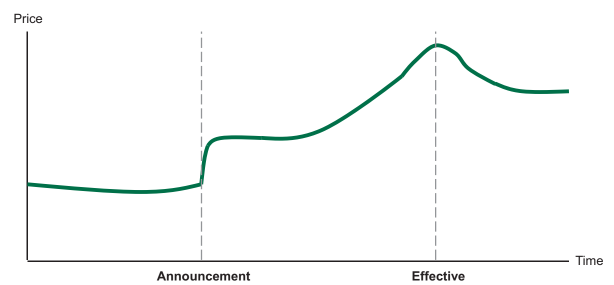
This phenomenon is depicted in Chart 2. Stock prices of those stocks that are to be included typically rise as soon as their inclusion is announced, and tend to gradually increase further as the effective date approaches. After the index funds have completed their purchases, the prices often fall.

The Takeaway

What is an investor to conclude from these observations? For most, mutual funds and ETFs based on commercial indexes are the optimal means of implementing and maintaining a passive, asset class based port-folio. We assist in that effort by constantly scouring the 7,000 plus investment vehicles to find those that are most efficient and least vulnerable to the deficiencies we have cited. We update the back page of this publication as required to reflect this research.

The accompanying article "Better than Indexing" describes funds from Dimensional Fund Advisors (DFA), which avoid the problems unique to strict indexing and might be of interest to investors seeking the services of a registered investment advisor.

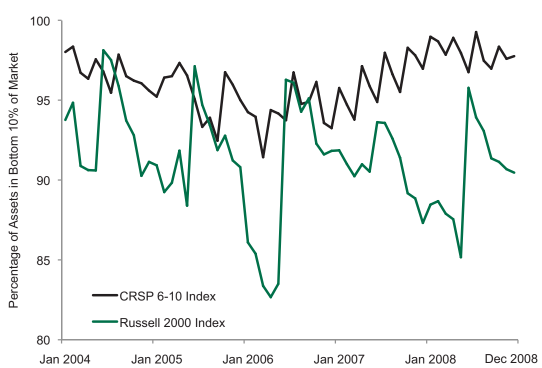
Chart 2:
The Effect of Index Reconstitution on Stock Prices



	S&P 500 Index	MSCI EAFE Index
One-Day Return after Announcement (%)	3.2	3.4
Run-Up to Effective Date (%)	3.8	4.5
Decay after Effective Date (%)	-2.1	-2.6

S&P 500 data source: Anthony Lynch and Richard Mendenhall, "New Evidence on Stock Price Effects Associated with Changes in the S&P 500 Index," *Journal of Business* 70, no. 3 (July 1997): 351-83. MSCI EAFE Index data source: Rajesh Chakrabarti, Wei Huang, Narayanan Jayaraman, and Jinsoo Lee, "Price and Volume Effects of Changes in MSCI Indices: Nature and Causes," *Journal of Banking and Finance* 29, no. 5 (May 2005): 1237-64.
For illustrative purposes only. Past performance is not a guarantee of future results.

Chart 1: Annual Index Reconstitution Effects*



BETTER THAN INDEXING

Dimensional Fund Advisors (DFA) is a mutual fund family that is devoted exclusively to a passive, asset class approach, yet avoids the limitations that are inherent in index investing. Their approach provides other advantages over index funds, and its fees are comparable to those of Vanguard.

DFA was founded by a group of University of Chicago academic economists who were among the pioneers of modern portfolio theory, including Eugene Fama, who is widely regarded as the father of the Efficient Market Hypothesis (EMH). EMH is the backbone of modern financial theory and is encountered by virtually every student of finance (for more information on DFA see www.dfaus.com).

DFA's funds are not based on commercial indexes. Rather, the firm seeks to capture specific dimensions of risk and return identified by academic research. Fund managers strive to buy every security within an asset class, consistent with need to minimize transaction costs. For example, their U.S. Small Cap Portfolio invests in securities of US companies with market capitalizations within the smallest 10 percent of the market universe, the level at which small caps and large caps can be delineated based on an empirical review of historical returns.

This approach results in a much more diversified portfolio compared with most index funds for the same asset class, and avoids the costs of the "reconstitution effect" described in the accompanying article. Because they are not slavishly devoted to an index, they can trade patiently when seeking to add a security that their research has deemed worthy of inclusion in an asset class. For example when a large cap stock is re-categorized as a small cap after its price has fallen, DFA will not necessarily rush to purchase it at the prevailing market price. Rather the manager will consider trading volume and liquidity and use its "clout" as a rare institutional buyer of small and micro cap stocks to drive a hard bargain.

These cost savings result in lower costs, more precise asset class exposure, and enhanced returns. Trading costs incurred through bid/ask spreads (which are not reflected in a mutual fund's expense ratio) can be very large especially among micro-cap stocks within the small cap universe. This is demonstrated in the table on page 60.

The bid/ask spread is generally regarded as an indication of the cost of liquidity. Securities of small companies are often less liquid than those of large companies.

DFA also provides enhanced returns relative to many index funds through a robust securities-lending program. As compensation for lending its underlying securities to a third party a mutual fund

Trading US Small Cap Stocks Can Be Costly

Market Cap. Range ($m)	# of Stocks	Percent of Market Cap.	Average Price ($)	Average Bid/Ask Spread (%)	Average Daily Trading Volume per Issue	
					Shares	Dollars ($)
18,610-389,027	100	55.42	42.96	0.05	20,114,205	484,963,223
2,733-18,472	400	28.65	31.89	0.15	4,291,687	92,755,648
976-2,731	500	8.84	27.59	0.19	1,803,414	27,360,505
243-975	1,000	5.37	14.78	0.48	783,047	7,202,271
61-242	1,000	1.36	8.63	1.71	268,361	1,420,909
10-61	1,094	0.35	3.20	**6.26**	146,814	346,279

Data as of February 11, 2009. Data provided by Reuters.

earns revenues (for a description of this practice see the May 2007 *Investment Guide*). DFA has been very successful in this regard, particularly within its small cap funds, since there is often strong demand among borrowers for small cap stocks but relatively few lenders. For example, among the funds that make up its micro cap series, DFA earned $19.9 million from securities lending during fiscal year 2007, boosting returns by 0.481 percent per year. *(Unlike most mutual fund companies DFA distributes 100 percent of these revenues to fund shareholders.)*

These differences are real and measurable. Over time the attention DFA devotes to portfolio engineering pays off. This is demonstrated in the table below:

Despite these advantages DFA funds do not appear among our recommended funds on the back page because DFA does not sell their funds directly to retail investors. In order to minimize their operating costs, DFA sells funds only through approved investment advisors such as AIS who are similarly committed to patient long-term investing on behalf of their advisory clients. This ensures minimal turnover of fund shares, which, in turn, keeps DFA's internal cost structure low, the savings of which accrue directly to investors. Advisors receive no compensation of any kind from DFA for utilizing their funds.

Access to DFA funds is just one of many benefits provided by our Professional Asset Management program (PAM) service. We help you to establish a portfolio allocation plan that can include multiple accounts that is customized to meet your needs, and we provide the ongoing discipline necessary to stick with that plan. We provide quarterly comprehensive reports, including performance tracking against a benchmark, and in taxable accounts we manage your realized gains and losses to ensure optimal after-tax returns.

Our management fee is among the lowest in our industry, even in comparison with other DFA approved advisors. **To learn more about our PAM program, contact us at 413 528-1216.**

DFA vs. Vanguard

Asset Class	Annualized Returns			
	1 yr	3 yr	5 yr	Longest data Period
Real Estate				**6/96 - 6/09**
DFA Real Estate Securities Portfolio	-43.04	-18.94	-3.09	**6.77**
Vanguard REIT Index	-43.23	-18.42	-3.07	**6.28**
U.S. Large Cap Growth				**12/92 - 6/09**
DFA U.S. Large Company Portfolio	-25.85	-8.10	-2.19	**6.59**
Vanguard Growth Index	-25.88	-5.49	-1.74	**6.30**
U.S. Large Cap Value				**3/93 - 6/09**
DFA US Large Cap Value Portfolio	-31.93	-13.02	-2.60	**7.29**
Vanguard Value Index	-26.81	-10.42	-1.89	**6.62**
U.S. Small Cap Value				**6/98 - 6/09**
DFA US Small Value Portfolio	-27.74	-14.19	-3.15	**5.31**
Vanguard Small Value Index	-23.41	-10.94	-1.54	**3.77**
Foreign Developed Markets				**6/00 - 6/09**
DFA Large Cap International Portfolio	-30.78	-6.92	2.65	**0.33**
Vanguard Developed Market Index	-30.90	-7.77	2.36	**-0.03**
Foreign Emerging Markets				**6/94 - 6/09**
DFA Emerging Markets Portfolio	-24.21	4.27	14.47	**7.09**
Vanguard Emerging Market Stock Index	-28.28	2.36	14.02	**6.20**

THE PRICE OF PRIVACY

Two seemingly unrelated recent news headlines highlight the growing lack of privacy in the "digital age."

On August 17th prosecutors charged computer hacker and former secret service informant Albert Gonzalez with the theft of 130 million credit card numbers. Data theft is on the rise, there is an ever-growing level of perfectly legal privacy intrusions from banks, card issuers and other financial institutions seeking a larger slice of their customers' pie, and banks are failing with increasing frequency. It is understandable that consumers would want to protect their privacy and data security from potential theft by fraudsters or abuse by service providers.

For years many have turned to Swiss bank accounts, but this is no longer the answer for most Americans, whether they hold those accounts for legitimate purposes or not. The vaunted image of the impenetrable Swiss bank account is a relic of the past, and not of much use when financial data are simply blips on a computer screen.

Swiss and U.S. government officials announced an agreement on a new treaty that settles a long-running tax dispute. Switzerland will provide U.S. authorities with details of approximately 4,500 accounts held at UBS AG, with a possible $18 billion in assets, as well as information on up to 10,000 additional unrelated accounts at other Swiss banks. The ongoing negotiations have cast a cloud over UBS since its US subsidiary settled a 2007 tax evasion case with the IRS and has threatened to disrupt Switzerland's fabled bank secrecy laws.

Many US citizens established Swiss accounts to take advantage of Switzerland's relative economic, political, and monetary stability, particularly during the hyperinflation of the 1970's. But international banking regulation and practices have changed dramatically in the intervening years. While the Swiss have maintained their reputation for professionalism and discretion, Swiss banking laws are now much closer to those of other OECD member countries with regard to transparency and information exchange.

Switzerland has long been a favored private banking center. The Swiss tend to focus on the more noble aspects of their bank secrecy laws which were originally enacted in the 1930s to shield assets of persecuted German citizens from seizure by the Nazis. Some of this luster was tarnished by the holocaust victims' compensation settlement which revealed that Swiss banks had held onto assets long after many of the account holders had perished.

More recently Swiss secrecy has been identified with high profile cases of hidden assets seized from narco-trafficers, money launderers and deposed dictators. Since the passing of strict codes of ethics and anti-money laundering legislation following the Chiasso scandal, banking secrecy can no longer be relied upon to shelter funds that originate from what would be considered a crime or a felony under Swiss law. However, since what qualifies as tax evasion in other countries is not considered a crime or felony under Swiss law, banks have historically not been required to inform the authorities of the receipt of funds suspected to have originated through tax evasion.[1] This has been a source of tension between Switzerland, the U.S. and the European Union.

According to IRS Commissioner Douglas Shulman, what has changed as a result of the UBS settlement is that "in the past, fraud had to be a "scheme of lies," in the view of the government of Switzerland to be fraud. Now the definition of fraud has shifted in the government of Switzerland's mind to a serious tax offense."[2]

What Do US Taxpayers with Offshore Accounts Need to Be Aware of?

If you maintain a Swiss or other offshore account, have voluntarily filed timely and complete disclosure reports and paid taxes on interest earned, you need not be concerned by recent changes. The IRS requires that foreign account holders file a Report of Foreign Bank and Financial Accounts (FBAR). Most states require a separate form of voluntary offshore account disclosure.

If you are among those investors who were unaware of these requirements, or otherwise failed to make these disclosures you should seek the advice of a qualified attorney. Specialists in this area advise that an attorney rather than an accountant be the taxpayer's primary consultant because the attorney is bound by attorney-client privilege, while a tax accountant is not.

The IRS is engaged in an ongoing "amnesty" initiative with reduced penalties for unreported offshore accounts.

This program requires that taxpayers:

(1) contact the IRS Criminal Investigation Division with details regarding the account;
(2) file amended tax returns for the last six years (2003-2008); and
(3) pay any taxes, interest and penalties due.

The penalties include 20 percent of the taxes due for each year, interest on the "tax plus 20 percent" and a 20 percent FBAR penalty applied to the highest undisclosed offshore account balance during any single year. Disclosure has a steep price, but the penalties will increase after the September 23 deadline when the program ends.

Additional rules require that:

(1) The taxpayer is not under IRS audit or criminal investigation whether tax related or not.
(2) The funds in the account in question must have originated from legal activities.
(3) The taxpayer must be willing to cooperate fully with the IRS.
(4) The taxpayer must pay the tax, interest and penalties.

It should be noted that UBS account holders will no longer be eligible for the voluntary disclosure program once the Swiss have provided their account details.

We suspect that most of our readers who may have concerns regarding non-disclosed Swiss accounts fall into the "paid the taxes but forgot to check the box" category. It may be advisable to repatriate off-shore accounts to simplify tax reporting. The globalization of banking and harmonization of international banking laws have reduced the benefits of maintaining such accounts. Finally, Switzerland no longer offers an oasis of monetary and political stability in our interconnected world.

[1] Ziegler, Delayola, and Habib, "Negotiating over Bank Secrecy: The Case of Switzerland and the European Union", Swiss Banking Institute, Univerity of Zurich, October, 2005.
[2] Interview with NPR's Robert Siegel, *All Things Considered*, August 19, 2009.

THE HIGH-YIELD DOW INVESTMENT STRATEGY

Recommended HYD Portfolio

As of August 14, 2009

	Rank	Yield	Price	Status	—Percent of Portfolio— Value	No. Shares[1]
AT&T Corp.	1	6.44%	25.45	Buying	14.03	10.05
Verizon	2	5.92%	31.08	Holding**	18.63	10.93
Dupont	3	5.07%	32.36	Buying	13.14	7.40
Merck & Co.	4	4.91%	30.98	Buying	7.78	4.58
Pfizer	6	4.06%	15.77	Selling	16.68	19.28
General Electric	16	2.87%	13.92	Holding	6.42	8.41
Alcoa	26	0.90%	13.27	Holding	8.38	11.51
Bank of America	29	0.23%	17.39	Selling	11.41	11.96
Citigroup	NA		4.04	Selling	3.52	15.87
Fairpoint	NA		0.51	Selling	0.00	0.02
Cash (6-mo. T-Bill)	NA				0.01	--
					100.00	100.00

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

Hypothetical Total Returns: HYD and Relevant Indices (percent)

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) through July 31, 2009*.

	1 mo.	1 yr.	5 yrs.	10 yrs.	20 yrs.	Since 1/79	Std. Dev.
HYD Strategy	9.41	-24.26	2.30	4.23	12.31	15.47	18.20
Russell 1000 Value Index	8.19	-22.94	-0.29	0.94	8.20	11.77	14.92
Dow Jones Industrial Index	8.75	-16.62	0.53	0.71	8.99	NA	NA

*Data assume all purchases and sales at mid-month prices (+/–$0.125 per share commis-sions), reinvestment of all dividends and interest, and no taxes. The 5-, 10- and 20-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 follow-ing 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.

CAPITAL CHANGES AT CITIGROUP

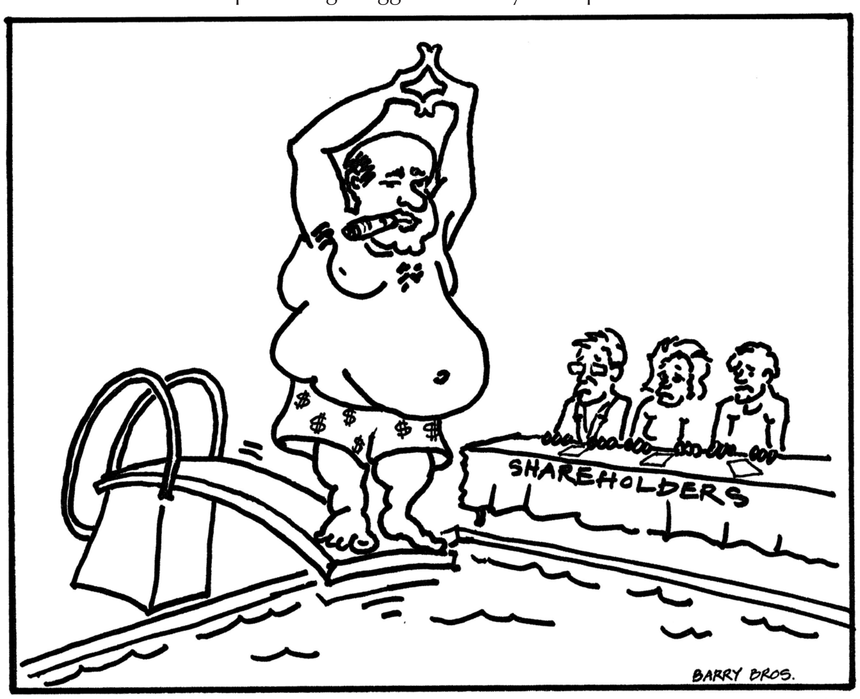
Beleaguered banking giant Citigroup announced on July 30th that $20.3 billion of public preferred shares were tendered in exchange for common stock.

By the terms of the exchange (pending shareholder approval), Citigroup will issue 5,834,126,284 new common shares. Though this will dilute shareholder equity, management took this action to enhance Citigroup's capital base and to reduce crippling interest payments on its preferred shares. It may also allow Citi to resume paying dividends on its common shares.

Citgroup's board has also asked shareholders to approve a reverse stock split which will make the shares marginable and more attractive for purchase by institutional managers.

Citi's share price growth has lagged other large banks thus far during the market recovery. Analysts pointed to weak tangible common equity relative to its peers. The exchange puts the bank on more solid footing going forward, though some are concerned about the possibility of disruptive interventions by its new 34 percent owner (the federal government).

Through July 31 the hypothetical returns on our high-yield Dow model exceeded those of comparable large-cap value indexes over most time periods, despite being dragged down by Citi's performance.



"Citigroup will be attempting a preferred- for-common flip with a reverse split."

RECENT MARKET STATISTICS

Precious Metals & Commodity Prices ($)

	8/14/09	*Mo. Earlier*	*Yr. Earlier*
Gold, London p.m. fixing	**953.60**	938.00	786.50
Silver, London Spot Price	**14.98**	13.27	12.82
Copper, COMEX Spot Price	**2.83**	2.38	3.34
Crude Oil, W. Texas Int. Spot	**67.50**	61.53	113.76
Dow Jones Spot Index	**317.67**	284.26	390.67
Dow Jones-AIG Futures Index	**127.51**	117.49	187.15
Reuters-Jefferies CRB Index	**257.75**	239.71	382.30

Interest Rates (%)

U.S. Treasury bills - 91 day	**0.18**	0.18	1.81
182 day	**0.27**	0.28	1.94
52 week	**0.44**	0.47	2.05
U.S. Treasury bonds - 10 year	**3.67**	3.63	3.84
Corporates:			
High Quality - 10+ year	**5.34**	5.51	5.61
Medium Quality - 10+ year	**6.62**	7.26	7.11
Federal Reserve Discount Rate	**0.50**	0.50	2.25
New York Prime Rate	**3.25**	3.25	5.00
Euro Rates 3 month	**.88**	0.98	4.97
Government bonds - 10 year	**3.48**	3.30	4.20
Swiss Rates - 3 month	**0.35**	0.37	2.75
Government bonds - 10 year	**1.99**	2.19	2.92

Exchange Rates ($)

British Pound	**1.352900**	1.643900	1.865100
Canadian Dollar	**0.911328**	0.893495	0.942596
Euro	**1.421600**	1.411600	1.469500
Japanese Yen	**0.010566**	0.010628	0.009051
South African Rand	**0.124037**	0.123051	0.126902
Swiss Franc	**0.932923**	0.930579	0.912409

Securities Markets

	8/14/09	*Mo. Earlier*	*Yr. Earlier*
S & P 500 Stock Composite	**1,004.09**	932.68	1,298.20
Dow Jones Industrial Average	**9,321.40**	8,616.21	11,659.90
Dow Jones Bond Average	**238.15**	227.59	206.57
Nasdaq Composite	**1,985.52**	1,862.90	2,452.52
Financial Times Gold Mines Index	**2,648.94**	2,613.77	2,203.66
FT EMEA (African) Gold Mines	**2,524.84**	2,475.24	1,861.42
FT Asia Pacific Gold Mines	**10,769.00**	10,921.33	9,011.66
FT Americas Gold Mines	**2,274.49**	2,237.58	1,968.46

Coin Prices ($)

	8/14/09	*Mo. Earlier*	*Yr. Earlier*	*Prem (%)*
American Eagle (1.00)	**977.58**	956.58	850.22	2.51
Austrian 100-Corona (0.9803)	**918.33**	898.03	798.63	-1.76
British Sovereign (0.2354)	**226.65**	221.65	197.45	0.97
Canadian Maple Leaf (1.00)	**971.90**	949.30	840.50	1.92
Mexican 50-Peso (1.2057)	**1,131.90**	1,106.80	984.50	-1.55
Mexican Ounce (1.00)	**958.90**	938.10	816.60	0.56
S. African Krugerrand (1.00)	**966.92**	945.13	833.88	1.40
U.S. Double Eagle-$20 (0.9675)				
St. Gaudens (MS-60)	**1,265.00**	1,157.50	947.50	37.11
Liberty (Type I-AU50)	**1,277.50**	1,277.50	1,070.00	38.47
Liberty (Type II-AU50)	**1,225.00**	1,175.00	1,020.00	32.78
Liberty (Type III-AU50)	**1,197.50**	1,125.00	907.50	29.80
U.S. Silver Coins ($1,000 face value, circulated)				
90% Silver Circ. (715 oz.)	**10,275.00**	9,550.00	10,250.00	-4.07
40% Silver Circ. (292 oz.)	**4,125.00**	3,862.50	4,100.00	-5.70
Silver Dollars Circ.	**12,675.00**	12,325.00	13,425.00	9.38

Note: Premium reflects percentage difference between coin price and value of metal in a coin, with gold at $953.60 per ounce and silver at $14.98 per ounce. The weight in troy ounces of the precious metal in coins is indicated in parentheses.

THE DOW JONES INDUSTRIALS RANKED BY YIELD*

	Ticker Symbol	*Market Prices ($) 8/14/09*	*7/15/09*	*8/15/08*	*12-Month ($) High*	*Low*	*Latest Dividend Amount ($)*	*Record Date*	*Paid*	*Indicated Annual Dividend ($)*	*Yield† (%)*
AT&T (New)	T	**25.45**	23.97	31.66	33.15	20.90	0.410	7/10/09	8/3/09	1.640	6.44
Verizon	VZ	**31.08**	29.34	34.96	36.34	23.07	0.460	7/10/09	8/3/09	1.840	5.92
Dupont	DD	**32.36**	26.98	45.70	48.22	16.05	0.410	8/14/09	9/11/09	1.640	5.07
Merck	MRK	**30.98**	27.71	36.16	36.57	20.05	0.380	9/04/09	10/1/09	1.520	4.91
Kraft	KFT	**28.10**	27.53	32.96	34.97	20.81	0.290	6/30/09	7/14/09	1.160	4.13
Pfizer	PFE	**15.77**	15.02	19.97	20.09	11.62	0.160	8/07/09	9/2/09	0.640	4.06
Chevron	CVX	**68.63**	64.57	84.25	89.75	55.50	0.680	8/19/09	9/10/09	2.720	3.96
Boeing	BA	**44.87**	41.36	64.45	68.47	29.05	0.420	8/07/09	9/4/09	1.680	3.74
Caterpillar	CAT	**46.00**	33.84	70.35	74.50	21.71	0.420	7/20/09	8/20/09	1.680	3.65
McDonald's	MCD	**55.27**	57.08	63.63	65.47	45.79	0.500	9/01/09	9/15/09	2.000	3.62
Coca-Cola	KO	**48.47**	50.53	55.06	55.77	37.44	0.410	9/15/09	10/1/09	1.640	3.38
Procter and Gamble	PG	**52.37**	54.65	71.60	73.57	43.93	0.440	7/24/09	8/17/09	1.760	3.36
Home Depot, Inc.	HD	**27.14**	24.08	27.53	30.74	17.05	0.225	6/11/09	6/25/09	0.900	3.32
Johnson & Johnson	JNJ	**60.08**	58.96	71.33	72.76	46.25	0.490	8/25/09	9/8/09	1.960	3.26
Intel Corp	INTC	**18.77**	18.05	24.26	24.38	12.05	0.140	8/07/09	9/1/09	0.560	2.98
General Electric	GE	**13.92**	12.24	29.80	30.31	5.73	0.100	6/22/09	7/27/09	0.400	2.87
3M Company	MMM	**71.32**	62.00	73.49	74.71	40.87	0.510	8/21/09	9/12/09	2.040	2.86
United Tech.	UTX	**57.21**	53.75	66.80	68.00	37.40	0.385	8/21/09	9/10/09	1.540	2.69
Travellers	TRV	**47.25**	40.35	44.46	58.57	28.91	0.300	9/10/09	9/30/09	1.200	2.54
Exxon Mobil	XOM	**68.21**	68.44	77.07	83.64	56.51	0.420	8/13/09	9/10/09	1.680	2.46
American Express	AXP	**31.72**	27.22	39.07	41.80	9.71	0.180	7/02/09	8/10/09	0.720	2.27
Microsoft Corp.	MSFT	**23.69**	24.12	27.81	28.05	14.87	0.130	8/20/09	9/10/09	0.520	2.20
Wal-Mart Stores	WMT	**51.79**	48.55	59.37	63.85	46.25	0.273	12/11/09	1/4/10	1.090	2.10
IBM	IBM	**118.57**	107.22	126.36	127.00	69.50	0.550	8/10/09	9/10/09	2.200	1.86
Walt Disney	DIS	**25.86**	24.08	32.50	34.85	15.14	0.350	12/15/08	1/20/09	0.350	1.35
Alcoa	AA	**13.27**	10.14	31.81	32.70	4.97	0.030	8/07/09	8/25/09	0.120	0.90
Hewlett-Packard	HPQ	**44.09**	38.82	45.59	49.20	25.39	0.080	9/16/09	10/7/09	0.320	0.73
J P Morgan	JPM	**42.45**	36.26	38.07	50.63	14.96	0.050	7/06/09	7/31/09	0.200	0.47
Bank of America	BAC	**17.39**	13.42	30.70	39.50	2.53	0.010	9/04/09	9/25/09	0.040	0.23
Cisco	CSCO	**21.31**	19.81	24.91	25.08	13.61	0.000			0.000	0.00

* See the Recommended HYD Portfolio table on page 62 for current recommendations. † Based on indicated dividends and market price as of 8/14/09.
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. 12-month data begins 8/16/08.

RECOMMENDED INVESTMENT VEHICLES

	Ticker Symbol	Avg. Market Cap. / Avg. Maturity	No. of Holdings	Expense (%)	Ratios: Sharpe	Turnover (%)	P/B	12 Mo. Yield (%)	Total 1 yr.	Total 3 yr.	Total 5 yr.	After Tax* 1 yr.	After Tax* 3 yr.	After Tax* 5 yr.
		Descriptive Quarterly Statistics, as of 6/30/09							Annualized Returns (%), as of 7/31/09					
Short/Intermediate Fixed Income														
Vanguard Short-Term Bond Index	BSV[2]	2.8 Yrs.	1061	0.10	na	101	--	3.33	6.11	--	--	4.89	--	--
Vanguard Short-Term Bond Index	VBISX	2.8 Yrs.	1061	0.19	1.20	101	--	3.31	6.08	6.00	4.42	4.87	4.52	3.02
iShares Barclays 1-3 Yr. Credit Bond	CSJ[1]	2.0 Yrs.	290	0.20	na	67	--	4.18	5.60	--	--	4.03	--	--
iShares Barclays 1-3 Year Treasury	SHY[1]	1.9 Yrs.	47	0.15	1.26	37	--	3.16	3.94	5.28	3.92	2.83	3.97	2.70
Vanguard Limited-Term Tax-Exempt	VMLTX	2.8 Yrs.	928	0.15	0.49	23	--	3.05	4.57	4.36	3.37	4.57	4.36	3.37
Inflation-Protected Fixed Income														
iShares Barclays TIPS Bond	TIP	9.0 Yrs.	28	0.20	0.36	10	--	4.68	-0.62	5.13	4.62	-2.02	3.46	2.95
Vanguard Inflation-Protected Securities	VIPSX	9.1 Yrs.	26	0.20	0.30	28	--	1.80	-1.90	4.79	4.43	-2.54	3.36	2.83
Real Estate														
Vanguard REIT Index	VNQ[2]	2.0 B.	100	0.11	-0.41	10	0.9	8.58	-38.21	-15.94	--	-39.51	-17.16	--
Vanguard REIT Index	VGSIX[3]	2.0 B.	100	0.21	-0.41	10	0.9	6.17	-38.28	-16.01	-0.79	-39.57	-17.21	-2.22
U.S. Large Cap Value														
Vanguard Value Index	VTV[2]	30.6 B.	415	0.10	-0.59	27	1.3	3.88	-20.58	-8.80	0.02	-21.02	-9.21	-0.41
Vanguard Value Index	VIVAX	30.6 B.	415	0.21	-0.60	27	1.3	3.76	-20.68	-8.89	-0.08	-21.10	-9.29	-0.49
U.S. Small Cap Value														
iShares Russell Microcap Index	IWC[1]	0.2 B.	1299	0.60	-0.64	21	1.2	1.34	-21.88	-10.75	--	-22.11	-10.90	--
Vanguard Small-Cap Value Index	VBR[2]	0.8 B.	986	0.11	-0.45	30	0.8	3.01	-18.40	-7.32	-1.31	-18.94	-7.80	0.84
Vanguard Small-Cap Value Index	VISVX	0.8 B.	986	0.23	-0.45	30	0.8	2.83	-18.54	-7.43	-1.20	-19.05	-7.88	0.75
U.S. Large Cap Growth														
iShares Russell 1000 Growth Index	IWF[1]	27.2 B.	638	0.20	-0.36	16	3.0	1.51	-17.65	-2.79	0.53	-18.00	-3.02	0.32
Vanguard Growth Index	VIGRX	27.3 B.	403	0.23	-0.36	27	2.5	1.24	-19.15	-2.65	0.75	-19.31	-2.79	0.60
U.S. Marketwide														
Vanguard Total Stock Market Index	VTI[2]	19.6 B.	3392	0.07	-0.48	5	1.6	2.45	-19.74	-5.66	0.72	-20.03	-5.94	0.41
Fidelity Spartan Total Market Index	FSTMX[4]	20.7 B.	3169	0.10	-0.49	3	1.8	2.46	-19.97	-5.78	0.64	na	na	na
Foreign- Developed Markets														
iShares MSCI Growth Index	EFG[1]	23.2 B.	501	0.40	-0.34	37	1.5	2.57	-25.03	-4.96	--	-25.52	-5.24	--
iShares MSCI Value Index	EFV[1]	23.7 B.	572	0.40	-0.35	28	1.0	3.09	-19.73	-6.32	--	-20.39	-6.86	--
Vanguard Europe Pacific Index	VEA[2]	20.4 B.	971	0.11		16	1.4	3.25	-21.15	--	--	-21.41	--	--
Vanguard Tax-Managed International	VTMGX[5]	20.4 B.	971	0.15	-0.33	16	1.4	3.14	-21.95	-5.33	5.20	-22.20	-5.57	4.96
Vanguard Developed Markets Index	VDMIX[6]	23.1 B.	973	0.00	-0.34	13	1.5	5.01	-21.66	-5.32	4.94	-22.43	-5.96	4.34
Foreign- Emerging Markets														
Vanguard Emerging Market Index	VWO[2]	20.0 B.	778	0.20	0.15	20	1.6	3.72	-16.49	5.55	--	-17.05	5.41	--
Vanguard Emerging Market Index	VEIEX[7]	20.0 B.	778	0.32	0.15	20	1.6	3.50	-16.96	5.57	16.85	-17.54	5.14	16.46
Gold-Related Funds														
iShares COMEX Gold Trust	IAU[2]	--	1	0.40	0.60	0.00	--	0.00	3.94	14.11	--	3.94	14.11	--
streetTRACKS Gold Shares	GLD[1]	--	1	0.40	0.61	0.00	--	0.00	3.68	14.63	--	3.68	14.63	--

Recommended Gold-Mining Companies ($)

	Ticker Symbol	8/14/09	Month Earlier	Year Earlier	52-Week High	52-Week Low	Distributions Last 12 Months	Distributions Frequency	Yield (%)
Anglogold Ltd., ADR	AU	**37.76**	37.11	26.67	43.16	13.37	0.1269	Semiannual	0.3361
Barrick Gold Corp. †	ABX	**33.92**	33.94	32.16	40.90	17.27	0.3400	Semiannual	1.0024
Gold Fileds Ltd.	GFI	**12.32**	11.82	8.66	13.99	4.64	0.1331	Semiannual	1.0804
Goldcorp, Inc. †	GG	**35.36**	36.01	29.56	40.82	13.84	0.1530	Monthly	0.4327
Newmont Mining	NEM	**40.63**	40.45	41.51	49.84	21.17	0.4000	Quarterly	0.9845

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.