Since 1978, U.S. Tangible Investment Corporation has been a leader in the coin industry in its commitment to disseminate information pertaining to rare coin programs. It believes that a knowledgeable and informed buyer will make competent purchase decisions. Purchases of rare coins, as in all collectible tangible assets, may place a buyers capital at risk. USTIC is unable to determine the suitability of a rare coin portfolio for each person. The suitability determination is the responsibility of the buver. Careful consideration should be given to the IMPORTANT FACTS appearing on the Order Selection Form prior to purchasing.

Values for the study are from independent industry sources, specifically, three PCGS indexes: PCGS 3000 Index, which includes a representative sample of all types of U.S. coinage including, Cooper, Nickel, Silver and



Gold. Mint State Type Coin Index, which includes Copper, Nickel and Silver coinage. Mint State Rare Gold Index, which includes Gold coinage. The weighting of the coin portfolios includes Copper, Nickel, Silver and Gold type coins, Silver and Gold commemoratives, and Morgan Silver dollars.

It should be noted that grading standards have become more stringent over the years (particularly during the 1981 to 1986 period) and coins correctly assigned the grade at one time may, upon regrading, be assigned

a lesser grade. As a consequence, while this data accurately reflects the value of coins graded according to the standards of the day, it may overstate the performance of a particular coin or group of coins. All prices are at wholesale. This information represents past performance data and should not be seen as a guarantee of future performance.

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DATA SOURCES FOR ANALYSIS

S&P 500

http://finance.yahoo.com/q/hp?s=%5egspc&a=00&b=1&c=1969&d=01&e=24&f=2006&g=m Source is Yahoo Finance. Historical chart data and daily updates provided by Commodity Systems Inc. (CSI)

3 MONTH T-BILL (DEC.)

Instrument, "U.S. Government securities/Treasury bills (secondary market)"

Maturity, "3-Month"

Frequency, "Annual (Dec.)" Description, "3-month Treasury bill secondary market rate discount basis." Note, "Annualized using a 360-day year or bank interest."

Note, "On a discount basis."

10 YEAR BOND

Instrument, "U.S. Government securities/Treasury constant maturities/Nominal' Maturity, "10-Year"

Frequency, "Annual (Dec.)"

Description, "Market yield on U.S. Treasury securities at 10-year constant maturity, quoted on investment basis."

Note, "Yield on actively traded non-inflation indexed issues adjusted to constant maturities. The 30-year Treasury constant maturity series was discontinued on February 18, 2002, and reintroduced on February 9, 2006 .From February 18, 2002, to February 9, 2006, the U.S. Treasury published a factor for adjusting the daily normal 20 year constant maturity in order to estimate a 30 year nominal rate. The historical adjustment factor can be found at www.treas.gov/offices/domestic-finance/debtmanagement/interest-rate/Itcompositeindex_historical .shtml.source:U.S.Treasury."

CPI

Series Id: CUUR000 http://data.bls.gov/PDQ/servlet/SurveyOutputServlet Not Seasonally Adjusted Area: U.S. city average Item: All items-old base Base Period: 1967=100

PCGS3000 (CU3000) (Dec.) http://www.pcgs.com/prices/frame.chtml?type=coinindex&filename=index

GOLD

London Gold http://goldinfo.net//yearly.html

MSTCI (Dec.)

http://www.pcgs.com/prices/frame.chtml?type=coinindex&filename=mstype

MSRGCI

http://www.pcgs.com/coinindex/msgoldallgraph.chtml

Certification does not guarantee protection against the normal risks associated with potentially volatile markets. The degree of liquidity for certified coins will vary according to general market conditions and the particular coin involved. For some coins, there may be no active market at all at certain points in time.







Research report compiled by: Dr. Stephen P. Stuk, Ph.D.

MANAGING PORTFOLIO RISK

An independent economic analysis of the Investment performance of rare U.S. coins in diversified portfolios for the period January 1970 to December 2005.



Associate Professor in the Practice of Decision, Information and Analysis Goizueta Business School Emory University



Executive Summary Managing Portfolio Risk: The Role of Rare Coins

By Dr. Stephen P. Stuk, Ph.D. Associate Professor in the Practice of Decision, Information and Analysis Goizueta Business School Emory University

UPDATE: The purpose of the study is to compare the performance of different portfolios of stocks, bonds, and bills that include and exclude rare US coins and gold over the past 35 years (from January 1970 to December 2005).

- 1. Considered individually, the rare U.S. coin indexes have the highest annual rates of returns over the past 35 years.
- 2. The returns of the rare coin indexes are more highly correlated with inflation than any other asset class including stocks and gold bullion. Taken together, this evidence suggests the potential for higher gains with the inclusion of rare U.S. coins in a diversified portfolio.
- 3. Analyzing the means-variance efficient frontier, we conclude that including 5-15% of the portfolio in coins improves its performance by *decreasing* risk while *increasing* returns.
- 4. Despite both rare U.S. coins and gold bullion performing well the last two years, rare coins dominate gold bullion as a diversifying asset over time. More specifically, both gold bullion and rare U.S. coins tend to reduce volatility of portfolio returns. However, rare U.S. coins generally reduce volatility more for various weightings while at the same time providing greater returns than gold.
- 5. The diversifying benefits associated with holding rare U.S. coins are a direct function of quality; long-term portfolios of high quality coins outperform those with lower quality coins.

Data sources are listed on the last page of this booklet. (in bold)

"When reviewing this information potential investors and their representatives should consider that grading standards have changed over the past 25 years and as such the results of this study may be affected when considering certain issues. Your attention is directed to the important notice on the reverse of this booklet." - **U.S. Tangible Investment Corporation**

36 Year History/Gold Bullion, Stocks, Treasury Bonds, T-Bills and U.S. Rare VESTING NFORMED

Coins

Year	S&P 500	3 Month T-Bills	10 Yr. US Bonds	MSTCI	PCGS3000	MSRGCI	Gold**	Inflation
1970	0.10	6.67	6.67	*0.00	0.09	00.0*	**0.00	5.75
1971	10.24	6.39	7.35	42.39	*0.00	101.45	**0.00	4.21
1972	14.53	4.33	6.16	48.36	30.20	24.94	**0.00	3.24
1973	-19.07	4.06	6.21	49.41	50.18	74.37	**0.00	6.04
1974	-35.27	7.04	6.85	23.11	16.34	31.28	**0.00	10.41
1975	27.42	7.85	7.56	9.82	*0.00	-7.99	**0.00	8.75
1976	17.52	5.79	7.99	37.72	40.72	13.58	-4.04	5.61
1977	-12.22	4.98	7.61	10.92	38.41	26.88	18.59	6.25
1978	1.06	5.26	7.42	12.93	38.06	36.72	25.60	7.38
1979	11.61	7.18	8.41	122.22	64.89	124.64	79.10	10.67
1980	22.93	10.05	9.43	49.37	6.80	34.85	25.93	12.68
1981	-10.24	11.39	11.43	-32.94	-19.19	-40.24	-39.69	9.87
1982	13.77	14.04	13.92	-18.99	10.36	-0.29	11.11	5.95
1983	15.93	10.60	13.01	20.50	29.60	24.96	-16.24	3.17

3.51	1.91	3.59	4.00	4.69	5.27	4.15	2.97	2.91	2.58	2.78	2.89	2.29	1.55	2.17	3.31	2.79	1.57	2.26	2.63	3.34	4.6%	2.8%
5.66	17.85	21.88	-17.07	-2.26	-3.76	-8.95	-5.88	16.25	-2.19	0.97	-4.76	-25.11	0.57	0.54	-3.91	-2.93	13.34	15.97	12.00	8.20	7.1%	23.6%
19.51	23.99	28.62	30.87	17.51	-38.33	-22.41	-6.38	-11.55	-22.31	11.30	6.29	9.80	1.71	-12.40	-6.76	-2.64	1.12	7.38	7.59	13.95	14.5%	33.0%
21.16	20.60	20.83	19.97	7.69	-51.14	-1.23	-8.37	-15.12	-16.21	2.55	2.49	3.22	9.40	-5.51	-2.54	-0.67	3.43	7.54	6.54	2.56	10.7%	24.1%
14.07	4.28	5.55	36.56	24.08	-42.97	-3.60	-14.24	-15.42	-19.90	6.30	0.34	1.90	8.06	-0.72	-2.18	-0.63	0.11	13.04	7.32	3.94	11.5%	28.7%
12.46	10.62	7.67	8.39	8.85	8.49	8.55	7.86	7.01	5.87	7.09	6.57	6.44	6.35	5.26	5.65	6.03	5.02	4.61	4.01	4.27	7.7%	2.4%
9.54	7.47	5.97	5.78	6.67	8.11	7.50	5.38	3.43	3.00	4.25	5.49	5.01	5.06	4.78	4.64	5.82	3.40	1.61	1.01	1.37	6.1%	2.8%
23.38	13.65	2.01	11.69	24.10	-6.78	23.35	4.37	6.82	-1.55	29.35	18.45	27.01	23.64	17.84	-10.69	-13.98	-26.61	23.41	8.61	2.96	7.2%	16.1%
1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Average Annual Return	Standard Deviation

* 0.00 Indicates no change in the index for that year. ** Zero change due to 1932 Gold Reserve Act that fixed the price of domestic gold at \$35/oz.

INFORMED INVESTING

Correlation to Inflation and Stocks (CPI)

Rare Coins, Stocks and Bonds 1970-2005

Gold0.224
S&P 500
MSTCI
PCGS30000.283
MSRGCI
PCGS3000 = PCGS 3000 Index MSTCL = Mint State Type Coin Index MSRGCL = Mint State Rare Gold Coin Index

To hedge against inflation, look for highest positive correlation index.

Note: +1.00 is a "Perfect" correlation, meaning moves exactly in tandem. - 1.00 is a "Perfect Negative" correlation, meaning moves exactly opposite.

Correlation with Stocks (S&P 500)

Rare Coins and Bonds, 1970 – 2005

10 Yr. US Bonds0.198
MSTCI
PCGS30000.033
MSRGCI
PCGS3000 = PCGS 3000 Index MSTCI = Mint State Type Coin Index MSRGCI = Mint State Rare Gold Coin Index

To provide diversification of a portfolio comprised of stock, look for the lowest correlation index.

Note: Correlation +1.00 indicates no diversification from stock market performance Correlation - 1.00 provides diversification from stock market performance.

INFORMED INVESTING

Investing is About Time

Average Annual % Returns 1970 – 2005

Gold Bullion
Stocks (S&P 500)
10 Yr. US Treasury Bonds
Coins (MSRGCI)

A Long Term View

A 36 Year History 1970-2005 Average Rate of Return

Investment Type	Average Return	Years Up	Years Down	Best One Year Return	Best Year	Worst One Year Return	Worst Year	Standard Deviation
Gold	7.1	23	13	134.0%	1976	-39.7%	1981	29.0%
S&P 500	7.2%	27	9	29.3%	1995	-35.3%	1974	16.1%
3 Month T-bill	6.1%	36	0	14.0%	1982	1.0%	2004	2.8%
10 Yr. Bond	7.7%	36	0	13.9%	1982	4.0%	2004	2.4%
MSTCI	11.5%	26	10	122.2%	1979	-43.0%	1990	28.7%
PCGS3000	10.7%	27	9	94.9%	1979	-51.1%	1990	24.1%
MSRGCI	14.5%	25	11	124.6%	1979	-40.2%	1981	33.0%
Inflation	4.6%	36	0	12.7%	1980	1.5%	1998	2.8%

PCGS3000 = PCGS 3000 Index MSTCI = Mint State Type Coin Index MSRGCI = Mint State Rare Gold Coin Index

7.1%
7.2%
7.7%
14.5%

INFORMED INVESTING

Market Timing

1970 - 2005, Average Rate of Return

	Gold	S&P 500	3 Month T-Bills	10 Yr US Bonds	Coins (MSTCI)	Coins (PCGS3000)	Coins (MSRGCI)	Inflation
Best 3 Year	59.42%	24.94%	12.01%	12.79%	61.51%	57.12%	66.92%	11.07%
Worst 3 Year	-14.94%	-17.09%	2.01%	4.55%	-20.27%	-20.25%	-22.37%	2.00%
All Other Years	9.22%	7.91%	6.36%	8.05%	13.66%	12.61%	16.81%	5.06%
All 36 Years	7.1%	7.2%	6.1%	7.7%	11.5%	10.7%	14.5%	4.6%

Asset Allocations

Asset Classes	А	В	С	D	E	F	G	н	I	J	к
Stocks (S&P 500)	33.3%	50.0%	31.7%	31.7%	30.0%	30.0%	30.0%	47.5%	47.5%	45.0%	45.0%
Treasury Bonds	33.3%	25.0%	31.7%	31.7%	30.0%	30.0%	30.0%	23.8%	23.8%	22.5%	22.5%
Treasury Bills	33.3%	25.0%	31.7%	31.7%	30.0%	30.0%	30.0%	23.8%	23.8%	22.5%	22.5%
Coins (MSTCI)			5.0%		5.0%			5.0%		5.0%	
Coins (PCGS3000)				5.0%		5.0%					
Coins (MRSGCI)					5.0%	5.0%	5.0%		5.0%		5.0%
Gold							5.0%			5.0%	5.0%
Return	7.02	7.08	7.25	7.21	7.62	7.58	7.38	7.31	7.46	7.28	7.43
Standard Deviation	3.31	5.12	3.15	3.11	3.06	3.00	2.87	4.84	4.71	4.47	4.36

The chart above illustrates the effects of gold bullion and various coins on the risk and returns of a stocks and bonds portfolio. Numbers are in percentage terms of the total portfolio. The columns bolded represent the best returns for the lowest risk.

The graph below plots the results of the above chart and the efficient frontier. The red line represents different asset allocations that minimize risk for a given level of return. Portfolios E, and F represent the optimal portfolios in order of risk versus return.

Long Term Performance

Gold Bullion vs. Rare U.S. Coins vs. S&P 500



