U.S. Tangible Investment Corporation

Rare Coin Trends and Market Report

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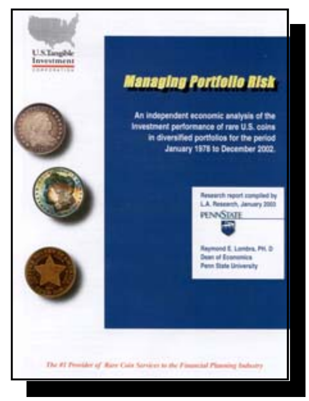
2003 Penn State Investment Performance Study Now Available

The 2003 Investment Performance Study conducted at Penn State University by Dr. Raymond Lombra, is now available upon request. The study, which originated in 1994 and was presented to Congress on behalf of the Coalition for Equitable Taxation has been updated each year since 1999 through sponsorship by U.S. Tangible Investment Corporation.

This years report reflects the movement of the stock market, treasury bonds, T-Bills, gold bullion and rare U.S. coin for the past 25 years. An added feature for this years report is the performance breakdown for the previous 5 years and 10 years for the main market sectors. The contra-cyclical relationship of U.S. rare coins to the stock market is readily shown in the 5 and 10 year chart while the 25 year chart illustrates the long term performance of coins.

The study is a valuable tool to those seeking an independent, academic resource to provide proof as to the validity of asset class diversification and the positive role that U.S. rare coins as a part of such strategy.

If you would like a copy of the report, please contact us at 800-742-6000 ext.333 or email us at coins@ustic.com. Just ask for the 2003 Penn State Study.



Did you know:

253 public companies now have more debt than assets. They have a value of MINUS $10.2 BILLION. And yet: these companies have a combined capitalization of $13 billion. That means U.S. investors are sitting on $13 Billion of stock in companies that have a net worth of less than zero!

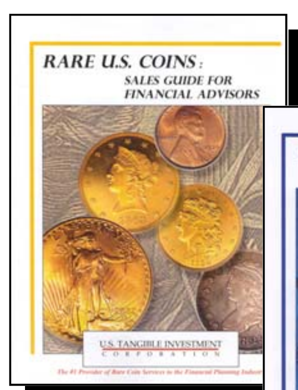
Out of 354 S&P 500 companies reporting pension data, 234 or 66% owed money to their company's retirement fund.

SOURCE:Safe Money Report

Updated 2003 Brochures for US and Canada Available for Representatives

All brochures for the US and Canadian markets have been updated for 2003. All representatives should insure that materials used for presentations and provided to clients are current. The order and selection form and the small brochure "The Trusted Choice of Investors Since 1978" have not been modified and can be used. All other brochures have been modified and updated for 2003. The photos at right illustrate the covers for the 2003 US brochures for the financial advisor and for the client. For supplies, please contact us at 800-742-6000 ext 333.

The brochures for the Canadian market have also been changed. For further information on these materials, please call Mr. Burnett Marus at 800-872-6467 ext 308.



2003 Financial Advisor Brochure

2003 Client Brochure

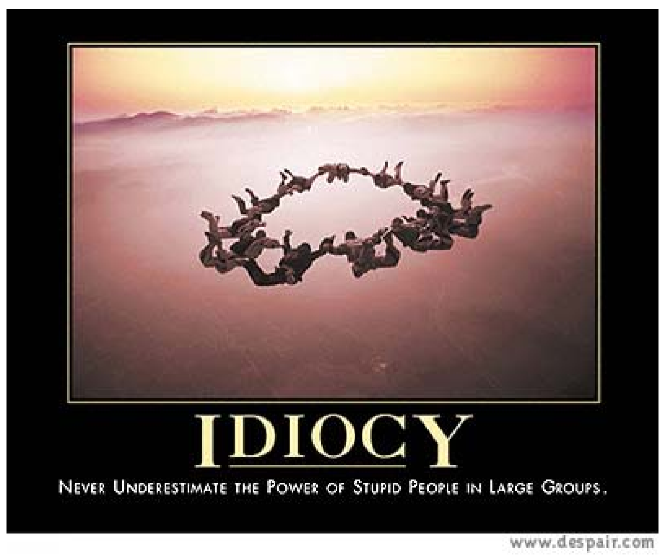
Misleading Rarities— Market responds with new collectibles

Rarity is something all collectors understand and value to some degree. For coin collectors, whether based upon original mintage, surviving mintage, state of preservation (grade) special provenance or some other factor, the rarity of a particular piece influences both its market price and the satisfaction of owning it.

But in recent years as the "collectibles business" has grown from one servicing a hobby to big business alongside others in the entertainment and leisure field, collectibles dealers have encountered a dilemma—what to do when not enough truly rare traditional collectibles are available for sale.

The response of many new dealers, and some older ones as well, has been to create new collectibles and thrust them at the public. While Beanie Babies are often cited as an example of "instant" collectibles of no lasting value, I don't criticize them. It's true that at some point a series of nice, relatively inexpensive children's toys became so prized that everyone from young children to professional dealers were buying and selling them for a profit on eBay and elsewhere (I still remember my then 10-year old son asking me if it was okay to sell his $4.95 "Bumble the Bee" on eBay for $325). And it's also true that there are probably people out there who bought at the top and will never recoup their investments.

"...Every collectible has an intrinsic value. When dealers ask the public to pay many multiples of that value, they must offer a reason.."



But Tee, Inc. which makes Beanie Babies, never told anyone to invest in Beanie Babies or to sell them for a living on the secondary market, and in fact prohibited retailers from charging premiums for eve the "soon-to-be-retired" beanies that were once in such great demand.

I'm more appalled by the stories I've read concerning Thomas Kinkade, the self-styled "Painter of Light" and "Most Collected Living Artist". Without expressing any opinion whatsoever about Kinkade's merits as an artist, I note that many current and former Kinkade dealers have accused his company, media Arts, Inc., of fraud and deceptive business practices.

Because Kinkade's art is, for better or worse, a modern-day type of collectible, and because learn the basics of marketing Kinkade art to the public. According to the lawsuits, at least, what the "university" didn't teach them was that Media Arts would exploit every opportunity to saturate the marketplace with Kinkade related merchandise. Gallery owners were asked to sell mass-reproduced copies of Kinkade originals on canvas upon which Kinkade himself (or more likely a paid by the hour "highlighter") would place some dabs of paint.

They saw Kinkade paintings and other works sold on QVC shopping network at relatively low prices in competition with their own galleries, not to mention the candle holderd, music boxes, lighthouses, Christmas decorations, plates and dolls that are Internet mainstays.

The result, the gallery owners say is that paintings for which they were supposed to charge $700 to $400,000 a piece were no longer "exclusive" or "rare", and could not be sold at any price that would yield them a profit.

While Media Arts admits that Kinkade's sales have been declining, it blames the continuing impact of the Sept.11 attacks, the recession and dealers' own faulty business practices for this decline. In my opinion, the problem is much more simple. Every collectible has an intrinsic value. When dealers ask the public to pay many multiples of that value, they must offer a reason. In many cases, the pitch is that the items are rare and will be valued even more highly by future generations.

In art, as well as coins or any other collectible, items produced last week (or last year) and that can be produced again in quantity in more or less the same form in the future, aren't likely to ever increase in value over the long term, no matter how popular they are.

Anyone who "invests" in such items, either as a collector buying them or a retailer inventorying them, must come to terms with this.

Armen R. Vartian is an attorney and author of "A Legal Guide to Buying and Selling Art and Collectibles". This article, reprinted in it's entirety, appeared in his column "Collectibles and Law" in the March 3, 2003 issue of *Coin World .*

Rare Coins, Stocks, Gold and War: A History

Burnett Marus, RFC

The attention of the world is drawn daily to the conflict in Iraq. Anti-war protestors are doing the same thing they were doing in the 1960's when the Viet Nam War was in progress. If you watch the news closely (and if you are about the same age as me or older) you will see some of the very same people involved in the protests today that were protesting in the 60's. Talk about déjà vu.

The similarities between that era and today doesn't end with the protestors. The markets also behave with close parallels. Interestingly, technology has also evolved from the Viet Nam era, to Gulf War I (Desert Storm) to Gulf War II (Operation Iraqi Freedom) that has noticeably effected how our economic markets now function during a major conflict involving the United States.

Period: 1968-1982: During Viet Nam, the war was covered on the evening news with traditional war correspondents, however, the news was delivered more quickly with the use of television, a first for wartime journalism. Events were broadcast (after military review) usually within 24 hours after the action. The U.S. public now watched war fought on the other side of the world on TV each night. It was traditional warfare fought by the US against a foe using untraditional tactics. The war was unpopular with the protesters and there was the same quiet sentiment of support with the general public, however, such quiet support was not ratings worthy to the news media. At Kent State, 4 protesters were killed by Ohio National Guardsman in 1970. In 1972, the first major terrorist event was televised with the attack on the Israeli Olympic athletes in Munich.

The economy was still recovering from the collapse of the "Nifty-Fifty" stocks in the late 1960's. Business Week magazine had a headline "The Death of Equities". Nixon resigned over the Watergate scandal in 1974. The U.S. left Saigon in 1975. Gas prices soared in 1979 and "gas lines" were commonplace. During the same period, the Shah of Iran was replaced by a "moderate" cleric , Ayatollah Khomeini, who promptly took 54 U.S. citizens from our embassy as hostages. Russia began it's war in Afghanistan in 1979. The Iran-Iraq War began in 1980. Gold hit $850 per ounce on January 21, 1980. Tangible assets were the "hot" investments from 1978 to 1981. Rare coins increased in price by 700% from 1979 to 1981. All of this reported rapidly in the evening news. The price of gold was reported daily, just as the price of stocks. However, U.S. economics were the main topics. Attention to foreign markets by U.S. investors was nil.

Period: 1983-1989. The mid-1980's was the era of terrorists, hijackings and the Iran-Contra hearings. 237 Marines were killed in and bombing in Beirut in 1983; the US invaded Grenada; Russia shot down a South Korean passenger jet killing all 292 aboard. In 1985, the cruise ship, Achille Lauro was hijacked by terrorists; an Egyptian 737 was hijacked with 59 passengers killed and the US attacked Libyan "terrorist centers". During this period, the media had presented the public with live coverage of hostage negotiations and the aftermath of terrorist attacks . Stocks, after a run–up from 1982, vaporizes almost 70% of it's value in three days of October 1987. Gold stocks and gold bullion rise after October 1987, however, rare coins become a Wall Street darling from 1987 to 1989 with many major firms offering rare coin funds. Coin values increased weekly with huge gains.

Period; 1990-Present. The 1990's began the Internet era. Where television gave us reports daily during the scheduled newscasts, the Internet provided "instant" access to world political and economic events. In 1990, the Iraqi invasion of Kuwait leads to the Gulf War. New technology, like laser guided smart bombs, and F-117 Stealth bombers are exposed to the public. During the Gulf War, the "techno" aspects are graphically demonstrated with computer images of smart bombs placed directly on target and night vision images of a city under siege. This was different warfare...540,000 troops were deployed. The casualties were 148 killed and 467 wounded. In comparison, 27,704 died in the Korean War; 58,152 died in Viet Nam. The Gulf War was watched daily on television...live. The Internet provided instant updates on the conflict's progress. The best intelligence the Iraqi's had at the time was CNN. At the same time, the stock market rose on fell on the news of the conflict. If the US had a successful campaign...the market rose. If there was strong resistance...the market fell. The surgical precision of this conflict which had it's preview in Grenada and Panama, gave the American public a new expectation of warfare. It's quick and casualties are relatively few. The "war premium" on gold bullion was short-lived as was the conflict. During this period, the time span for information about economics (stocks, gold prices) and politics (war) shrank from days and hours to minutes. Information on world wide markets were now as much as news as domestic markets. We knew what the DAX, TSE, CAC-40, and Nikkei DOW were and how they affected our markets overnight. Stocks began their meteoric rise in 1993 based on the speed of the Internet. Fortunes were made weekly, and even daily with new "dotcoms". The Internet changed the financial planning concept of long term investing from several years to a few months. Stock market returns were expected to be high, fast and in most cases, without undue risk. The market was considered fluid and information readily available to move in and out of investments quickly before one would be trapped with losses. At least, during 1995-1998, that was the theory. The negative events in the economy began with the demise of the "dotcom" mania. Rapid information flow could not overcome invalid and flawed economic strategy. Yet, the market recovery has been expected to be quick. The present conflict in Iraq is an excellent example of our "instant expectations". After 19 days in the campaign, questions were raised why the war effort was taking so long. This war is the epitome of "reality TV", not only is it live, not only is it on the Internet, now there are "embedded journalists" with the frontline troops taking millions of viewers in their living rooms to the actual live theatre of fighting. The stock market, just like in Gulf War I rises and falls on the success of the coalition. How it fares during the rebuilding stage of Iraq and the potential for conflict in that region during a large U.S. presence remains to be seen. Gold stocks and bullion had a great run after the "dotcom" and stock market failures. Gold is at $322, down from the $380 year high yet still 30% above the $275 average for the past few years. Rare coins? They are now beginning to start an upward move, much like in the late 1970's. The rare coin data on the back page indicate some of the strongest activity in years. Will history repeat? A lot of smart money is betting that it will. Many economists are looking for inflation to return, which is a very positive indicator for higher prices in tangible assets...especially rare coins.

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March-April 2003 Trend Indicators*

USTIC Generic Gold Index:		%Chg	Trend
MS65: $32,135	⬆	+ 5.58%	⬆
MS64: $12,315	⬆	+16.18%	⬆
MS63: $ 7,560	⬆	+19.53%	⬆

Generic Morgan Dollar Index:

MS65: $75.00 ➡ +0.00% ⬆

CU3000 Index: (4/21/03)

$56,347 ⬆ +1.50% ⬆

Gold Bullion Spot: (4/11/03)

$321.50 per oz. ⬇ - 8.01% ⬆

Silver Bullion Spot:

$4.42 per oz. ⬇ - 5.96% ➡

CCDN (+/-) Count (Total: 10074 listed prices):

Plus: 370 Minus:39 Unch: 9665 ⬆

Most active series:

Morgan Dollars, Mint State Gold, Silver and Gold Commemoratives, Walking Liberty Half Dollars

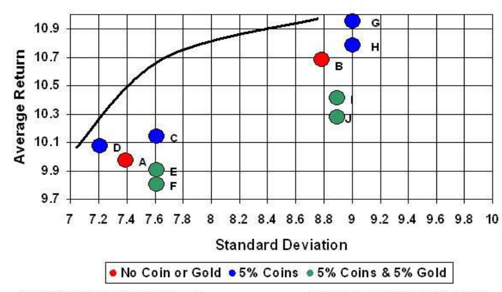
CCDN CMI Values:	12/13/02	to 4/11/03	%Chg
Silver Commem	514.97	516.61	+0.31%
Gold Commem	524.16	558.87	+ 6.62%
Morgan Dollars	879.43	890.27	+1.23%
Peace Dollars	638.04	638.01	0.00%
Mint State Gold	468.22	485.47	+3.68%
Proof Gold	736.62	737.20	+0.07%
Proof Singles	752.23	783.67	+4.18%

**Note: Indicators use values from previous newsletter report as beginning reference for current percentage gain or loss.*

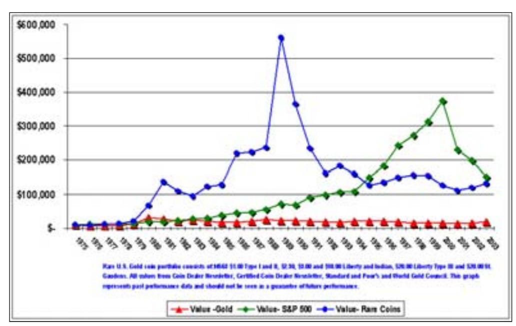
Efficient Frontier Charts: Jan 1977 – Dec 2002

Asset Classes	A	B	C	D	E	F	G	H	I	J
Stocks	33.3	50.0	31.7	31.7	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	23.8	23.8	22.5	22.5
Treasury Bills	33.3	25.0	31.7	31.7	30.0	30.0	23.8	23.8	22.5	22.5
Coins (MS65)	0	0	5	0	5	0	5	0	5	0
Coins (MS63-65)	0	0	0	5	0	5	0	5	0	5
Gold	0	0	0	0	5	5	0	0	5	5
Average % Return	10.2	11.0	10.4	10.3	10.0	10.0	11.2	11.1	10.8	10.7
Standard Deviation	7.1	8.2	7.3	7.4	7.4	7.4	8.6	8.6	8.5	8.5

The colored columns above correspond with the matching colored dots on the chart below.



Rare Gold Coin Market Performance Jan 1977 – Jan 2003



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