AIS INVESTMENT GUIDE

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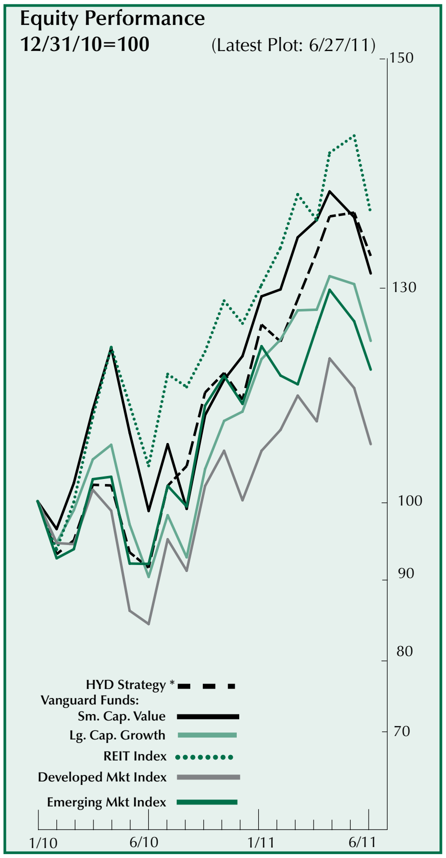

*** HYD is a hypothetical model based on back-tested results. See p.46 for full explanation.**

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.

Online: www.americaninvestment.com

The Question of Silver

AIER recently published research[1] regarding silver as a potential component of an investment portfolio. Silver was found to have several desirable attributes, but the evidence does not support its inclusion among our recommended asset classes at this time. The emergence of exchange traded funds could have a profound impact on the silver market. We will continue to monitor silver as more data accumulates.

An asset class is a category of assets that provides positive expected returns and also demonstrates unique risk-return characteristics. With the exception of gold, our nine recommended asset classes meet both criteria. Gold provides no means of generating income. However, its price variation is distinct, and it serves a unique role as a form of money that has maintained its purchasing power over hundreds of years.[2]

Silver also has a long history as a medium of exchange, and empirical research reveals several desirable features. Its returns move independently from those of our recommended asset classes, and are also less than perfectly correlated with the returns of gold. Gold and silver respond differently to macroeconomic variables as well. All of these characteristics are of potential interest to investors because they suggest that silver could supplement gold as a unique monetary alternative to fiat currencies.

The demand for silver, however, comes mostly from industrial users rather than investors. The silver price is influenced by industrial demand, which fluctuates with the business cycle. Like other commodities, and unlike gold, silver supplies get "used up" in production. This suggests a rising price

(continued next page)

1 Zhu, Julie Ni, Steven R. Cunningham, PhD, AIER "The Allure of Silver" Research Reports, Vol. LXXVIII, No.11, June 20, 2011, p.1.

2 For a full discussion see Steven R. Cunningham, PhD AIER "Gold ETFs Change the Marketplace" Research Reports, Vol. LXXVIII, No.5, March 21, 2011, p.1. and American Investment Services "Gold, Money and Portfolio Theory, an Update", Investment Guide, Vol. XXXIII, No. 3, March 31, 2011, p.18.

3 Even petroleum may be displaced one day just as it once displaced whale oil: "Many of the old whalemen have thrown aside the tarpaulin and harpoon and entered upon the business of selecting sites and locating wells." Eaton, S.J.M., 1866, Petroleum, J.P. Skelly & Co., Philadelphia, 299 pp.

over the long term, as long as demand remains strong. But rising commodity prices have historically inspired innovation, giving rise to substitutes[3] that ultimately reduce or even eliminate demand for the commodity in question.

Valued at roughly $35 per ounce (versus roughly $1,500 for gold) it is prohibitively expensive to store any meaningful quantity of silver. This impedes demand for silver as an investment. This could change with the emergence of silver ETFs, which offer exposure to the silver price without the need to take physical possession.

We do not recommend silver at this time. Like gold it provides no expected return. But unlike gold, silver does not provide a discernable offsetting "upside." We are not convinced that silver will serve as a reliable form of money. We will continue to monitor both precious metals going forward, along with other potential asset classes, as more data accumulates.

CAPITAL GAIN TAXES: NEW IRS REPORTING REQUIREMENTS

In accordance with the Emergency Economic Stabilization Act of 2008 the IRS has established tax reporting requirements, effective this year, which may help investors track the cost basis of their financial assets. But they also introduce complexity.

Until now the responsibility for tracking and reporting the cost basis (used in computing taxable realized gains) has fallen largely on the taxpayer. Under the new law investors will still be responsible for reporting realized gains and losses on securities in their annual tax filings. But the new regulations require broker-dealers to report the cost basis of financial assets to the IRS as well. Mutual fund companies, custodians of financial assets, banks and transfer agents (collectively referred to herein as "brokers") are all required to report.

Overview

These changes are being phased in between January 1, 2011 and December 31, 2013. Table 1 provides the implementation schedule for different security types. Covered securities are those acquired on or after the dates specified. Securities acquired before these dates are not covered by the new law. Brokers are not required to report cost basis on these uncovered securities. Taxpayers are responsible for accurate reporting of cost basis on all securities, covered or uncovered, to the IRS when filing their tax returns.

Table 2
New 1099-B for 2012:
Data Reported for Equities Sold or Redeemed in 2011

- Cost Basis
- Proceeds
- Acquisition Date
- Wash Sale Disallowed Loss
- Covered / Uncovered Status
- Holding Period Information (short or long term)

The first phase is effective for equities acquired after January 1, 2011. The second phase applies to mutual funds and most ETFs acquired after January 1, 2012, while the third phase will cover other securities, including bonds, purchased after January 2013.

Table 2 provides more detail regarding the new 1099-B to be issued in early 2012, for equities sold during 2011.

Choose Your Method

Even if you sell just part of your holdings you will be required to specify to the broker, no later than the settlement date (typically three days for equities and one day for mutual funds), the method you choose for calculating your cost basis. This may be accomplished on a case-by-case basis or via standing order, but investors will no longer be able to wait until tax season the following year to make this election.

If an investor does not specify a method for calculating cost basis brokers must assign a method as a default for calculating gains and losses – that is, the broker will choose for you unless you tell them otherwise. For instance while the IRS requires that the FIFO method will be the default method for equities, investors can change the default method or override it for specific trades.

Table 1: New Cost Basis Reporting Schedule

	Covered Securities	**Uncovered Securities**
Equities*	Acquired on or after January 1, 2011	Acquired before January 1, 2011
Mutual Funds, Most ETFs**	Acquired on or after January 1, 2012	Acquired before January 1, 2012
Other Securities, including fixed income***	Acquired on or after January 1, 2013	Acquired before January 1, 2013
Taxpayer responsibility	Brokers report Cost basis to IRS and taxpayers on 1099-B. Taxpayers use 1099-B in preparing their tax returns for 2011 and following years.	Brokers may report cost basis on Form 1099-B or a supplemental report. Taxpayers will report cost basis to IRS. Taxpayers should review records carefully to reconcile any differences.

*Equities include corporate stock (other than stock in a regulated investment company [RIC] or stock acquired in connection with a dividend reinvestment plan [DRIP]). Internal Revenue Code section 6045(g)(3)(C)(i) provides that the applicable date is January 1, 2011. **For stock in a RIC (RIC stock) or stock acquired in connections with a DRIP (DRIP stock), section 6045(g)(3)(C)(ii) provides that the applicable date is January 1, 2012. *** For any other specified securities, section 6045(g)(3)(C)(iii) provides that the applicable date is January 1, 2013, or a later date to be determined in the future. The reporting rules related to options transactions apply only to options granted or acquired on or after January 1, 2013, as provided in section 6045(h)(3).

Source: Schwab's June 2011 White Paper "Cost Basis Reporting: Preparing for 2012"

Cost Basis Depletion Methods

The IRS specifies that the default method used to calculate the cost basis and gain or loss is First in First Out (FIFO) for equities and average cost for mutual funds. Investors may choose another method, but must notify the broker of that selection at the time of the trade or establish a different standing order. For equities, choices available (depending on your broker) include First in First Out (FIFO), Last in First Out (LIFO), High Cost, Low Cost, and identification of specific lots. Average cost may be selected for ETFs as well as mutual funds.

Mutual fund investors using the average cost method face another potential complication. Currently held fund shares and any shares purchased before January 1, 2012 will not be covered by the law. However, *additional* shares of the same fund purchased after that date (the effective date for mutual fund shares acquired) will be covered, so these shares will have to be tracked separately. Investors who face this "bifurcation" situation should consult their broker or tax professional because brokers may vary in their treatment of covered and uncovered shares.

Gifted and Inherited Shares

In order to ensure compliance with gift and estate tax requirements, gifted and inherited equity shares that are transferred between accounts must be indentified so that appropriate accounting rules can be applied. For gifted shares, the date of the gift, the donor's adjusted cost basis and the fair market value of the gift must all be specified. For inherited shares, the broker is required to record the value of the shares on the date of the account holder's death, unless the estate's executor instructs the broker to use an alternate date. For gifted or inherited mutual fund shares, the same rules apply as for gifted or inherited equities unless average cost is used. Affected investors should consult a tax professional.

HOLDING PHYSICAL GOLD: AIS INTERVIEWS JAMES TURK

Investors have flocked to gold in recent years as increasingly perilous fiscal conditions have cast doubt on fiat currencies across the globe. This month we examine closely the implications of holding gold bullion as a means of providing exposure to the gold price.

Below is our interview with James Turk, Founder & Chairman of GoldMoney, a Jersey, British Channel Islands company.

Since its launch in 2001, GoldMoney has become a leading provider of physical gold, silver, platinum and palladium bullion to buyers worldwide. It is presently storing in vaults in London, Zurich and Hong Kong over US$1.9 billion of precious metals owned by customers located in more than 100 countries. Mr. Turk is also a director of the GoldMoney Foundation, a not-for-profit educational organization dedicated to providing information on the role of gold and silver as money and currency and their importance to society.

The views expressed are those of Mr. Turk; AIS has no affiliation with GoldMoney. The discussion that follows addresses several aspects of gold storage especially important to readers who have a preference for holding physical gold. Any questions pertaining to GoldMoney should be directed to the firm (www.goldmoney.com).

AIS: James, let's talk about buying physical gold. What does one need to consider?

Turk: There are only two ways to buy physical gold. Buy it and store it yourself, or buy it and have someone store it for you, which is what GoldMoney does. So clearly the key word here is *storage*. It is an essential part of the process when you own physical metal.

AIS: But if I buy gold with a company such as GoldMoney, I don't have it in my possession. So isn't that in effect "paper-gold" rather than gold itself?

Not necessarily. The issue here is *title*, not *possession*.

To explain this point, which is critically important, consider what happens when you deposit money in your bank. The ownership – or title – of those dollars transfers from you to the bank. You leave the bank with its evidence of their debt – their liability – to you. It could be a Certificate of Deposit, a savings book, or your checking account statement, depending upon what type of deposit you made.

Purchasing gold through a firm like GoldMoney is fundamentally different. Your Holding creates a record of the asset you own. Title of your gold does not transfer from you to GoldMoney, which is simply storing physical metal you own. You may not have possession of your gold but you always have title to it.

More to the point, the bank can take the dollars in your account and lend them to whomever they want. But GoldMoney cannot do that with the metal in your Holding. What's more, if GoldMoney were to go out of business for any reason, your gold would not be affected.

AIS: So you have counterparty risk when you have money deposited in a bank because the bank now owns your money, which it owes to you. You not only gave up possession of the money when you made the deposit, but ownership too. In contrast, with GoldMoney, you give up possession but not ownership, right?

Turk: Exactly, so there is no counterparty risk in GoldMoney. But you do have performance risk. It is the risk that we are safeguarding your gold just as we represent in our Customer Agreement and state on our website. This risk is mitigated by our governance procedures, especially our bi-monthly audits by two specialist firms that are completely independent of GoldMoney.

AIS: Why are the audits important? Can't you just post the bar details on your website?

Turk: Well, we post the details of gold bars, such as the bar number, weight and refinery name. But simply posting records is not an *audit*, which actually requires visual inspection and verification of the metal in the vault as well as the books and records of GoldMoney and the vault operator to confirm that everything is in proper order. More importantly, simply posting bar details does not provide any third-party verification.

AIS: If I store gold at home, I don't need an audit.

Turk: True, and perhaps that is one of the advantages of storing gold yourself. And having your gold immediately at hand is another advantage, but you have to consider the disadvantages of home storage too.

For example, you run the risk of theft, and insurance is expensive – if you can even get it – and your liquidity is impaired because you have to return the coins to a dealer to exchange them for national currency, which is a bother and takes time. You may even need to pay to get your gold refined to verify the gold content before the dealer accepts it, which is particularly true when you are selling 10-ounce bars or kilobars.

AIS: Okay, so there are advantages and disadvantages of storing your gold yourself, but what are the pros and cons of having someone store your gold for you. Can you list some of these?

Turk: The only disadvantage is that you do not have your gold at hand. Of course for investors who insist upon a form of money that is at hand at all times, *any* other means of gaining exposure to the gold price, be it external storage, gold mining shares or bullion-based ETFs, is inadequate. But there are a lot of advantages to professional storage; of course I can only address the advantages that GoldMoney provides.

Your gold is stored for you in a secure, specialized bullion vault and insured. These vaults are located in London, Zurich and Hong Kong. You can choose which vault or vaults to use, thus enabling you to get good geographic and political diversification of your gold.

What's more, you can sell metal 24/7 and have the proceeds wired the same day to your bank account anywhere in the world, so you have exceptional liquidity. But I think the single most important advantage is the independent third-party verification provided through regular audits by two auditing firms – including one of the Big-4 – that confirms that the weight of metal being stored in the vaults equals the quantity of metal owned by our customers and recorded in their Holding. These audits are available to our customers when they log into their Holding.

AIS: So in summary, whether you store at home or through a third party such as GoldMoney, each alternative has advantages and disadvantages. Every individual has to weigh the pros and cons and decide which alternative, or perhaps whether both alternatives, best suits his or her needs.

Turk: Yes, that's right.

AIS: What is "allocated storage" and "unallocated storage"? What's the difference between them?

Turk: It is the difference between a tangible asset and financial asset. More to the point, gold in allocated storage is physical metal, while anything unallocated is paper-gold. The same thing applies to "pool" accounts, which is another term for unallocated gold.

Make sure that your storage arrangements are always allocated. When stored in this way, you know it is physical gold that you own – gold that is simply being stored for you. Importantly, you retain title to your gold.

AIS: Does that mean that the bars of gold in allocated storage are specifically identified to their owners?

Turk: It can be, but there is more to it. For example, all of the gold in GoldMoney is allocated, but only some of it is "identified", which is another term that is often confused.

Any customer who owns enough gold to equal the weight of a bar in storage may choose to identify it as his or her bar. No one else can take delivery of a bar registered to a customer. The rest of the gold in allocated storage is "undivided", which means that every customer has title to the weight of gold recorded in their Holding, but is not identified to a specific bar.

This arrangement is practical because all gold is fungible, meaning it is not distinguishable by different grades. In other words, gold mined 2000 years ago by the Romans is no different from gold mined last week in Nevada.

Any reputable firm will follow standard industry practice and base all transactions on "fine weight", which ignores any other minerals in a gold bar. By the way, in GoldMoney you can redeem – take delivery of your physical gold – at any time in bars as small as 100 grams, which are about 3 troy ounces.

AIS: Why would anyone want to buy less than a whole bar? Don't people want to have the bar registered in his or her name?

Turk: A London good delivery bar – which by the way is the only type we store – weighs about 400 ounces, which is $600,000 at $1,500 per ounce. Because not everybody can afford that, we enable our customers to buy any part of a bar, and their ownership is recorded in their Holding. They could of course buy coins or small bars, but these have disadvantages. For example, coins and small bars have fabrication and handling costs, which can be a significant part of your purchase price. These costs are avoided in GoldMoney.

AIS: Why not use a bank for storage?

Turk: You certainly could, but remember, banks are in the business of lending, not storing. So this would not be suitable for investors who are concerned that their gold might be lent out. Such investors should definitely use non-bank vaults. This risk is not trivial. I could give you lots of examples, but here's just one. Just a few years ago a big New York bank was sued by some customers who claimed that their metal in allocated storage had been loaned out, even though the bank continued to charge storage fees to these customers. The case was settled out of court, meaning the bank didn't admit to any wrongdoing. But why take the chance? Just use a non-bank vault, but there is an important point that needs to be mentioned.

The biggest and best non-bank vault companies generally only work with commercial customers. Most of them are not geared to handle retail customers with just small amounts of metal to store. So to get the safe storage these companies offer, you may need to work through an intermediary that has the requisite commercial relationship with non-bank vaults. GoldMoney can do this.

AIS: Anything wrong with just using a safe deposit box at a bank?

Turk: I generally don't recommend bank safe deposit boxes. The reason is that banks are regulated, and many governments in countries where property rights and the rule of law are not sacrosanct might force the bank to confiscate customer assets. That is after all what happened in the 1933 gold confiscation in the United States.

It used to be that the principal role of any government was to protect the rule of law, and this important objective was mainly done by ensuring property rights were safe. Sadly, in many countries today governments are the biggest abusers of the rule of law, which means that you need to be very careful how and where you store your gold.

AIS: So you mean I should store gold in a country where I don't live, or perhaps in several countries?

Turk: Diversification among sovereign nations is a rational way to protect against confiscation for investors who are averse to this particular risk. One way to do that is to store gold in different non-bank vaults that are geographically dispersed. That is one reason why GoldMoney offers storage in three different countries.

AIS: Is allocated storage expensive?

Turk: It doesn't have to be. For some companies it is a major profit center, and they charge high fees. I've seen some vaults charge as high as 2% per annum to store gold, which I think is scandalous. We (GoldMoney) charge only 0.15% to 0.18% per annum, with larger Holdings getting the lower fee.

AIS: Some Americans already hold gold outside the United States, very often in Switzerland, but in recent years the Swiss banks have been closing those customer accounts. Why is it difficult for Americans to transact with banks in Switzerland as well as other countries?

Turk: That is a complex question with many facets. Basically, the US government has placed onerous restrictions on banks that open accounts for US citizens. These restrictions are so burdensome that it is usually a sound business decision for non-US banks to stop transacting with US citizens and thereby avoid all the expense and related regulatory hassle the US government is imposing on them. The Swiss banks in particular have taken this approach because the business they receive from US customers is such a small part of their overall operation it doesn't make sense for them to incur the added regulatory expense.

This burden imposed on banks by the US government is in effect a type of capital control. It prevents people, albeit indirectly, from doing what they want with their money, which is a basic property right.

It has been my view that ever-greater capital controls will be imposed on US citizens as the federal government's financial condition deteriorates. In other words, the window of opportunity to invest some of your wealth outside of the United States to obtain global diversification and perhaps higher returns is rapidly closing.

AIS: What can a person do if their Swiss bank is asking them to close their account?

Turk: Unfortunately, their options are limited. First, because every bank reserves the right in its customer agreement to close any account, they will need to comply.

Because of the capital control issue, it probably isn't in the person's best interest to repatriate their wealth back to the US. If they do, they lose the diversification benefit of having some assets overseas.

When it comes to a precious metal account being closed, they may also get obstacles placed in their way. I have seen people get some unpleasant surprises from their Swiss bank when they asked to redeem physical gold from them when closing their account. There have been instances where the Swiss banks have refused to give them metal and instead, only agreed to give their customer the equivalent value in some national currency. This has happened even though the customer had been paying storage fees, in some cases I have seen going back more than fifteen years.

GoldMoney has been able to help our customers in some cases, simply by transferring physical metal from the vault of the Swiss bank to the Via Mat vault that GoldMoney uses. But in other cases, the Swiss bank customers have had to sell their metal back to the bank, which then wired the proceeds to GoldMoney on behalf of the customer.

AIS: What is the process involved to transfer physical metal?

Turk: Moving precious metal from one location to another can be time consuming and costly but it can be done.

It is easiest to move metal when a bar meets London good delivery standards and is being stored within the chain of integrity of the London Bullion Market Association. The participants within this chain stand by the metal content of every bar within the chain. A gold bar not meeting the chain's good delivery criteria is always melted down and refined in order to confirm the metal content, and that of course adds more cost. So if one only owns a small amount of gold, it might in the end be easier and more cost effective to sell what is owned own and buy it in a new location. Investors should ensure that a cost-effective means exists for selling their gold before entering into any storage agreement.

AIS: What are the things to look for in a good offshore solution?

Turk: The foremost objective is to make sure that your money is safe. The safeguarding of our customers' assets is our foremost objective in GoldMoney.

So when you are considering offshore storage, look at each company's governance procedures. Do they regularly audit the vault and accounting records to confirm the weight of metal in the vault equals the quantity owned by customers? Are those audit reports made available to customers? Is the gold insured? Also look at other reputational matters, like the length of time the company has been operating, the experience of its management team and its industry standing.

AIS: This has been very helpful, James. I am sure our readers will find this information to be very useful.

Turk: Thank you for the opportunity to speak with you about storing physical metal.

THE HIGH-YIELD DOW INVESTMENT STRATEGY

Recommended HYD Portfolio

As of June 15, 2011

	Rank	Yield	Price	Status	—-Percent of Portfolio-— Value	No. Shares[1]
AT&T	1	5.67	30.35	Holding**	24.76	23.81
Verizon	2	5.55	35.12	Holding**	24.51	20.37
Merck	3	4.32	35.17	Buying	18.46	15.32
Pfizer	4	3.96	20.19	Buying	23.25	33.60
Kraft	7	3.41	34.02	Selling	1.20	1.03
DuPont	8	3.31	49.54	Selling	7.40	4.36
Frontier Communications	N/A	N/A	7.82	Selling	0.41	1.52
Cash (6-mo. T-Bill)	--	--	--		.02	--
Totals	--	--	--		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.

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, 2011*.

	1 mo.	1 yr.	5 yrs.	10 yrs.	20 yrs.	Since 1/79	Std. Dev.
HYD Strategy	0.32	39.70	6.47	5.15	13.01	16.02	18.06
Russell 1000 Value Index	-1.06	24.23	1.70	3.96	9.60	12.28	14.94
Dow	-1.53	27.30	5.19	3.92	9.91	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.

RECENT MARKET STATISTICS

Precious Metals & Commodity Prices ($)

	6/15/11	Mo. Earlier	Yr. Earlier
Gold, London p.m. fixing	**1,529.75**	1,505.75	1,053.50
Silver, London Spot Price	**35.26**	36.20	17.54
Copper, COMEX Spot Price	**4.12**	3.98	2.85
Crude Oil, W. Texas Int. Spot	**94.80**	99.64	77.57
Dow Jones Spot Index	**471.82**	467.49	341.35
Dow Jones-UBS Futures Index	**161.32**	159.84	133.32
Reuters-Jefferies CRB Index	**338.96**	338.53	273.72

Interest Rates (%)

U.S. Treasury bills - 91 day	**0.05**	0.03	0.09
182 day	**0.11**	0.07	0.16
52 week	**0.18**	0.17	0.29
U.S. Treasury bonds - 10 year	**2.98**	3.20	3.32
Corporates:			
High Quality - 10+ year	**4.96**	4.98	4.99
Medium Quality - 10+ year	**5.72**	5.83	6.37
Federal Reserve Discount Rate	**0.75**	0.75	0.75
New York Prime Rate	**3.25**	3.25	3.25
Euro Rates 3 month	**1.45**	1.42	0.73
Government bonds - 10 year	**3.06**	3.09	2.67
Swiss Rates - 3 month	**0.18**	0.18	0.09
Government bonds - 10 year	**1.66**	1.85	1.53

Exchange Rates ($)

British Pound	**1.621800**	1.617900	1.482700
Canadian Dollar	**1.022700**	1.030078	0.972101
Euro	**1.422100**	1.414100	1.232700
Japanese Yen	**0.012390**	0.012382	0.010959
South African Rand	**0.146587**	0.142448	0.132027
Swiss Franc	**1.175364**	1.122712	0.884173

Securities Markets

	6/15/11	Mo. Earlier	Yr. Earlier
S & P 500 Stock Composite	**1,265.42**	1,337.77	1,115.23
Dow Jones Industrial Average	**11,897.27**	12,595.75	10,404.77
Dow Jones Bond Average	**277.81**	275.88	253.27
Nasdaq Composite	**2,631.46**	2,828.47	2,305.88
Financial Times Gold Mines Index	**3,509.32**	3,543.15	3,325.58
FT EMEA (African) Gold Mines	**3,182.87**	3,259.59	3,090.13
FT Asia Pacific Gold Mines	**17,706.57**	18,115.70	13,544.82
FT Americas Gold Mines	**2,938.36**	2,946.89	2,869.50

Coin Prices ($)

	6/15/11	Mo. Earlier	Yr. Earlier	Prem (%)
American Eagle (1.00)	**1,562.47**	1,550.57	1,285.63	2.14
Austrian 100-Corona (0.9803)	**1,470.72**	1,459.22	1,208.03	-1.93
British Sovereign (0.2354)	**369.20**	366.40	305.10	2.53
Canadian Maple Leaf (1.00)	**1,544.30**	1,532.40	1,281.60	0.95
Mexican 50-Peso (1.2057)	**1,812.30**	1,798.10	1,488.70	-1.74
Mexican Ounce (1.00)	**1,523.60**	1,511.80	1,255.10	-0.40
S. African Krugerrand (1.00)	**1,542.57**	1,530.68	1,275.38	0.84
U.S. Double Eagle-$20 (0.9675)				
St. Gaudens (MS-60)	**1,580.00**	1,605.00	1,460.00	6.75
Liberty (Type I-AU50)	**1,705.00**	1,705.00	1,600.00	15.20
Liberty (Type II-AU50)	**1,655.00**	1,672.50	1,487.50	11.82
Liberty (Type III-AU50)	**1,560.00**	1,557.50	1,410.00	5.40
U.S. Silver Coins ($1,000 face value, circulated)				
90% Silver Circ. (715 oz.)	**24,300.00**	25,750.00	13,087.50	-3.61
40% Silver Circ. (292 oz.)	**9,950.00**	10,450.00	5,362.50	-3.36
Silver Dollars Circ.	**28,000.00**	32,175.00	15,950.00	2.65

Note: Premium reflects percentage difference between coin price and value of metal in a coin, with gold at $1529.75 per ounce and silver at $35.26 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 ($) 6/15/11	5/13/11	6/15/10	12-Month ($) High	Low	Latest Dividend Record Amount ($)	Date	Paid	Indicated Annual Dividend ($)	Yield† (%)
AT&T	T	30.35	31.41	25.54	31.94	23.88	0.430	4/08/11	5/2/11	1.720	5.67
Verizon	VZ	35.12	37.26	29.11	38.95	25.99	0.488	7/08/11	8/1/11	1.950	5.55
Merck	MRK	35.17	37.08	36.02	37.68	31.06	0.380	6/15/11	7/8/11	1.520	4.32
Pfizer	PFE	20.19	20.92	15.52	21.45 *H*	14.00	0.200	5/13/11	6/7/11	0.800	3.96
Intel Corp	INTC	21.42	23.41	21.48	23.96 *H*	17.60	0.210	TBA**	TBA**	0.840	3.92
Johnson & Johnson	JNJ	66.16	66.62	59.14	67.37	56.86	0.570	5/31/11	6/14/11	2.280	3.45
Kraft	KFT	34.02	34.89	29.71	35.44 *H*	27.59	0.290	6/30/11	7/14/11	1.160	3.41
Dupont	DD	49.54	52.91	37.86	57.00	33.73	0.410	5/13/11	6/10/11	1.640	3.31
Procter and Gamble	PG	63.76	66.86	61.91	67.72 *H*	58.92	0.525	4/29/11	5/16/11	2.100	3.29
General Electric	GE	18.39	19.89	15.79	21.65	13.75	0.150	6/20/11	7/25/11	0.600	3.26
Chevron	CVX	98.41	102.39	75.23	109.94	66.83	0.780	5/19/11	6/10/11	3.120	3.17
McDonald's	MCD	81.24	80.74	70.40	83.08 *H*	65.31	0.610	6/01/11	6/15/11	2.440	3.00
Home Depot, Inc.	HD	33.88	37.01	32.26	39.38	26.62	0.250	6/16/11	6/30/11	1.000	2.95
Coca-Cola	KO	64.97	68.18	52.18	68.77	49.47	0.470	6/15/11	7/1/11	1.880	2.89
Travellers	TRV	57.54	62.33	51.23	64.17	48.17	0.410	6/10/11	6/30/11	1.640	2.85
Wal-Mart Stores	WMT	52.32	55.72	51.64	57.90	47.77	0.365	3/11/11	4/4/11	1.460	2.79
Microsoft Corp.	MSFT	23.74	25.03	26.58	29.46	22.73	0.160	8/18/11	9/8/11	0.640	2.70
J P Morgan	JPM	40.68	43.15	38.25	48.36	35.16	0.250	7/06/11	7/31/11	1.000	2.46
3M Company	MMM	91.03	96.01	79.77	97.95	76.85	0.550	5/20/11	6/12/11	2.200	2.42
Exxon Mobil	XOM	78.66	80.87	62.51	88.23	55.94	0.470	5/13/11	6/10/11	1.880	2.39
United Tech.	UTX	83.27	88.98	68.60	90.67	63.62	0.480	8/19/11	9/10/11	1.920	2.31
Boeing	BA	73.85	79.03	67.48	80.65	59.48	0.420	5/13/11	6/3/11	1.680	2.27
Caterpillar	CAT	95.65	106.33	63.46	116.55	58.06	0.460	7/20/11	8/20/11	1.840	1.92
IBM	IBM	162.33	169.92	129.79	173.54	120.61	0.750	5/10/11	6/10/11	3.000	1.85
Cisco	CSCO	14.84	16.88	23.33	26.00	14.78 *L*	0.060	7/07/11	7/27/11	0.240	1.62
American Express	AXP	47.28	49.49	41.59	51.97 *H*	37.33	0.180	7/01/11	8/10/11	0.720	1.52
Hewlett-Packard	HPQ	34.26	40.41	47.98	49.39	33.95 *L*	0.120	6/15/11	7/6/11	0.480	1.40
Walt Disney	DIS	38.39	41.52	34.99	44.34	30.72	0.400	12/13/10	1/18/11	0.400	1.04
Alcoa	AA	14.96	17.10	11.59	18.47	9.81	0.030	5/16/11	5/25/11	0.120	0.80
Bank of America	BAC	10.50	11.93	15.80	16.10	10.41 *L*	0.010	6/03/11	6/24/11	0.040	0.38

* See the Recommended HYD Portfolio table on page 38 for current recommendations. † Based on indicated dividends and market price as of 6/15/11.
** 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 6/16/10.
The board of directors of Intel Corp. has approved on 5/11/11 quarterly dividend to increase to 21 cents/share beginning with the dividend that will be declared in the third quarter of 2011.

RECOMMENDED INVESTMENT VEHICLES

	Security Symbol	Avg. Market Cap. / Avg. Maturity	Descriptive Quarterly Statistics, as of 3/31/11: No. of Holdings	Ratios: Expense[7] (%)	Ratios: Sharpe	Turnover (%)	P/B	12 Mo. Yield (%)	Annualized Returns[8] (%), as of 5/31/11: Total 1 yr.	Total 3 yr.	Total 5 yr.	After Tax* 1 yr.	After Tax* 3 yr.	After Tax* 5 yr.
Short/Intermediate Fixed Income														
Vanguard Short-Term Bond Index	BSV[1]/VBISX	2.7 Yrs.	1286	0.22	1.26	60	--	2.09	3.37	4.52	5.22	2.55	3.52	3.97
iShares Barclays 1-3 Yr. Credit Bond	CSJ[1]	1.92 Yrs.	709	0.20	0.82	23	--	2.36	3.87	4.59	--	3.07	3.40	--
iShares Barclays 1-3 Year Treasury	SHY[1]	1.85 Yrs.	35	0.15	1.03	62	--	0.99	1.68	2.75	4.08	1.34	2.03	3.07
Vanguard Limited-Term Tax-Exempt	VMLTX	2.7 Yrs.	1431	0.20	1.20	14	--	2.34	4.74	4.80	5.06	3.53	3.39	3.52
SPDR Short-Term Municipal Bond	SHM[1]	3.04 Yrs.	332	0.20	0.91	14	--	1.55	2.26	3.74	--	1.67	3.47	--
Inflation-Protected Fixed Income														
iShares Barclays TIPS Bond	TIP[1]	8.92 Yrs.	32	0.20	0.42	15	--	2.68	8.26	5.38	6.63	7.05	3.99	5.07
Vanguard Inflation-Protected Securities	VIPSX	8.7 Yrs.	31	0.22	0.38	29	--	2.52	7.93	5.03	6.45	6.97	4.01	5.10
Real Estate														
Vanguard REIT Index	VNQ[1]/VGSIX[2]	5.58 B	106	0.12	0.27	12	2.1	3.30	31.32	3.30	4.61	29.73	1.89	3.30
SPDR Dow Jones REIT	RWR[1]	6.9 B	84	0.25	0.24	10	2.2	2.91	31.92	1.97	3.48	30.43	0.47	2.16
U.S. Large Cap Value														
Vanguard Value Index	VTV[1]/VIVAX	43.62 B	418	0.12	0.14	27	1.6	2.30	24.63	0.25	1.95	24.18	-0.18	1.54
iShares Russell 1000 Value Index	IWD[1]	35.04 B	667	0.20	0.11	24	1.6	1.93	23.99	-0.49	1.59	23.47	-0.91	1.20
U.S. Small Cap Value														
iShares Russell Microcap Index	IWC[1]	0.33 B	1340	0.60	0.32	35	1.7	0.77	24.83	3.43	0.25	24.63	3.25	0.11
Vanguard Small-Cap Value Index	VBR[1]/VISVX	1.38 B	992	0.12	0.41	25	1.4	1.79	24.25	5.21	4.19	23.80	4.74	3.74
U.S. Large Cap Growth														
iShares Russell 1000 Growth Index	IWF[1]	40.49 B	627	0.20	0.32	19	3.7	1.25	29.16	2.77	5.38	28.81	2.52	5.16
Vanguard Growth Index	VUG[1]/VIGRX	35.82 B	433	0.12	0.31	26	3.4	1.13	28.62	2.26	5.40	28.40	2.09	5.25
U.S. Marketwide														
Vanguard Total Stock Market Index	VTI[1]/VTSMX	26.22 B	3393	0.06	0.26	5	2.2	1.74	27.21	1.91	3.95	26.86	1.60	3.66
Fidelity Spartan Total Market Index	FSTMX[3]	27.66 B	3101	0.10	0.25	7	2.3	1.55	27.24	1.85	3.94	na	na	na
Foreign- Developed Markets														
iShares MSCI Growth Index	EFG[1]	29.36 B	581	0.40	0.01	28	2.2	1.75	32.69	-3.69	2.70	32.52	-3.83	2.58
iShares MSCI Value Index	EFV[1]	36.07 B	529	0.40	0.01	30	1.2	3.11	27.30	-4.68	0.42	26.98	-4.91	0.12
Vanguard Europe Pacific Index	VEA[1]/VTMGX[4]	31.21 B	945	0.12	0.02	6	1.5	2.42	31.57	-3.81	1.99	29.99	-4.35	1.75
Vanguard Developed Markets Index	VDMIX[5]	31.1 B	982	0.22	0.01	13	1.5	2.71	31.53	-3.97	1.83	30.90	-4.51	1.27
SPDR S&P International Small Cap	GWX[1]	1.15 B	690	0.60	0.19	17	1.3	2.31	34.73	0.82	--	33.98	0.49	--
Foreign- Emerging Markets														
Vanguard Emerging Market Index	VWO[1]/VEIEX[6]	20.26 B	876	0.22	0.27	12	2.3	1.67	30.56	0.82	11.29	29.27	0.20	10.76
Gold-Related Funds														
iShares COMEX Gold Trust	IAU[1]	--	1	0.25	0.79	0.00	--	0.00	26.39	19.66	18.61	26.39	19.66	18.61
SPDR Gold Shares	GLD[1]	--	1	0.40	0.79	0.00	--	0.00	26.74	19.68	18.20	26.74	19.68	18.20

Recommended Gold-Mining Companies ($)

	Ticker Symbol	6/15/11	Month Earlier	Year Earlier	--- 52-Week --- High	Low	Distributions Last 12 Months	Frequency	Yield (%)
Anglogold Ltd., ADR	AU	**42.79**	43.61	43.58	52.86	38.55	0.2020	Semiannual	0.4721
Barrick Gold Corp. †	ABX	**43.93**	45.01	42.94	55.74	39.67	0.4080	Semiannual	0.9288
Gold Fields Ltd.	GFI	**14.53**	15.34	13.74	18.70	12.32	0.1949	Semiannual	1.3414
Goldcorp, Inc. †	GG	**47.77**	47.76	43.27	56.20	38.07	0.2686	Monthly	0.5623
Newmont Mining	NEM	**52.31**	52.78	56.33	65.50	50.05	0.6500	Quarterly	1.2426

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 *Pre-liquidation. 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.