

INVESTMENT GUIDE

Published Monthly by

American Investment Services, Inc.

Vol. XXVIII Index for the Year 2006

Great Barrington, Massachusetts 01230

LEAD ARTICLES

- The AIS Approach: Real Results, 17
- Federal Reserve(ations), 65
- Got Gold?, 33
- Keeping the Faith, 41
- Lessons from Thailand, 89
- Mea Cupla Altria, 57
- New AIS Recommendations, 49
- New Year's Resolutions, 1
- A Passive Revolution, 73
- Pension Woes, 9.
- Politics and Investing, 81
- Stuck in the Middle, 25

SUPPLEMENTARY ARTICLES

- The ABCs of Mutual Fund Share Classes: Know What You Are Buying, 37
- AIS Confusion, 11
- Amaranth and Hedge Funds' Hidden Fees, 74
- Are We Having Fun Yet?, 93
- The Decline of the Defined Benefit Plan, 10
- Equity Performance, 1, 9, 17, 25, 33, 41, 49, 57, 65, 73, 81, 89
- Estate Planning for Concentrated Stock Positions, 90
- Fundamental Indexing: New and Improved or New Packaging?, 82.
- Government Sponsored Entities: Fannie Mae and Freddie Mac, 52
- The High-Yield Dow Investment Strategy, 6, 14, 22, 30, 38, 46, 54, 61, 70, 78, 86, 94
- How Safe is Your Bank Account?, 91
- HYD and Multi-Factor Investing, 60
- Index Mania, 81
- Indexes, Index Funds, and Asset Allocation, 58
- Investment Fallacies, 12
- Investor Protection: Is Disclosure Adequate?, 68
- Merck: Case Study of an HYD Stock, 66
- New Recommendation: Goldcorp, Inc, 67
- Passive Investing: the Role of the Advisor, 4
- The Pension Protection Act of , 61
- Placer Dome Update, 5
- Pooled Income Funds and CRUTs, 19
- Quarterly Review of Investment Policy, 1, 28, 50, 75.
- Social Security: the Debate Goes On, 20
- Structured Asset Management: Walking the Walk, Part 1, 18
- Structured Asset Management : Walking the Walk, Part 2, 26
- The Tax Increase Prevention Reconciliation Act of 2005 (TIPRA), 35
- Tax Matters: 'Tis the Season to be Careful, 85
- Tax Swapping Time, 77
- What to do About the News, 70
- When to Begin Receiving Social Security Payments, 34
- Why Do Investors Choose High-fee Mutual Funds Despite the Lower Returns?, 44

INVESTMENT SUBJECTS

- Altria, 57, 70, 78
- Amaranth Advisors, LLC, 74
- American Investment Services, Inc.—Forecasting Record, 11, 17, 18, 26
- American Investment Services, Inc.—Recommendations, 49
- Asset Performance, 58
- Bank Account Safety, 91
- Banking, 91
- Barrick Gold Corporation, 5
- Bonds, 1, 28, 50, 75
- Bonds—Exchange-Traded, 25
- Capital Gains Taxes, 12, 35
- Charitable Gifts, 18, 61
- Charitable Remainder Plans, 19
- Charitable Uses, Trusts, and Foundations—Taxation, 18
- Dollar Cost Averaging, 12
- Dow Jones Industrial Average, 6, 14, 22, 30, 38, 46, 54, 61, 70, 78, 86, 94
- Elections, 81
- Electronic banking, 91
- Equities—Income, 1, 28, 50, 75
- Equity Performance, 1, 9, 17, 25, 33, 41, 49, 57, 65, 73, 81, 89
- Estate Planning, 90
- Exchange Traded Funds (ETFs), 25
- Fannie Mae (Federal National Mortgage Association), 52
- Federal Home Loan Mortgage Corporation (Freddie Mac), 52
- Federal Open Market Committee (FOMC), 65
- Finance, Personal, 18, 26
- Gold Stocks, 67
- Gold, Purchasing Power of, 33
- Gold-Related Investments, 1, 28, 50, 75
- Goldcorp, Inc., 67
- Government Sponsored Entities (GSE), 52
- Hedge funds, 74
- High-Yield Dow Stock Selection Strategy, 6, 14, 22, 30, 38, 46, 54, 57, 61, 70, 78, 86, 94
- High-Yield Dow Stock Selection Strategy—Methodology, 60, 66
- Index Funds, 58, 93
- Indexing, 81
- Indexing—Fundamental, 82
- Investing, 1, 58
- Investing—Passive, 73
- Investment Counseling Profession, 4, 68
- Investment Risk, 1, 4, 12, 57, 58, 60, 89, 93

INVESTMENT SUBJECTS (Continued)

Investments, 18, 26, 49, 52	Mutual Funds—REITs, 1, 28, 50, 75	Roth 401(k), 35
Investments, Foreign, 89	Pension plans, 9, 10	Securities and Exchange Commission (SEC)—Investor Protection, 68
Life Insurance, 90	Pension Protection Act of 2006 (PPA), 61	Social Security, 20, 34
Litigation, 57	Pensions, 61	Stock Market Volatility, 12
Markets—Emerging, 89	Philip Morris, 57	Stock Market—Indexes, 58
Media Bias, 70	Placer Dome, Inc., 5	Stocks, 1, 28, 50, 75, 90
Merck, 66	Portfolio, 49	Tax Increase Prevention Reconciliation Act of 2005 (TIPRA), 35
Mines and mining shares--North American—Barrick Gold Corporation, 5	Real Estate Investment Trusts [REIT], 1, 28, 50, 75	Tax Planning, 77, 85
Mines and mining shares--North American—Placer Dome, Inc, 5	Retirement Income, 34	Tax Reform, 35
Morningstar, 93	Retirement Plans, 9	Tax—Alternative Minimum Tax (ATM), 35
Mutual Funds, 37, 52	Retirement Plans--Defined-Contribution Plans, 10, 61	Tax--Capital Gains, 35
Mutual Funds—Expenses, 37, 44	Risk Management, 33	Tax—Estate, 90
Mutual funds—Money market, 1, 28, 50, 75	Risk Tolerance, 4, 28	Thailand, 89

CHARTS

Capital Gains Reported by Taxpayers, 85	Hypothetical Growth of \$1, 33
Capital Gains Taxes, 36	Performance of the S&P 500 Index, Growth of \$1,000, 41.
Equity Performance, 1, 9, 17, 25, 33, 41, 49, 57, 65, 73, 81, 89	Total-Return Spreads, 53
Financial Advice:	Issuance in US Bond Markets (\$ Billions), 53
Are You Aware that Stockbrokers and Investment Advisors Offer Fee Based Financial Advice but Provide Different Levels of Investor Protection?, 69	Maximum Effective Rates on Long-Term Capital Gains, 1913-2006, 85
Stockbrokers are not Required to Disclose all Conflicts of Interest Prior to Providing Financial Advice, 69	Merck, Mid-Month Price Per Share, 66
Which of the Following Financial Professionals Have a Fiduciary Responsibility to Act in the Investor's Best Interest in all Aspects of the Financial Relationship?, 69	Merck's Representation in the HYD Model, 66.
FOMC: Targeted Federal Funds Rate, 65	Number of Private Sector DB Plans, 10
Gold: An Example of Asset Class Rebalancing, 19	Pension Funding, 11
Investments:	Percent Change in Price Inflation, CPI-U, 76
Growth of \$100: RLI 1 vs. Selected Indices, 17	Risk Exposure Profiles, 60
	S&P 500 Index, 81
	U.S. Life Expectancy at Birth, 10
	Yield Curve: U.S. Government Obligations, 2, 28, 51, 76
	Yield Spread on U.S. Treasuries, 3

TABLES

\$100,000 Invested at an Assumed 8% Annual Return Before Fees and Sales Charges, 37	Hypothetical Portfolios, 34.
Alternative High-Yield Dow Investment Strategies, 6, 14, 22, 30, 38, 46, 55	Model Portfolio Statistics: Risk, Return and Growth, 50, 75
AIS Model Portfolios(1), 50, 75	Mutual Fund Expense Ratios AIS Recommended Funds vs. Category Averages, 45
Compound Average Annual Returns and Annual Standard Deviations for Equally Weighted and Market Cap Weighted Indexes, 83	Portfolio Allocation Percentages, Recommended, 2, 28
Dow Jones Industrials Ranked by Yield, 7, 15, 23, 31, 39, 47, 55, 63, 71, 79, 87, 95	Recent Market Statistics, 8, 16, 24, 32, 40, 48, 56, 64, 72, 80, 88, 96
Expected Premiums, 60	Redefining "Normal", 21, 34
Future Price Inflation: The Market's Best Guess, 76	Return Characteristics of Alternative Indexing Metrics, 1962-2004, 83
Gold Stocks, Recommended, 67	Return per Unit of Risk —Sharpe Ratios Through March 31, 2006, 27
Goldcorp, Inc. Operating Properties, by region, 68	RLI Benchmarks: Composite Index Construction, 27
Morningstar vs. Benchmark, Summary, 93	Stock Price Indexes, Selected Common, 58
Portfolios:	Smart Tax Swapping Strategies, 78
The Evolution of an Allocation Plan, AIER Pooled Income Funds, 18	Thailand vs. Emerging Markets, December 2006, 89
HYD Portfolio, Recommended, 62, 70, 78, 86, 94	Total Returns, 3, 29, 51, 77
	Total Time Weighted Returns Through March 31, 2006, 26
	Weighted and Market Cap Weighted Indexes, 84