AIS INVESTMENT GUIDE

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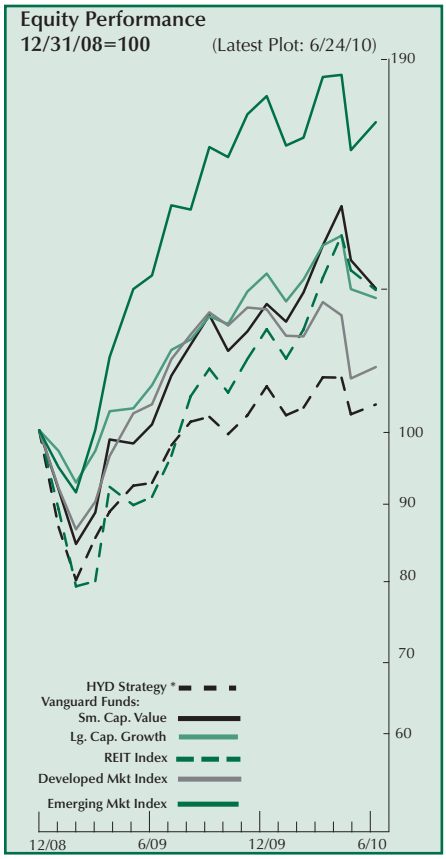

*** HYD is a hypothetical model based on back-tested results. See p.46 for full explanation.**

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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Reforming Financial Regulation

As this issue of the Investment Guide was being prepared, the subject of financial regulation was front and center at AIER and in the nation's capital. We had the good fortune of having Dr. Edward J. Kane, professor of finance at Boston College, on campus to deliver a lecture to the AIER summer fellowship program. Soon after his discussion, it was announced that the House and Senate had come to agreement over terms of a long-awaited comprehensive financial reform package.

While we rarely take politicians at their word, exceptions are warranted. No sooner was agreement reached than Senator Christopher Dodd, chairman of the Senate Banking Committee, admitted "no one will know until this is actually in place how it works…". Though the broad parameters of the bill are evident, in deference to Senator Dodd, we reserve judgment regarding the details of the 2,000 page tome that have emerged.

Professor Kane gave a compelling description of the response to the crisis, comparing it to the denial stage of the grieving cycle. He emphasized human as opposed to structural failures and described "de-supervision" rather than "de-regulation" as the proximate cause of the crisis. He suggests that regulators and politicians owe a fiduciary duty to taxpayers and should be held accountable for their actions in the same manner as trustees of private institutions, and that private sector firms should be required to disclose the true cost of taxpayer financed safety-net subsidies.

The lecture struck us as powerful contrast to the closed door negotiations between Congress, regulators and financial institutions in Washington.

Just two years removed from "ground zero" of the worst financial crisis to face the country since the Great Crash of 1929, the financial reform bill has emerged and awaits passage in both houses of Congress and the president's signature. Two years in our nation's capital approaches an eternity in real time. Both the regulators and the regulated have had ample time to put their chess pieces in place to shape the outcome of legislation.

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Wall Street marshaled a furious lobbying effort to maintain advantageous elements of the current regulatory structure while weakening proposed changes they found threatening. According to the Center for Responsive Politics, at least 56 financial services industry lobbyists have served on the personal staffs of the 43 Senate and House members who crafted the legislation. Additionally, the members of Congress who negotiated the reconciliation have received more than $112 million in campaign contributions from the financial services industry over the last 20 years.

"Regulatory capture" occurs when a regulatory agency created to act in the public interest instead acts in favor of the commercial or special interests it is charged with regulating. When the potential costs of regulation are concentrated on a small number of entities (i.e. large banks); a powerful economic incentive is created for those entities to influence the regulation as it is being formed. The potential benefits of regulation, on the other hand, are diffuse because they are spread among millions of consumers. The incentive for citizens to organize and influence regulation is therefore weak in comparison to that of the regulated. Regulators meanwhile seek to maintain or expand the power and influence of their particular agency. These various incentives may become so imbalanced that the result can be worse than no regulation at all.

There is no shortage of examples where regulation has gone awry. Regulation of off-shore drilling and mining by the U.S. Minerals Management Service comes to mind, as does regulation of the airline industry by the Federal Aviation Administration (the FAA until recently referred to airlines as its "customers").

The Scope of Reform

With regard to financial regulatory reform, the stakes could not be higher for both consumers (virtually all U.S. citizens) and the regulated (financial services firms). The specifics of the compromise legislation will become clear only in coming days and weeks — the proposed bill that has emerged is enormously complex. Perhaps the only certainty at this time is that many unintended consequences are sure to emerge.

While its details are only now becoming apparent, the scope of the bill has been evident for some time. We are skeptical that this "comprehensive" package addresses the multiple, reinforcing conditions that culminated in a perfect financial and economic storm. In our estimation there are five areas in need of urgent attention:

- Easy credit and excessive use of leverage in all sectors of the economy.
- De-regulation and an absence of effective supervision by regulators.
- Creation and proliferation of non-transparent financial instruments with no organized trading markets or effective credit rating organization review.
- Pervasive ethical failures in all sectors.
- Absence of effective risk management in the financial, business and consumer sectors.

Many of these issues can be addressed with tools already available to legislators and regulators. For example, the Fed could enforce higher capital and liquidity requirements for banks, and regulatory oversight could be widened to include other "non-banking" institutions, especially the Federal Reserve's list of primary dealers in government securities. Ethical failures cannot be addressed through regulation, but they can and should be widely publicized; sunshine is indeed a powerful disinfectant.

The Hot Issues (Again)

The following proposed measures have been among the most contentious and, not coincidentally, have received the most media attention. They are also areas in which the banking industry has been especially assertive in muscling past legislation, or in which regulators have been particularly dilatory. In each instance, the result was a less stable financial system.

The "Volcker Rule": The Senate plan included rules which would have prohibited banks from trading in their own accounts. The banking industry preferred a House plan that would allow regulators to limit such trading at their discretion. The compromise bill prohibits banks from proprietary trading and investing in private equity firms or hedge funds, but conferees weakened this provision by allowing some stronger banks to invest up to 3 percent of their capital in private equity groups or hedge funds.

Regulatory Redux: *The fundamental issue is the extent to which a federally insured depository institution should be allowed to engage in proprietary trading. These functions were separated by statute under the 1930's era Glass-Steagall Act that was weakened throughout the 1980's and 1990's. Congress repealed separation altogether in 1999.*

Moral Hazard: "Bailouts" for firms so large that they pose systemic risk (e.g. "too big to fail") only raise the stakes; they send a message that banks will gain when risk-taking pays off, but someone else (taxpayers) will suffer should the bet fail. The compromise legislation would give the FDIC the authority to liquidate failing firms while the Treasury Department fronts the money to do so. There is also to be a "repayment plan" so that taxpayers are guaranteed to get the money back.

Regulatory Redux: *The Federal Reserve has the authority to set capital and liquidity requirements on banks falling under its jurisdiction. In practice, this comes in the form of a reduced examination rating if capital and liquidity are found to be deficient. This can be a very effective way of ensuring that financial firms are adequately capitalized.*

Derivatives: A derivative is a security whose price is derived from some other underlying asset(s). Under the agreement, banks would be forced to spin-off some derivative trades to a subsidiary so that they are not in the same pot as federally insured deposits. They would not be allowed to trade in some of the most risky derivatives. Banks could still trade some swaps to hedge risk legitimately. Most swaps would have to be cleared and traded on exchanges.

Regulatory Redux: *The Commodity Futures Modernization of Act of 2000 allowed most over-the-counter ("OTC") transactions between "sophisticated" parties to go unregulated.*

If the compromise bill becomes law, regulators will become more powerful than ever. Professor Kane suggested that the equivalent of a West Point could be established to prepare these guardians of our financial system. They should be trained, mission ready and expected to provide the same standard of excellence that we demand from our military,

firefighters, paramedics and other first responders. Service to country in this critical area should not be regarded as a stepping stone on the way to a far more lucrative "second career" on Wall Street.

Self Reliance versus Regulation

Sensible regulation of the financial system is a laudable objective that must be pursued. But regulatory capture and distorted incentives are inherent. Investors should not rely on 2,000 pages of paternalistic legislation to protect their interests.

Instead, take control of your financial life by following these rather simple steps:

1. Choose a custodian of your assets that does not engage in leveraged trading for its own account such as Charles Schwab, The Vanguard Group, TD Ameritrade or Fidelity Investments.

2. Conduct your own due diligence to ensure that you understand what you are buying. Avoid any bank, insurance agent or broker peddling needlessly complex financial instruments that neither you, nor the salesman, understand in full.

3. Understand your financial circumstances and develop a plan that gives you the best probability of meeting your realistic financial goals within your tolerance for risk.

4. Know the legal distinctions and obligations of the various financial service providers, professionals and institutions you transact business with.

LONG TERM GOVERNMENT BONDS: THE RISK/RETURN PARADOX

Last month we recounted the debt crisis that is imperiling Greece and other Eurozone nations. In this article, we discuss an investment alternative that is well suited for investors who are especially concerned that nations might default on their debt.

Neither we nor our parent organization, the American Institute for Economic Research (AIER), accept the tenet that the debt obligations of the U.S. Treasury (or any other sovereign debt) represent a "risk free" investment. In a world of fiat currencies, virtually all fixed income obligations are susceptible to unanticipated price inflation. Worse still, even sovereign nations with the power of the printing press can and have defaulted on their obligations.

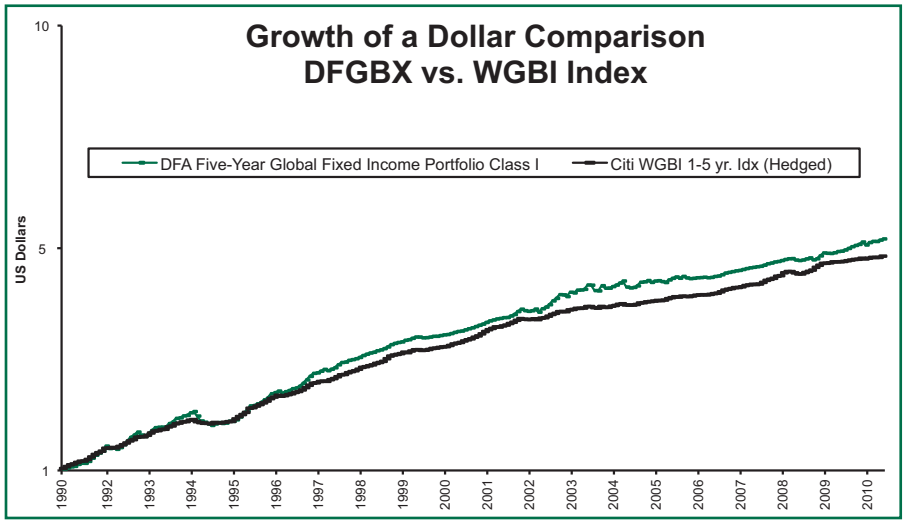
Bonds issued by sovereign nations are priced according to their perceived risk, so expected returns are highest where risk is greatest. The "spread" on Greek debt — the difference between yields on Greek debt and yields on debt issued by the U.S. and other developed nations — surged as soon as that nation's dire fiscal situation came to light. When a European rescue package was assembled, spreads on Greek debt narrowed accordingly.

About Dimensional Fund Advisors (DFA)

DFA is mutual fund company whose mission is "to deliver the performance of capital markets and increase returns through state-of-the-art portfolio design and trading." DFA's portfolios are formed based on the research findings of leading academics in modern finance.

DFA makes its funds available to individual investors only through Registered Investment Advisers who have demonstrated a commitment to investing based on principles consistent with Modern Portfolio Theory. Among those principles is that mutual fund trading should be kept to a minimum. This in turn keeps DFA's operating costs to a minimum, which is essential to providing optimal returns. DFA provides no remuneration to advisers for selling their funds, nor does AIS accept any remuneration for selling any investment product.

For more information, contact us at (413) 528-1216 or visit *www.americaninvestment.com*. To learn more about DFA, visit *www.dfaus.com*.



In other words, markets work. The chance that any nation might default is "priced in" to a nation's bonds. As new information becomes available, bond markets react.

Though you have no control over the world's numerous fiat currencies, or on bond prices or yields, the risk of sovereign default is one of several that you can isolate and control within your portfolio.

We have identified bond funds that methodically segregate the several sources of uncertainty inherent in bonds, namely, credit, term and exchange rate risk, while providing measured exposure to default risk through structured global diversification.

The 2-Year and 5-Year Dimensional Fund Advisors (DFA) Global Fixed Income Portfolios invest in a wide range of sovereign, supra-national and high-

grade corporate issues, thereby limiting credit risk. Term risk is controlled by investing in obligations that mature within two and five years of settlement, respectively. Both funds are hedged to the U.S. dollar, so total returns will be unaffected by exchange rate volatility.

Sovereign risk is recognized explicitly and controlled carefully through broad but structured diversification. The funds' holdings are well diversified internationally, but restricted to currencies and countries of issue that meet strict qualifications. Currently the pool of eligible currencies is limited to 11: the U.S. and Canadian dollars, the U.K. pound, the euro, the Swiss franc, the Danish and Norwegian krones, the Swedish krona, the Japanese yen, and the Australian and New Zealand dollars. Countries of issue are restricted and regularly reviewed; notably Greece, Portugal and Italy do not make the cut. The fund also sets strict parameters on the proportion of debt held by any single issuer, be it a foreign government, agency, company or supra-national organization.

DFA funds can be purchased only through a DFA-approved Registered Investment Adviser (see box for more information). Though the bond index funds we recommend on page 48 are far superior to actively managed bond funds, currently there are no index-based mutual funds or ETFs available that provide this controlled exposure to sovereign debt risk and the potential rewards it brings.

WHAT JUST HAPPENED? A CLOSER LOOK AT THE "FLASH CRASH"

It was over almost as fast as it started, but the reverberations from the dizzying trading activity observed on May 6, 2010, are still being felt. The event was a wake- up call to regulators and market participants. It also served as a "stress test" of our investment strategy. After further review, we find no reason to change our underlying strategy or to alter our list of recommended investment vehicles. Our disciplined, low cost and diversified approach remains the best way for investors to reach their financial goals.

Overview

On May 6, 2010, U.S. equity markets experienced an unprecedented series of events in what has since come to be known as the "flash crash." Markets dropped by such a large percentage over such a short time frame that even grizzled stock market veterans were left shaking their heads. As seen in the accompanying chart, the Dow Jones Industrial Average fell by almost 1,000 points at one point, losing close to 10 percent of its value, before climbing to end the day "just" 3.2 percent lower. The bulk of the drop occurred over roughly a 15 minute time span beginning around 2:30 p.m.

The drop was not limited to just Dow stocks. Across the board, stocks of all sectors and market capitalizations saw similar price action during the day. In fact, some securities saw their share prices fall to just one penny during the turbulent trading frenzy that took place from 2:30 to 3:00 p.m. The initial response of the New York Stock Exchange was to slow trading down. While this may have been a wise decision if adopted across all exchanges, it was not. Slowing trade on the NYSE while it resumed on other venues may have exacerbated the situation further by creating increased price dislocations among stocks.

Initial theories for the cause of the flash crash included the "fat finger" theory which put forth that a single trader typed in a large sell order using "b" for billions instead of "m" for millions, which resulted in a cascading effect of sell orders across all markets, leading to the downward spiral. While the heaviest trading was taking place, most business channels were showing live footage of the turmoil in Greece, depicting protestors clashing with police over the country's current state of affairs. Given the lack of other information at the time, it was perhaps the most likely event that people could point to as a possible cause for the drop.

The Fallout

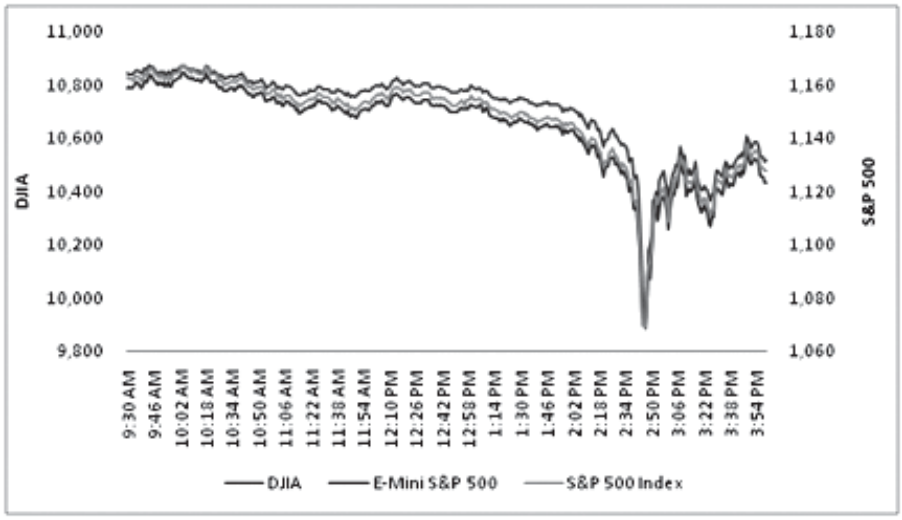
The next morning, several exchanges announced that they would be cancelling trades that took place between 2:40 p.m. and 3:00 p.m. with price deviations greater than 60 percent. Over the following weeks, additional information (and speculation) concerning reasons for the flash crash emerged, along with the requisite finger pointing and blame game politics that accompanies most events that have both a wide audience and garner negative attention. The SEC and Commodity Futures Trading Commission (CFTC) put out a joint 151 page preliminary report on the flash crash. The possibility of a "fat finger" trade, computer hacking or an act of terrorism were not high on the report's list of likely causes, and instead focused on a link between stock index futures, exchange traded funds (ETFs) and individual stocks. Their current best guess is that a rapid decline in index linked futures and ETFs, combined with heavy selling in some individual securities may have created a feedback loop which led to the rapid downward spiral that afternoon.

There has also been discussion that the rise of high-speed algorithmic trading, the increased use of ETFs as well as other product and trading style changes may have swamped an over burdened technological and regulatory infrastructure -- an infrastructure meant to handle individual securities trading at much lower volumes. Attempts to "band-aid" the current system to handle these new product and trading style changes simply proved inadequate.

In response to these findings and discussions, new rules have been put into place to reduce the possibility of future flash crashes. On June 10, the SEC approved measures that will require the exchanges to pause trading in certain individual stocks if the price moves 10 percent or more in a five-minute period. The rationale for this move is that (according to the SEC) "by establishing a set of circuit breakers that uniformly pauses trading in a given security across all venues, these new rules will ensure that all markets pause simultaneously and provide time for buyers and sellers to trade at rational prices." Whether or not these measures will in fact produce the desired effect remains unknown, but what is certain is that regulators and market participants alike are watching the markets more closely than ever for potential weaknesses that could result in a repeat performance.

ETFs

ETFs dominated the headlines surrounding the events of the flash crash.



Source: Bloomberg (From joint SEC CFTC report dated 5/18/10)

Roughly 70 percent of the cancelled transactions were for ETF securities. For this reason, many a critic have used this event to highlight the perils of ETFs and voiced their opinions against using them.

While ETFs have been around since 1993, they have only recently grown in popularity, increasing from $300 billion in total assets under management in 2005 to over $800 billion through this past April (source: Investment Company Institute). During this time investors flocked to ETFs because they offer quick, efficient exposure to different asset classes and markets. However, it appears that some of the "fine print" regarding the use of ETFs may have caught some traders by surprise during the height of activity on May 6.

Some likely reasons why ETFs were more affected than individual securities during the flash crash include:

Lack of limit order use: ETF investors may have felt "safe" by holding well-diversified ETFs accompanied by stop-loss orders to sell should the market go into steep decline. The appeal of broad diversification offered by most ETFs combined with an apparent "escape hatch" may have built up a large level of pending sell orders relative to limit orders (a limit order triggers a purchase at a pre-specified price level). When prices began to fall dramatically, market sell orders and stop-loss orders would have been triggered at an increased rate. The result would have been an overload of sell orders against a backdrop of very little bidding activity, which would lead to the dramatic price decline.

Increased trading volume of ETFs. One study showed that securities with high trading volumes during the peak of the flash crash were more likely to have dropped by a significant amount during that time. Generally, ETFs tend to trade at higher volumes than most individual securities given their ability to give investors quick exposure to various niches of the marketplace. Also, ETFs may be utilized to a larger degree by high frequency algorithmic trading programs. The rapid-fire nature of these programs and the potential for self-reinforcing feedback loops can lead to a higher susceptibility for breakdowns.

Link between ETFs and Futures Trading. Some trading programs link ETFs to futures contracts. If a bad trade or heavy selling occurred in the futures markets, resulting ETF sell trades may have been triggered, initiating the downward selling spiral.

Where Are We Today?

There remains no clear consensus as to what the exact cause of the flash crash was and no guarantee that it won't happen again. While this may be a troubling if not anticlimactic follow-up to the events of May 6, an important light has been shed on the issues relating to the deficiencies of the market's current infrastructure. In order for markets to function correctly, product and trading evolution must be concurrently matched by systems and regulatory enhancements. Failure to implement concurrent changes may lead to future flash crashes or perhaps even more severe, longer lasting market dislocations.

We believe that the criticisms of ETF use are misguided. During the flash crash, the indicative NAV system (iNAV), which is used to publish estimates of the "fair value" of ETFs every 15 seconds, appears to have worked fine. Although iNAV values dipped, the declines were nowhere near the magnitude of the severe dislocations in market trading on the exchanges. This is further evidence that the systems currently in place to "ensure" smooth trade flow were a more likely culprit than ETFs per se.

While we do believe that the criticisms toward ETFs are misguided in this case, we must also emphasize that there is no such thing as a free lunch. ETFs offer intraday trading, enhanced liquidity, transparency, and generally have lower costs than mutual funds, but these benefits come with increased risks, including the potential for price dislocations as seen during the flash crash.

Followers of *Investment Guide* recommendations may have been invested in ETFs during the flash crash, but would have avoided significant losses by following our recommendations of sticking to index-based ETFs with an appropriate and well diversified coverage universe, and staying away from active trading and the use of stop-loss orders. By following these tenets, investors would have ridden out the events of May 6 relatively unscathed.

Risk varies not only among asset classes but also between investment vehicles. For each of our recommended asset classes we recommend both mutual funds and ETFs on the back page of the *Investment Guide*, precisely because this allows our readers to weigh these trade-offs and choose accordingly. We continually strive to identify the "best of breed" products for both, highlighting the benefits as well as risks associated with using them. As always, the prudent investor will examine portfolio construction within the context of his own situation and choose investment vehicles which match his individual risk/reward profile.

THE HIGH-YIELD DOW INVESTMENT STRATEGY

Recommended HYD Portfolio

As of June 15, 2010

	Rank	Yield	Price	Status	—Percent of Portfolio— Value	No. Shares[1]
AT&T	1	6.58	25.54	Buying	21.70%	22.71%
Verizon	2	6.53	29.11	Buying	20.19%	18.54%
Pfizer	3	4.64	15.52	Holding**	6.65%	11.46%
Dupont	4	4.33	37.86	Buying	25.02%	17.66%
Merck	5	4.22	36.02	Holding	16.28%	12.08%
Kraft	6	3.90	29.71	Holding	3.04%	2.74%
General Electric	18	2.53	15.79	Selling	2.53%	4.29%
Alcoa	25	1.04	11.59	Selling	4.56%	10.53%
Cash (6-mo. T-Bill)	--	--	--		0.02 %	--
					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.

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.

Hypothetical Total Returns: HYD and Relevant Indices (percent)

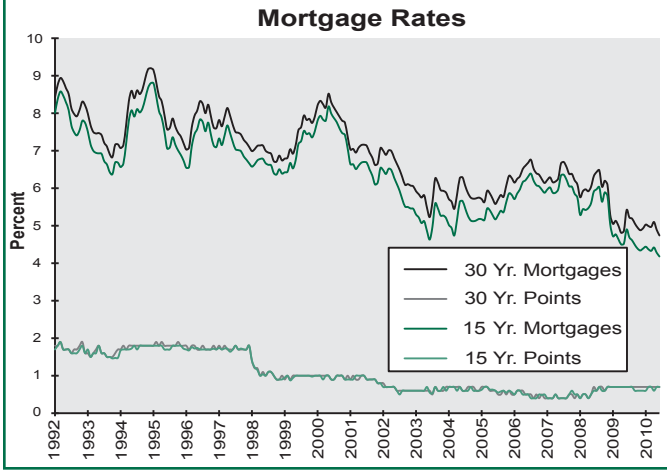
The total returns presented in the table below represent changes in the value of a hypothetical HYD portfolio with a beginning date of January 1979 (the longest period for which data was available for the HYD model and relevant indexes) through May 31, 2010*.

	1 mo.	1 yr.	5 yrs.	10 yrs.	20 yrs.	Since 1/79	Std. Dev.
HYD Strategy	-7.25	19.75	1.32	5.73	12.03	15.33	18.17
Russell 1000 Value Index	-8.22	22.99	-0.28	2.49	8.81	11.92	14.94
Dow Jones Industrial Avg.	-7.56	22.66	2.02	1.97	9.06	NA	NA

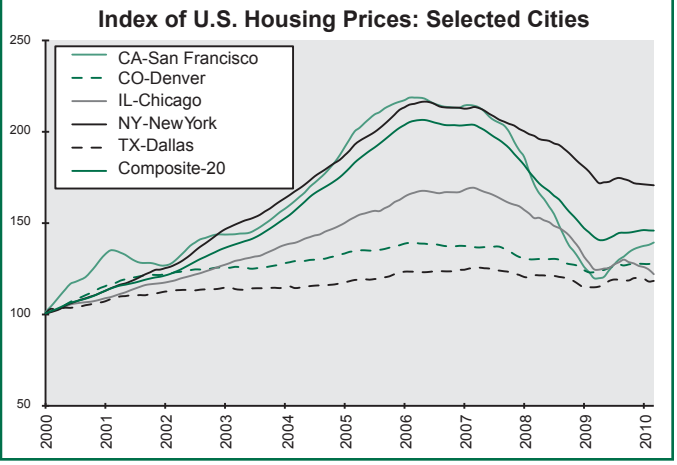
*Data assume all purchases and sales at mid-month prices (+/–$0.125 per share commissions), reinvestment of all dividends and interest, and no taxes. The 5-, 10- and 20-year total returns are annualized, as is the standard deviation of those returns since January 1979, where available. Model HYD calculations 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 incurrence of which would have the effect of decreasing historical performance results.

U.S. HOUSING MARKET

The chart below depicts the monthly change in annual mortgage rates since 1971(average commitment rate, Source: Freddie Mac). "Points" are the fee (stated as a percentage of the loan), which borrowers must pay to lenders for evaluating, processing and approving mortgage loans. Mortgage rates generally track changes in interest rates for fixed income assets with similar time horizons.



The chart below is based on S&P/Case-Shiller Home Price Indices. It depicts price changes in various geographic regions throughout the U.S. as well as a composite index that includes 20 urban areas.



RECENT MARKET STATISTICS

Precious Metals & Commodity Prices ($)

	6/15/10	Mo. Earlier	Yr. Earlier
Gold, London p.m. fixing	**1,225.00**	1,236.50	932.25
Silver, London Spot Price	**18.42**	19.64	14.31
Copper, COMEX Spot Price	**3.01**	3.12	2.28
Crude Oil, W. Texas Int. Spot	**76.93**	71.60	70.61
Dow Jones Spot Index	**350.75**	344.75	304.59
Dow Jones-UBS Futures Index	**128.79**	127.84	126.03
Reuters-Jefferies CRB Index	**263.50**	258.55	256.37

Interest Rates (%)

U.S. Treasury bills -	91 day	**0.09**	0.16	0.17
	182 day	**0.16**	0.22	0.29
	52 week	**0.29**	0.33	0.48
U.S. Treasury bonds -	10 year	**3.32**	3.44	3.76
Corporates:				
High Quality -	10+ year	**4.99**	4.97	5.68
Medium Quality -	10+ year	**6.37**	6.03	7.52
Federal Reserve Discount Rate		**0.75**	0.75	0.50
New York Prime Rate		**3.25**	3.25	3.25
Euro Rates	3 month	**0.73**	0.68	1.28
Government bonds -	10 year	**2.67**	2.89	3.67
Swiss Rates -	3 month	**0.09**	0.22	0.40
Government bonds -	10 year	**1.53**	1.58	2.44

Exchange Rates ($)

British Pound	**1.482700**	1.455700	1.626800
Canadian Dollar	**0.972101**	0.966838	0.881990
Euro	**1.232700**	1.239000	1.378400
Japanese Yen	**0.010959**	0.010877	0.010201
South African Rand	**0.132027**	0.132408	0.123381
Swiss Franc	**0.884173**	0.884643	0.913910

Securities Markets

	6/15/10	Mo. Earlier	Yr. Earlier
S & P 500 Stock Composite	**1,135.68**	1,211.67	882.88
Dow Jones Industrial Average	**10,620.16**	11,144.57	8,268.64
Dow Jones Bond Average	**255.86**	253.09	216.33
Nasdaq Composite	**2,346.85**	2,515.69	1,680.14
Financial Times Gold Mines Index	**3,435.53**	3,178.52	2,569.02
FT EMEA (African) Gold Mines	**3,030.43**	2,955.89	2,590.61
FT Asia Pacific Gold Mines	**13,850.16**	14,507.64	10,176.70
FT Americas Gold Mines	**3,009.99**	2,689.54	2,179.53

Coin Prices ($)

	6/15/10	Mo. Earlier	Yr. Earlier	Prem (%)
American Eagle (1.00)	**1,285.63**	1,261.43	984.35	4.95
Austrian 100-Corona (0.9803)	**1,208.03**	1,184.72	924.83	0.60
British Sovereign (0.2354)	**305.10**	299.40	228.25	5.80
Canadian Maple Leaf (1.00)	**1,281.60**	1,257.50	974.10	4.62
Mexican 50-Peso (1.2057)	**1,488.70**	1,460.00	1,139.90	0.79
Mexican Ounce (1.00)	**1,255.10**	1,231.20	965.60	2.46
S. African Krugerrand (1.00)	**1,275.38**	1,251.28	962.83	4.11
U.S. Double Eagle-$20 (0.9675)				
St. Gaudens (MS-60)	**1,460.00**	1,490.00	1,157.50	23.19
Liberty (Type I-AU50)	**1,600.00**	1,600.00	1,277.50	35.00
Liberty (Type II-AU50)	**1,487.50**	1,487.50	1,175.00	25.51
Liberty (Type III-AU50)	**1,410.00**	1,430.00	1,105.00	18.97
U.S. Silver Coins ($1,000 face value, circulated)				
90% Silver Circ. (715 oz.)	**13,087.50**	13,525.00	10,625.00	-0.63
40% Silver Circ. (292 oz.)	**5,362.50**	5,487.50	4,225.00	-0.30
Silver Dollars Circ.	**15,950.00**	15,400.00	12,500.00	11.93

Note: Premium reflects percentage difference between coin price and value of metal in a coin, with gold at $1225 per ounce and silver at $18.42 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 Record			Indicated Annual	Yield†
	Symbol	6/15/10	5/14/10	6/15/09	High	Low	Amount ($)	Date	Paid	Dividend ($)	(%)
AT&T (New)	T	25.54	25.40	24.63	28.73	23.19	0.420	4/09/10	5/3/10	1.680	6.58
Verizon	VZ	29.11	28.51	29.73	34.13	26.49	0.475	7/09/10	8/2/10	1.900	6.53
Pfizer	PFE	15.52	16.20	14.13	20.36	14.11	0.180	5/07/10	6/1/10	0.720	4.64
Dupont	DD	37.86	37.65	25.79	41.45	23.91	0.410	5/14/10	6/11/10	1.640	4.33
Merck	MRK	36.02	32.88	24.96	41.56	24.37	0.380	6/15/10	7/8/10	1.520	4.22
Kraft	KFT	29.71	30.03	25.26	31.09	24.80	0.290	6/30/10	7/14/10	1.160	3.90
Chevron	CVX	75.23	77.83	71.08	83.41	60.88	0.720	5/19/10	6/10/10	2.880	3.83
Johnson & Johnson	JNJ	59.14	63.97	54.75	66.20	54.55	0.540	6/01/10	6/15/10	2.160	3.65
Coca-Cola	KO	52.18	53.34	48.11	59.45	47.18	0.440	6/15/10	7/1/10	1.760	3.37
McDonald's	MCD	70.40	69.59	57.78	71.84	53.88	0.550	6/01/10	6/15/10	2.200	3.13
Procter and Gamble	PG	61.91	62.54	51.33	64.58	39.37	0.482	4/30/10	5/17/10	1.927	3.11
Intel Corp	INTC	21.48	21.89	15.98	24.37	15.61	0.158	5/07/10	6/1/10	0.630	2.93
Home Depot, Inc.	HD	32.26	35.20	23.85	37.03	22.27	0.236	6/03/10	6/17/10	0.945	2.93
Exxon Mobil	XOM	62.51	63.60	72.81	76.54	58.46	0.440	5/13/10	6/10/10	1.760	2.82
Travellers	TRV	51.23	50.12	42.56	54.83	38.25	0.360	6/10/10	6/30/10	1.440	2.81
Caterpillar	CAT	63.46	64.88	36.12	72.83	30.01	0.440	7/20/10	8/20/10	1.760	2.77
3M Company	MMM	79.77	84.68	59.31	90.52	56.61	0.525	5/21/10	6/12/10	2.100	2.63
General Electric	GE	15.79	17.64	13.15	19.70	10.50	0.100	6/21/10	7/26/10	0.400	2.53
Boeing	BA	67.48	69.82	49.52	76.00	38.92	0.420	5/07/10	6/4/10	1.680	2.49
United Tech.	UTX	68.60	71.58	54.72	77.09	49.00	0.425	8/20/10	9/10/10	1.700	2.48
Wal-Mart Stores	WMT	51.64	52.12	48.46	56.27	47.35	0.303	5/14/10	6/1/10	1.210	2.34
IBM	IBM	129.79	131.19	107.62	134.25	99.50	0.650	5/10/10	6/10/10	2.600	2.00
Microsoft Corp.	MSFT	26.58	28.93	23.42	31.58	22.00	0.130	5/20/10	6/10/10	0.520	1.96
American Express	AXP	41.59	40.64	25.23	49.19	22.00	0.180	7/02/10	8/10/10	0.720	1.73
Alcoa	AA	11.59	12.36	11.21	17.60	8.96	0.030	5/07/10	5/25/10	0.120	1.04
Walt Disney	DIS	34.99	34.06	24.25	37.98	22.05	0.350	12/14/09	1/19/10	0.350	1.00
Hewlett-Packard	HPQ	47.98	47.43	37.08	54.75	36.61	0.080	6/16/10	7/7/10	0.320	0.67
J P Morgan	JPM	38.25	39.89	34.00	48.20	31.59	0.050	7/06/10	7/31/10	0.200	0.52
Bank of America	BAC	15.80	16.34	13.33	19.86	11.27	0.010	6/04/10	6/25/10	0.040	0.25
Cisco	CSCO	23.33	24.94	19.36	27.74	17.82	0.000			0.000	0.00

* See the Recommended HYD Portfolio table on page 46 for current recommendations. † Based on indicated dividends and market price as of 6/15/10.
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 6/16/09.

RECOMMENDED INVESTMENT VEHICLES

	Security Symbol	Avg. Market Cap. / Avg. Maturity	No. of Holdings	Ratios Expense[7] (%)	Sharpe	Turnover (%)	P/B	12 Mo. Yield (%)	Annualized Returns[8] (%), as of 5/31/10 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 3/31/10														
Short/Intermediate Fixed Income														
Vanguard Short-Term Bond Index	BSV[1]/VBISX	2.7 Yrs.	1224	0.22	na	77	--	2.62	4.67	5.84	4.76	3.75	4.57	3.40
iShares Barclays 1-3 Yr. Credit Bond	CSJ[1]	2.6 Yrs.	604	0.20	0.86	67	--	3.52	6.68	5.22	--	5.46	3.76	--
iShares Barclays 1-3 Year Treasury	SHY[1]	1.9 Yrs.	51	0.15	1.39	37	--	1.54	1.91	4.68	4.08	1.29	3.61	2.89
Vanguard Limited-Term Tax-Exempt	VMLTX	2.7 Yrs.	1257	0.20	0.92	11	--	2.51	4.08	4.36	3.66	4.08	4.36	3.66
SPDR Short-Term Municipal Bond	SHM[1]	3.1 Yrs.	334	0.20	na	4	--	1.93	3.50	--	--	3.30	--	--
Inflation-Protected Fixed Income														
iShares Barclays TIPS Bond	TIP[1]	9.0 Yrs.	30	0.20	0.49	10	--	4.09	8.29	6.93	4.61	7.07	5.25	2.94
Vanguard Inflation-Protected Securities	VIPSX	8.6 Yrs.	29	0.25	0.47	14	--	2.19	8.44	6.67	4.50	7.62	5.22	2.96
Real Estate														
Vanguard REIT Index	VNQ[1]/VGSIX[2]	4.4 B.	99	0.21	-0.10	10	1.7	3.80	58.19	-9.73	2.54	56.24	-10.93	1.23
SPDR Dow Jones REIT	RWR[1]	4.7 B	82	0.25	-0.14	15	1.7	3.34	58.33	-11.53	1.74	56.07	-12.77	0.36
U.S. Large Cap Value														
Vanguard Value Index	VTV[1]/VIVAX	38.3 B.	426	0.26	-0.30	31	1.6	2.48	21.04	-11.18	-0.08	20.58	-11.57	-0.50
iShares Russell 1000 Value Index	IWD[1]	32.2 B	673	0.20	-0.32	22	1.6	1.99	22.77	-11.36	-0.38	22.24	-11.74	-0.77
U.S. Small Cap Value														
iShares Russell Microcap Index	IWC[1]	0.3 B.	1304	0.60	-0.29	25	1.4	0.69	34.75	-10.52	--	34.56	-10.65	--
Vanguard Small-Cap Value Index	VBR[1]/VISVX	1.1 B.	996	0.28	-0.06	33	1.2	1.80	38.25	-6.31	2.72	37.75	-6.76	2.27
U.S. Large Cap Growth														
iShares Russell 1000 Growth Index	IWF[1]	36.9 B.	622	0.20	-0.03	22	3.5	1.34	21.38	-5.74	1.29	21.03	-5.95	1.10
Vanguard Growth Index	VUG[1]/VIGRX	34.7 B.	424	0.28	0.00	29	3.3	1.10	21.98	-5.43	1.42	21.79	-5.57	1.27
U.S. Marketwide														
Vanguard Total Stock Market Index	VTI[1]/VTSMX	24.6 B.	3413	0.18	-0.15	5	2.1	1.69	23.25	-7.98	1.06	22.90	-8.25	0.78
Fidelity Spartan Total Market Index	FSTMX[3]	24.2 B.	3053	0.10	-0.16	3	2.0	1.69	23.34	-8.03	1.08	na	na	na
Foreign- Developed Markets														
iShares MSCI Growth Index	EFG[1]	25.0 B.	586	0.40	-0.19	33	2.1	2.04	8.33	-11.55	--	8.15	-11.66	--
iShares MSCI Value Index	EFV[1]	31.4 B.	525	0.40	-0.26	35	1.3	2.95	4.54	-14.44	--	4.25	-14.75	--
Vanguard Europe Pacific Index	VEA[1]/VTMGX[4]	29.8 B.	934	0.20	na	9	1.6	2.34	4.25	-13.12	1.60	4.04	-13.33	1.36
Vanguard Developed Markets Index	VDMIX[5]	29.6 B.	968	0.10	-0.22	14	1.6	1.13	5.41	-13.02	1.39	5.16	-13.53	0.85
SPDR S&P International Small Cap	GWX[1]	0.9 B	614	0.59	na	21	1.1	1.42	17.18	-10.96	--	16.90	-11.26	--
Foreign- Emerging Markets														
Vanguard Emerging Market Index	VWO[1]/VEIEX[6]	19.1 B.	811	0.40	0.26	12	2.1	1.30	18.51	-1.86	12.35	18.29	-2.25	11.98
Gold-Related Funds														
iShares COMEX Gold Trust	IAU[1]	--	1	0.40	0.80	0.00	--	0.00	23.37	21.92	23.34	23.37	21.92	23.34
streetTRACKS Gold Shares	GLD[1]	--	1	0.40	0.81	0.00	--	0.00	23.31	21.88	23.36	23.31	21.88	23.36

Recommended Gold-Mining Companies ($)

	Ticker Symbol	6/15/10	Month Earlier	Year Earlier	--- 52-Week --- High	Low	Distributions Last 12 Months	Frequency	Yield (%)
Anglogold Ltd., ADR	AU	43.58	42.96	35.79	47.52	32.77	0.1716	Semiannual	0.3938
Barrick Gold Corp. †	ABX	42.94	45.62	32.90	48.02	30.67	0.3400	Semiannual	0.7918
Gold Fields Ltd.	GFI	13.74	13.85	11.27	15.88	10.62	0.1672	Semiannual	1.2169
Goldcorp, Inc. †	GG	43.27	45.68	33.71	47.41	31.84	0.1530	Monthly	0.3536
Newmont Mining	NEM	56.33	57.68	41.58	59.57	36.77	0.4000	Quarterly	0.7101

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]1% fee for redemption in 1 yr. [3]0.5% fee for redemption in 90 days. [4]1% fee for redemption in 5 yrs. [5]2% fee for redemption in 60 days. [6]0.5% fee for purchase and 0.25% fee for redemption. [7]For Vanguard funds, Expense Ratios shown are for Mutual Funds. ETFs have lower expenses. [8]For Vanguard Funds, returns shown are for Mutual Funds; ETFs' returns may deviate * 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.