

\* HYD is a hypothetical model based on back-tested results. See p.86 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.

Online: [www.americaninvestment.com](http://www.americaninvestment.com)

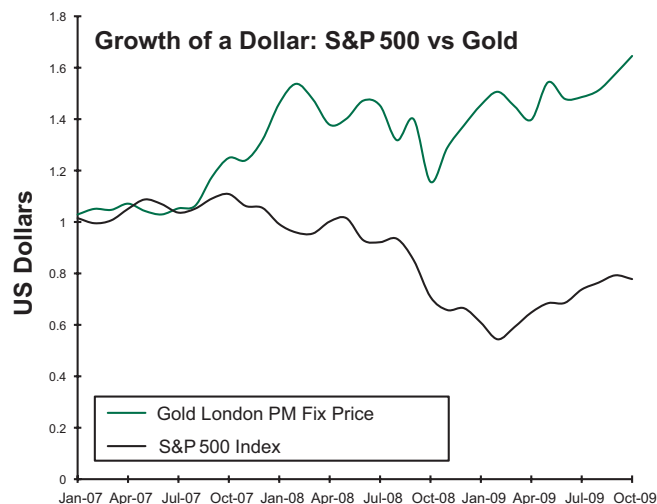
## Gold and Risk

From time to time it falls upon us to pull away the punch bowl just when the party is in full swing. To that end we remind our readers that gold, now at an all time high, is by far the most volatile of our recommended asset classes. Our target allocations exist to ensure discipline, and wise investors will maintain steady exposure to gold and avoid the current enthusiasm for piling in as the price rises.

Gold has been in the news. Among the more telling indications that gold is "hot" are the seemingly inescapable advertisements for redeeming gold jewelry for cash. Most recently, hedge funds, notorious for making massive moves in and out of asset classes, have taken large positions in gold. Our approach is intended to help you avoid this exuberance; it is likely that many of our readers are reducing their exposure to gold as they restore their portfolios to their target allocations.

Our approach to holding gold runs contrary not only to Wall Street, but academia as well. Although our model portfolio recommendations are based largely on published academic research centered upon Modern Portfolio Theory (MPT), most researchers have concluded gold is of no use in a portfolio construction. They point out that unlike equities, which are a claim on future earnings, gold has no expected return, and that the gold price is extremely volatile. MPT is concerned with the theoretical "mean-variance investor", who is concerned with maximizing his "return per unit of risk assumed." But as practitioners we are acutely aware that a portfolio's volatility is only one dimension of risk, and that human beings are far more complicated.

As investment advisors we would be irresponsible if we were to simply implement robotic portfolios based on quantitative models. Our obligation is not only to help investors to meet their future financial goals, but also to help them sleep at night. Data suggest that gold can provide portfolio insurance during periods of extreme financial distress, and our clients and readers have demonstrated a strong willingness to endure extreme volatility in the gold price in order to gain that protection. Over the past 40 years MPT has been an extraordinary boon to investors, but it is incomplete. Many investors have little faith in a global economy that relies upon fiat currencies, and take great comfort in the knowledge that gold is among their holdings.



## GIVING THAT KEEPS ON GIVING

*“Make all you can, save all you can, give all you can.” — John Wesley*

The word “philanthropy” is derived from the Greek words that translate into “to love mankind.” During the holiday season, many individuals turn their attention toward monetary gifts that go beyond gaily-wrapped presents to those that can benefit others, perhaps those they do not even know, in a profound and meaningful way.

If charitable giving is on your holiday “to do” list, you are not alone. Even during the tough economy that prevailed in 2008, contributions to charitable organizations totaled \$307.65 billion, with individuals accounting for approximately 75 percent of that amount. Some donors give to help support and raise awareness of the values and causes they consider most important to them. Having one’s name on a donor list provides a side benefit of signaling one’s altruistic intentions and largesse to the world. Others may combine their desire to help others with estate planning.

Whatever your reason for giving, it’s important to combine your good intentions with practical business sense. This means contributing in ways that minimize taxes to the greatest extent possible, and investigating how the charitable organizations you favor are being run and how your donations will be used. Charitable organizations have their share of wasteful executives who might

squander your money on lavish fund raising events or unreasonably high salaries for executives, rather than direct the lion’s share to the people you wish to help or causes you wish to promote.

The Better Business Bureau’s Wise Giving Alliance (formerly the BBB Philanthropic Advisory Service) provides some guidance for evaluating how an organization spends donations by breaking expenses into three categories: programs, administration, and fund raising. Program services, the heart of an organization and the reason most people donate, might cover things such as research grants or food or medical supplies and field personnel. Administration includes expenses such as accountants’ or attorneys’ fees, rent, employee salaries, and other general expenses. Fundraising costs include creating and printing brochures, paying fees to professional fundraisers, banquets, or advertising. In general, the Council of Better Business Bureau standards call for (1) at least half of the charity’s total income to be spent on programs, (2) at least half of public contributions to be spent on the programs described in appeals, (3) no more than 35 percent of contributions to be spent on fund raising, and (4) no more than half of the charity’s total income to be spent on administrative or fundraising costs.

If you would like to find out more detail about organizations to which

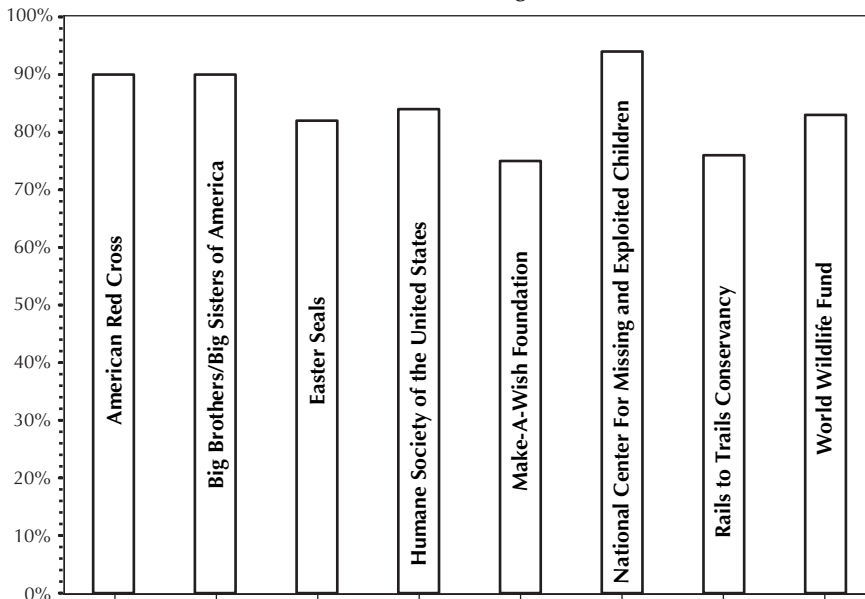
you donate, visit the BBB Wise Giving Alliance at [www.give.org](http://www.give.org). The Reports section gives detailed information on many charities, including a breakdown of program expenses, executive compensation, paid staff, fund raising methods, sources of funding, and the percentage of income that goes directly to charitable programs. For a written report on a specific charitable group, contact the BBB Wise Giving Alliance, 4200 Wilson Boulevard, Suite 800, Arlington, VA 22203. If you wish to find out more about a local charity not listed on the web site, contact your local better business bureau or your state’s charity registration office, which is usually connected with the state attorney general’s office.

### Tips for Giving

Aside from checking out charities you are considering, a few other tips will help facilitate the giving process:

- Carefully evaluate all telephone solicitations before making a donation, and never give out your credit card number or bank information over the phone.
- Always use a check made payable to the charity, not the individual who solicited the donation.
- Don’t confuse tax-exempt with tax-deductible. While some organizations do not have to pay income taxes, giving them the “tax-exempt” label, your contributions to them are not necessarily tax-deductible. Most of the organizations that qualify for tax-deductible contribution treatment have received what’s called Section 501(c)(3) status from the Internal Revenue Service. If you are unsure of whether or not your contribution is tax-deductible, ask to see a copy of the IRS determination letter that verifies Section 501(c)(3) status. You can also find a listing of thousands of tax-exempt organizations that qualify for this treatment in IRS Publication 78—Cumulative list of Organizations. Contributions to some types of organizations, such as a Chamber of Commerce or trade association, may be deductible as a business expense but not as a charitable contribution.
- Ask about deductible amounts if a contribution is associated with some type of benefit such as membership in an organization or a gift. You may

**Percentage of Income That Goes Toward Programs for Some Charitable Organizations**



only be permitted to deduct any amounts above the fair market value of such items.

- Make sure you know who you're giving to. Some unscrupulous solicitors use names that sound confusingly similar to those of larger, more established organizations when they ask for donations.
- Take inflation into account. Considering the impact of rising costs, you would need to contribute \$1,243 today to equal the value of a \$1,000 donation made in 2000.

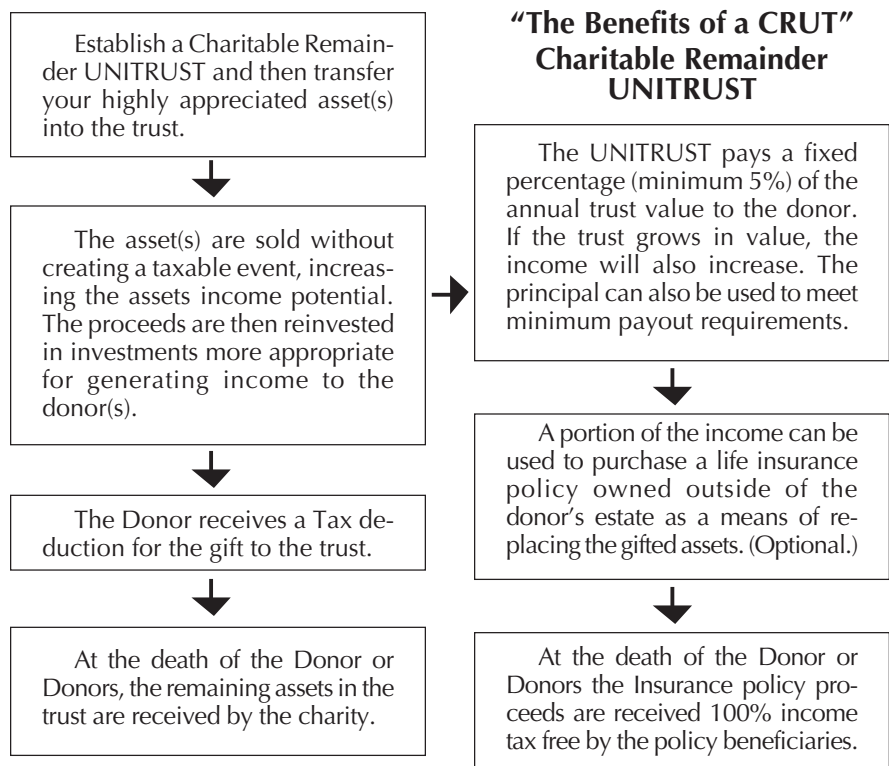
How much should you give? While the easy answer is "as much as you feel comfortable with," some organizations have calculated suggested annual donations based on formulas that take income into account. According to JustGive.org, the average American gives 3.1 percent of his or her income to charity. Under that guideline, a married couple with \$160,000 in annual income might donate \$4,960 a year to charity. Other organizations recommend donating higher amounts ranging from 5 percent to as high as 10 percent of income.

## Tax and Estate Planning Issues

While the concept of "giving" is often associated with philanthropic concerns, it is also an integral component of effective tax and estate planning. Whether you choose to give gifts of money or property to charitable organizations or family members, your generosity can be a powerful way to reduce or eliminate estate taxes.

If you believe you do not have to worry about estate taxes because you don't consider yourself wealthy, you may change your mind once you conduct an inventory of all your assets. Taxable estates include all property left to heirs, including bank accounts, retirement plans, life insurance proceeds, IRAs, home equity, and taxable gifts made during one's lifetime. Add these up, and your estate can climb into the taxable range, either now or in the future.

Any discussion of estate planning must begin with a mention of the exclusion amount, or the amount of assets that can be passed to heirs free of estate taxes. In 2009, up to \$3.5 million (\$7 million for couples) is excluded from estate taxes. If an estate is larger than the exclusion amount it will be taxed at a top rate of 45 percent. On January 1, 2010 the estate tax is set to expire for



one year. In 2011 it is slated to return with an exemption amount of \$1 million (\$2 million for married couples) and a top tax rate of 55 percent.

Congress has been working on revising the current law, and changes are expected toward the end of the year. With both federal and state governments hungry for revenue higher estate taxes, lower exclusion amounts, or even a combination of both appear likely. As changes wind their way through the House and Senate, careful planning in conjunction with an estate attorney are especially critical.

Such planning is likely to involve the unified credit, which gets its name because federal gift and estate taxes are integrated into one unified tax system, refers to the tax credit that effectively eliminates taxes on the exclusion amount. If you use the credit to offset gift taxes (we'll talk about gift taxes shortly), you reduce the amount of the credit you can use against your gift tax in a later year. The total amount used against your gift tax reduces the credit available to use against your estate tax.

When a tax preparer files an estate tax return, he or she first calculates the tax based on the estate value, then applies the credit to reduce or eliminate any taxes due. Based on the exclusion amount of \$3.5 million in 2009, the unified credit amount for estates is

\$1,455,800, while the unified credit for gifts is \$345,800. This means that those who use up their entire unified credit for gift tax purposes will still have a portion of the unified credit for estate tax purposes available to them.

It is important to coordinate the use of the unified credit with the unlimited marital deduction, which allows a married couple to reduce or eliminate estate taxes on assets left to a spouse. However, the unified credit of the first to die can be wasted if all of one's assets are transferred under the marital deduction and eventually enter the estate of the surviving spouse. If that happens, children or other heirs of the survivor could get hit with a huge tax bill down the road.

A bypass trust, also called a credit shelter trust, can help ensure that the heirs of the surviving spouse are shielded from taxes. Typically, when the first spouse dies, these trusts are fully funded with assets valued at the credit equivalent, thereby shielding \$3.5 million (currently) in that estate. Those assets, if the trust is properly structured, ultimately escape estate taxation on the death of the second spouse as well. The income from assets left in such trusts is often payable to the surviving spouse.

The use of gifting and trusts are two popular ways to avoid or minimize estate taxes. Gifts to family members or charities during your lifetime can reduce



### How Does a Charitable Remainder Trust Work?

Suppose a 73-year-old benefactor in the 31% marginal income tax bracket establishes a CRT with real estate valued at \$200,000, for which he originally paid \$35,000. The donor is the sole beneficiary of the trust. The trust specifies that 5% of the trust assets will be distributed to the beneficiary each year for the life of the donor.

Trust Principal	\$200,000
Charitable income tax deduction	\$114,436
Income tax savings in year 1 (31%)	\$ 35,475
Capital gain tax avoided (15%)	\$ 24,750
Projected income in year 1 = 5% X \$200,000	\$ 10,000

assets and potential estate tax liability, as well as remove any future appreciation and earned income from the estate. You also get to see the people who are getting the gifts use and enjoy them.

If the gifts follow certain guidelines, they are tax-free for both the donor and recipient. Gifts that qualify for this gift tax exclusion include transfers of up to \$13,000 per person, per year, an amount that increases periodically to take into account inflation. Although the amount of the gift tax exclusion has not been set for 2010, it appears likely that it will remain at the current level. This amount is called the annual gift tax exclusion because it is how much one person can give to any number of recipients every year without having to file a gift tax return or eating into the unified credit described previously that permits lifetime tax-free transfers. You can give that amount to as many people as you wish. In 2009, a generous person could give away \$130,000 to ten different people. If you are married, you and your spouse could together give up to \$26,000. You may also give an unlimited amount of money without incurring the gift tax if it is used to pay tuition or medical expenses, though payments must be made directly to the school or medical facility. Only tuition payments—not room, board, or living expenses—qualify. And medical payments must be for procedures which qualify for a tax deduction, and which are not reimbursed by insurance.

Donating securities rather than cash to a charity as part of a gifting plan can make sense because charitable gifts of appreciated property are not subject to capital gains taxes. By using this approach, you get to deduct the full market value of the shares (subject to adjusted gross income limitations) and you do not have to pay any capital gains taxes on the appreciation attributable to the

donated shares. Gifts of other types of property, such as artwork, rare books, or cars can be a little trickier because the kind of assets you can touch and feel are more difficult to value than cash or securities. Before you donate them, you need to get a fix on their fair market value, and an official outside appraisal will be required if you claim a deduction of \$5,000 or more for an item.

Giving appreciated securities to friends or relatives during one's lifetime makes less sense than doing so for a charity because the recipient's cost basis for income tax purposes is the donor's cost at the time it is given. In contrast, an heir's cost basis for the property received from an estate is its fair market value at the time of death. Thus, it is usually preferable not to use highly appreciated property for any gifts if the recipient will be subject to capital gains taxes. Otherwise when the recipient eventually sells the property he will owe gains taxes based on the donor's original cost. In such cases it is best to give cash or recently acquired assets. You may also wish to consider naming a charity as a beneficiary of an IRA as part of an estate plan. When someone inherits an IRA, the entire amount may be subject to federal income tax (assuming it is attributable to tax-deductible contributions and their earnings) and, possibly, estate taxes as well. By leaving an IRA to a charity instead, the entire amount would remain intact because charities are not subject to estate or income taxes.

### Trusts

Trusts are a way to donate, but with some strings attached—the kind of strings that can be tailored to provide a lifetime of income, and ensure that the individuals or organizations that you wish to benefit from your generosity will do so.

A variety of trusts are useful for estate planning purposes, either alone or in combination with a gifting program. One of the best-known types for charitable purposes is the charitable remainder trust (CRT). A charitable remainder trust is an irrevocable trust where the “remainder interest” of the trust is distributed to a charity once a payment stream (“income interest”) has been paid to the donor and often the donor's spouse for a specific period of time. In establishing a CRT, the donor gives up legal ownership of the asset in exchange for the interest income. These types of trusts offer several significant benefits:

- Investors receive an immediate charitable contribution income tax deduction for the present value of the remainder to be paid in the future to a qualified charity.
- A concentrated stock position can be sold without the sale being subject to capital gains taxes. The capital gains realized by a CRT are exempt from taxation. The CRT can use all of the sale's proceeds to purchase a diversified portfolio, which can consist of mutual funds or an account of individual securities.
- The value of the concentrated stock position is removed from the investor's estate. Since the stock is placed in an irrevocable trust, its value is not subject to estate taxes. In general, the investor is not subject to the gift tax when setting up a CRT, because the remainder interest goes to a charity, and the income interest goes to the investor (or his named beneficiaries).
- The investor or his named beneficiary has the right to an annual income stream from a diversified portfolio with no immediate tax consequences, since the CRT creates a shield that defers the capital gains associated with selling the concentrated position. However, the investor will be subject to income taxes on the annual income of the CRT. A tax-efficient investment strategy can address this concern.

Our parent, the American Institute for Economic Research, maintains Reserve Life Income Funds (RLIs) and accepts and manages Charitable Remainder Unitrusts (CRUs). AIS serves as the investment advisor to AIER's charitable remainder funds, which are invested to reflect AIER's findings. **For more information on charitable remainder programs at AIER, please contact Mr. Charles Mur-**

ray, President, or David Michaels, CFO at the American Institute for Economic Research, P.O. Box 1000, Great Bar-

ington, MA, 01230, or call 413-528-1216.

Estate and tax planning are complex

topics; we have covered only the basics here. For further detail contact your attorney or tax advisor.

## BEFORE YOU POP THE BUBBLY...

As the holiday sprint approaches, here are a few items to remember before you sing Auld Lang Syne.

### Rebalance Your Portfolio

The capital markets have made a dramatic turnaround since March, but price volatility remains high. It is important to review your portfolio and rebalance asset classes that have deviated from target allocations. It is impossible to systematically time rebalancing to match market peaks and bottoms. However, an un-rebalanced portfolio will, over time, become heavily weighted toward fixed income or stocks, thereby changing desired risk parameters.

We are all a year older and circumstances change. The year-end is a good time to review your allocation plan, determine if it is still relevant to your current circumstances and modify it if necessary. If heightened market volatility has caused you to honestly reassess your risk tolerance, you should focus on taking only the risk that is necessary to achieve your realistic financial objectives.

### Harvest Tax Losses

Take losses in your portfolio and swap positions for alternatives that capture the same market exposure. You can use capital tax losses to offset realized capital gains. You can also use up to \$3,000 in capital tax losses to offset ordinary income. See the October issue of the *Investment Guide* for details on tax loss harvesting.

### Allowable Retirement Contributions

Be sure that you have taken full advantage of allowable contributions and company matches to employer sponsored retirement plans. Self-employed taxpayers should consult their CPA to review their maximum allowable contributions to Simple IRAs and solo 401(k)s.

If you are 70½ or older you can't contribute to a Traditional IRA, but you can contribute to a Roth IRA if you have earned income. Single filers with Modified Adjusted Gross Income (MAGI) up to

2009 Employer-Plan and IRA Contribution Limits	
401(k) and 403(b)	\$16,500
401(k) and 403(b) with catch-up* contributions	\$22,000
Maximum employer and employee contributions**	\$49,000
Highly compensated employee***	\$110,000
Traditional and Roth IRA	\$5,000
Traditional and Roth IRA with catch-up* contributions	\$6,000

\*Age 50 or over by year end. \*\* In 2009, the maximum amount of compensation that can be taken into account when determining employer and employee contributions is \$245,000. \*\*\* Highly compensated employees may have additional limits placed on contributions. If you earned more than \$105,000 in 2008, you are classified as highly compensated employee in 2009. If you earn more than \$110,000 in 2009, you will be classified as a highly compensated employee in 2010. Refer to your plan's Summary Plan Description for more information.

\$105,000 can make a full Roth contribution; the limit for married filing joint is \$166,000. Partial contributions are allowable for single filers with a MAGI of \$105,000–\$120,000 and \$166,000–\$176,000 for married couples filing jointly.

The 2009 deadline for traditional and Roth IRA contributions is April 15.

### Review Account Documentation

Review your retirement account beneficiaries to make sure that the forms are up to date. Keep this information in a safe place with your other estate documents. If your family situation has changed in the last year you should contact the custodian and make necessary changes. If your intentions are not properly documented the beneficiaries of your estate will be determined by the default beneficiary rules.

If you feel that your age or other factors are limiting your ability to make sound financial decisions for yourself, consider appointing a trusted family member, friend or advisor as attorney-in-fact for your accounts.

Consult your tax advisor to make sure that the changes you are making don't have unintended estate planning consequences. AIER's publication *If Something Should Happen* is an excellent resource for organizing important documents.

### Giving Opportunities

The federal estate tax is imposed on estates worth more than \$3.5 million in

2009, and the estate tax will be repealed in 2010. Current legislation calls for reversion to a \$1 million limit on the estate tax exemption in 2011 and a maximum estate tax rate of 55 percent. The future of the estate tax is uncertain, but it is as prudent as ever to consider reducing the value of your taxable estate.

You can give up to \$13,000 (\$26,000 when combined with a gift from your spouse) per year to family members and friends without incurring a gift tax. This is a good way to reduce your future estate tax liability.

Charitable giving is another way to reduce the value of your estate and support your favorite charity. See the accompanying article more information.

The Required Minimum Distribution (RMD) rules are waived for 2009 under the Worker, Retiree and Employer Recovery Act of 2008 and will resume in 2010. However, a provision in the tax code, which allows people aged 70½ or older to make IRA distributions to qualified charities with no tax levied, has been extended through 2009.

### Review Expenses

Finally, the end of the year is a good time to review your investment related expenses. Fees charged by custodians, mutual fund companies, brokerage firms and advisors are subject to change. If you have not been reading the fine print in the myriad of disclosures you receive you may find that you have been paying more than you thought.

**THE HIGH-YIELD DOW INVESTMENT STRATEGY**

**Recommended HYD Portfolio**

As of November 13, 2009

					—Percent of Portfolio—	
	Rank	Yield	Price	Status	Value	No. Shares <sup>1</sup>
Verizon	1	6.31%	30.13	Holding**	16.50	11.39
AT&T Corp.	2	6.25%	26.25	Buying	17.83	14.12
Dupont	3	4.78%	34.31	Buying	17.39	10.54
Merck & Co.	4	4.59%	33.10	Buying	12.18	7.65
Pfizer	6	3.64%	17.59	Selling	12.37	14.62
General Electric	18	2.55%	15.66	Holding	6.65	8.82
Alcoa	26	0.91%	13.18.	Holding	7.66	12.08
Bank of America	29	0.25%	15.98	Selling	7.19	9.35
Citigroup	NA		4.05	Selling	2.23	11.43
Cash (6-mo. T-Bill)	NA				0.01	--
					<u>100.00</u>	<u>100.00</u>

Subscribers can find a full description of the strategy and methodology in the “Subscribers Only” (Log in required) section of our website: [www.americaninvestment.com](http://www.americaninvestment.com).

\*\* 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 October 31, 2009\*.

	<u>1 mo.</u>	<u>1 yr.</u>	<u>5 yrs.</u>	<u>10 yrs.</u>	<u>20 yrs.</u>	<u>Since 1/79</u>	<u>Std. Dev.</u>
HYD Strategy	-3.72	-10.05	1.91	5.00	12.13	15.43	18.17
Russell 1000 Value Index	-3.06	4.78	-0.06	1.70	8.62	11.88	14.91
Dow	0.14	7.71	1.95	1.25	9.33	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 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 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 incurrance of which would have the effect of decreasing historical performance results.

**EAGLE TYPES**

Some of our readers prefer to hold gold directly, in the form of bullion coins. Recent average market prices for several coins suitable for this purpose are listed on page 87. Readers who hold American Eagle coins occasionally call us seeking help in identifying the particular Type they hold. The chart below is intended to provide further clarification.

Obverse View	Type	Year of Minting	Unique Feature
	Type I	1850-1866	No Motto on obverse
	Type II	1866-1876	“In God We Trust” above eagle on obverse
	Type III	1877-1907	“Twenty Dollars” is spelled out in full on obverse

## RECENT MARKET STATISTICS

## Precious Metals &amp; Commodity Prices (\$)

	11/13/09	Mo. Earlier	Yr. Earlier
Gold, London p.m. fixing	1,104.00	1,053.50	730.75
Silver, London Spot Price	17.32	17.54	9.28
Copper, COMEX Spot Price	2.97	2.85	1.70
Crude Oil, W. Texas Int. Spot	76.34	77.57	57.03
Dow Jones Spot Index	340.05	341.35	268.16
Dow Jones-UBS Futures Index	131.68	133.32	124.10
Reuters-Jefferies CRB Index	269.12	273.72	247.58

## Interest Rates (%)

U.S. Treasury bills - 91 day	0.07	0.07	0.14
182 day	0.17	0.15	0.88
52 week	0.30	0.32	1.11
U.S. Treasury bonds - 10 year	3.48	3.49	3.72
Corporates:			
High Quality - 10+ year	5.28	5.28	6.35
Medium Quality - 10+ year	6.40	6.45	9.28
Federal Reserve Discount Rate	0.50	0.50	1.25
New York Prime Rate	3.25	3.25	4.00
Euro Rates			
3 month	0.72	0.74	4.29
Government bonds - 10 year	3.28	3.22	3.62
Swiss Rates - 3 month	0.26	0.27	2.18
Government bonds - 10 year	1.92	3.22	2.61

## Exchange Rates (\$)

British Pound	1.665700	1.624900	1.486000
Canadian Dollar	0.952381	0.970497	0.816927
Euro	1.488600	1.494500	1.273100
Japanese Yen	0.011167	0.011063	0.010346
South African Rand	0.134407	0.137504	0.100000
Swiss Franc	0.986096	0.986583	0.842460

## Securities Markets

	11/13/09	Mo. Earlier	Yr. Earlier
S & P 500 Stock Composite	1,093.48	1,096.56	873.29
Dow Jones Industrial Average	10,270.47	10,062.94	8,497.31
Dow Jones Bond Average	246.33	242.46	191.61
Nasdaq Composite	2,167.88	2,173.29	1,516.85
Financial Times Gold Mines Index	3,317.37	3,239.27	1,493.04
FT EMEA (African) Gold Mines	3,152.38	3,146.08	1,269.96
FT Asia Pacific Gold Mines	14,334.59	14,404.72	5,599.05
FT Americas Gold Mines	2,818.94	2,719.25	1,353.17

## Coin Prices (\$)

	11/13/09	Mo. Earlier	Yr. Earlier	Prem (%)
American Eagle (1.00)	1,133.78	1,097.07	793.47	2.70
Austrian 100-Corona (0.9803)	1,069.32	1,033.82	711.92	-1.19
British Sovereign (0.2354)	271.20	262.60	176.25	4.36
Canadian Maple Leaf (1.00)	1,128.00	1,091.30	771.00	2.17
Mexican 50-Peso (1.2057)	1,317.80	1,274.10	877.60	-1.00
Mexican Ounce (1.00)	1,113.20	1,077.00	728.00	0.83
S. African Krugerrand (1.00)	1,120.38	1,083.78	777.00	1.48
U.S. Double Eagle-\$20 (0.9675)				
St. Gaudens (MS-60)	1,462.50	1,335.00	1,040.00	36.92
Liberty (Type I-AU50)	1,580.00	1,402.50	1,100.00	47.92
Liberty (Type II-AU50)	1,437.50	1,325.00	1,050.00	34.58
Liberty (Type III-AU50)	1,387.50	1,275.00	980.00	29.90
U.S. Silver Coins (\$1,000 face value, circulated)				
90% Silver Circ. (715 oz.)	12,387.50	12,525.00	8,750.00	0.02
40% Silver Circ. (292 oz.)	5,062.50	5,000.00	3,100.00	0.09
Silver Dollars Circ.	14,175.00	13,875.00	12,350.00	5.78

Note: Premium reflects percentage difference between coin price and value of metal in a coin, with gold at \$1104 per ounce and silver at \$17.32 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 (\$)			12-Month (\$)		Latest Dividend Record			Indicated Annual Yield†		
	11/13/09	10/15/09	11/14/08	High	Low	Amount (\$)	Date	Paid	Dividend (\$)	(%)	
Verizon	VZ	30.13	29.11	30.00	34.90	26.10	0.475	10/09/09	11/2/09	1.900	6.31
AT&T (New)	T	26.25	25.91	27.65	30.65	21.62	0.410	10/09/09	11/2/09	1.640	6.25
Dupont	DD	34.31	34.57	27.43	34.90	16.05	0.410	11/13/09	12/14/09	1.640	4.78
Merck	MRK	33.10	33.30	27.33	34.18 H	20.05	0.380	9/04/09	10/1/09	1.520	4.59
Kraft	KFT	26.91	26.63	27.44	29.84	20.81	0.290	9/30/09	10/14/09	1.160	4.31
Pfizer	PFE	17.59	17.66	16.28	18.48	11.62	0.160	11/06/09	12/1/09	0.640	3.64
Chevron	CVX	77.94	76.69	72.68	81.92	56.12	0.680	11/18/09	12/10/09	2.720	3.49
McDonald's	MCD	63.58	58.20	56.13	64.46	50.44	0.550	12/01/09	12/15/09	2.200	3.46
Boeing	BA	50.68	51.76	41.04	55.48	29.05	0.420	11/06/09	12/4/09	1.680	3.31
Home Depot, Inc.	HD	27.34	27.30	20.54	28.44	17.46	0.225	9/03/09	9/17/09	0.900	3.29
Johnson & Johnson	JNJ	61.43	60.94	60.05	62.74	46.25	0.490	11/24/09	12/8/09	1.960	3.19
Coca-Cola	KO	56.46	54.92	45.02	56.70 H	37.44	0.410	12/01/09	12/15/09	1.640	2.90
Caterpillar	CAT	58.78	54.77	36.96	61.28 H	21.71	0.420	10/26/09	11/20/09	1.680	2.86
Procter and Gamble	PG	61.61	57.24	63.11	65.45	43.93	0.440	10/23/09	11/16/09	1.760	2.86
Intel Corp	INTC	19.82	20.67	13.32	21.27	12.05	0.140	11/07/09	12/1/09	0.560	2.83
3M Company	MMM	77.32	76.77	63.06	79.25 H	40.87	0.510	11/20/09	12/12/09	2.040	2.64
General Electric	GE	15.66	16.79	16.02	19.30	5.73	0.100	9/21/09	10/26/09	0.400	2.55
Travellers	TRV	53.28	48.55	41.88	54.47 H	33.07	0.330	12/10/09	12/31/09	1.320	2.48
Exxon Mobil	XOM	72.47	72.94	73.68	83.64	61.86	0.420	11/12/09	12/10/09	1.680	2.32
United Tech.	UTX	67.99	64.40	50.23	68.25 H	37.40	0.385	11/20/09	12/10/09	1.540	2.27
Wal-Mart Stores	WMT	53.20	50.95	52.71	59.23	46.25	0.273	12/11/09	1/4/10	1.090	2.05
American Express	AXP	40.35	35.54	19.99	40.60 H	9.71	0.180	10/02/09	11/10/09	0.720	1.78
Microsoft Corp.	MSFT	29.63	26.71	20.06	29.79 H	14.87	0.130	11/19/09	12/10/09	0.520	1.75
IBM	IBM	127.03	127.98	80.33	128.61	69.50	0.550	11/10/09	12/10/09	2.200	1.73
Walt Disney	DIS	30.44	29.23	21.08	30.53 H	15.14	0.350	12/15/08	1/20/09	0.350	1.15
Alcoa	AA	13.18	14.36	10.84	15.11	4.97	0.030	11/06/09	11/25/09	0.120	0.91
Hewlett-Packard	HPQ	49.91	48.00	30.46	50.00 H	25.39	0.080	9/16/09	10/7/09	0.320	0.64
J P Morgan	JPM	42.90	47.16	34.47	47.47	14.96	0.050	10/06/09	10/31/09	0.200	0.47
Bank of America	BAC	15.98	18.10	16.42	19.10	2.53	0.010	12/04/09	12/24/09	0.040	0.25
Cisco	CSCO	23.71	24.37	16.62	24.83 H	13.61	0.000			0.000	0.00

\* See the Recommended HYD Portfolio table on page 86 for current recommendations. † Based on indicated dividends and market price as of 11/13/09. 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 11/16/08.



RECOMMENDED INVESTMENT VEHICLES

Ticker Symbol	Avg. Market Cap. / Avg. Maturity	No. of Holdings	Descriptive Quarterly Statistics, as of 9/30/09		P/B	12 Mo. Yield (%)	Annualized Returns (%), as of 10/31/09					
			Expense (%)	Sharpe Ratio			Turnover (%)	Total 3 yr.	1 yr.	5 yr.	3 yr. After Tax*	5 yr.
<b>Short/Intermediate Fixed Income</b>												
Vanguard Short-Term Bond Index	2.8 Yrs.	1130	0.10	na	101	3.07	8.59	--	--	7.43	--	--
Vanguard Short-Term Bond Index	2.8 Yrs.	1130	0.19	1.29	101	3.03	8.53	4.41	4.47	7.40	4.47	3.02
iShares Barclays 1-3 Yr. Credit Bond	2.0 Yrs.	535	0.20	na	67	4.04	13.33	--	--	11.70	--	--
iShares Barclays 1-3 Year Treasury	2.0 Yrs.	53	0.15	1.28	37	2.69	2.50	3.91	3.78	1.63	3.78	2.69
Vanguard Limited-Term Tax-Exempt	2.6 Yrs.	1057	0.15	0.70	23	2.82	5.92	3.24	4.06	5.92	4.06	3.24
<b>Inflation-Protected Fixed Income</b>												
iShares Barclays TIPS Bond	9.0 Yrs.	29	0.20	0.37	10	3.90	17.04	5.99	4.69	15.88	4.31	2.99
Vanguard Inflation-Protected Securities	9.1 Yrs.	26	0.20	0.33	28	0.15	16.27	5.72	4.57	16.21	4.46	3.06
<b>Real Estate</b>												
Vanguard REIT Index	2.8 B.	99	0.11	-0.18	10	5.58	2.00	-14.99	-0.25	-0.20	-16.26	-1.68
Vanguard REIT Index	2.8 B.	100	0.21	-0.18	10	4.52	1.89	-15.07	-0.34	-0.29	-16.32	-1.77
<b>U.S. Large Cap Value</b>												
Vanguard Value Index	33.3 B.	447	0.10	-0.38	27	2.99	6.38	-9.19	0.33	5.83	-9.61	-0.10
Vanguard Value Index	33.3 B.	447	0.21	-0.39	27	2.87	6.27	-9.29	0.23	5.74	-9.68	-0.18
<b>U.S. Small Cap Value</b>												
iShares Russell Microcap Index	0.2 B.	1312	0.60	-0.33	25	0.86	3.13	-13.40	--	2.81	-13.56	--
Vanguard Small-Cap Value Index	0.9 B.	1025	0.11	-0.15	30	2.43	11.06	-8.28	1.01	10.33	-8.75	0.54
Vanguard Small-Cap Value Index	0.9 B.	1025	0.23	-0.15	30	2.29	10.96	-8.38	0.90	10.27	-8.83	0.46
<b>U.S. Large Cap Growth</b>												
iShares Russell 1000 Growth Index	33.2 B.	625	0.20	-0.16	22	1.42	17.31	-4.19	1.10	16.74	-4.45	0.88
Vanguard Growth Index	32.6 B.	429	0.23	-0.16	27	1.09	15.25	-3.98	1.31	15.03	-4.13	1.16
<b>U.S. Marketwide</b>												
Vanguard Total Stock Market Index	21.0 B.	3382	0.07	-0.26	5	2.02	11.22	-6.57	0.98	10.82	-6.86	0.68
Fidelity Spartan Total Market Index	22.4 B.	3144	0.10	-0.26	3	2.11	10.64	-6.75	0.91	na	na	na
<b>Foreign-Developed Markets</b>												
iShares MSCI Growth Index	26.5 B.	553	0.40	-0.14	37	2.20	23.62	-4.36	--	22.83	-4.64	--
iShares MSCI Value Index	33.8 B.	533	0.40	-0.13	28	2.54	31.47	-6.26	--	30.41	-6.80	--
Vanguard Europe Pacific Index	25.3 B.	945	0.11	--	16	2.72	25.59	--	--	25.18	--	--
Vanguard Tax-Managed International	25.4 B.	945	0.15	-0.11	16	2.63	24.26	-5.50	5.16	23.86	-5.73	4.92
Vanguard Developed Markets Index	28.0 B.	970	0.00	-0.12	13	4.20	25.23	-5.42	4.92	24.01	-6.06	4.31
<b>Foreign-Emerging Markets</b>												
Vanguard Emerging Market Index	16.8 B.	778	0.20	0.32	20	3.07	60.28	5.68	--	59.10	5.22	--
Vanguard Emerging Market Index	16.8 B.	778	0.32	0.32	20	2.89	58.90	5.31	15.66	57.78	4.87	15.27
<b>Gold-Related Funds</b>												
iShares COMEX Gold Trust	--	1	0.40	0.81	0.00	0.00	44.48	19.37	--	44.48	19.37	--
streetTRACKS Gold Shares	--	1	0.40	0.81	0.00	0.00	41.76	19.40	--	41.76	19.40	--

Data provided by the funds and Morningstar. <sup>1</sup>Exchange Traded Fund, traded on NYSE. <sup>2</sup>Exchange Traded Fund, traded on AMEX. <sup>3</sup>1% fee for redemption in 1 yr. <sup>4</sup>0.5% fee for redemption in 90 days. <sup>5</sup>1% fee for redemption in 5 yrs. <sup>6</sup>2% fee for redemption in 60 days. <sup>7</sup>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.

**Recommended Gold-Mining Companies (\$)**

Ticker Symbol	Month	Year	52-Week		Distributions			Yield (%)
			High	Low	Last 12 Months	Frequency	(%)	
11/13/09	44.70	44.77	16.59	46.56	13.37	0.1266	0.2832	
ABX	42.89	38.91	22.29	44.05	20.04	0.3400	0.7927	
GFI	14.45	14.53	5.98	15.24	5.20	0.1319	0.9128	
GG	44.07	41.99	21.66	45.12	17.05	0.1530	0.3472	
NEM	50.99	46.56	24.23	51.97	21.17	0.4000	0.7845	

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.