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If you would like more information on our funds, feel free to contact our Institutional Services Representatives:

Michael Dunn • (210) 308-1287 • mdunn@usfunds.com

Jennifer Alberding • (210) 308-1277 • jalberding@usfunds.com

Max Porterfield • 210-348-2644 • mporterfield@usfunds.com

Index Summary

- The major market indices were mixed this week. The Dow Jones Industrial Index (1) lost 1.19 percent. The S&P 500 Stock Index (2) declined 0.25 percent, while the Nasdaq Composite (3) finished 0.59 percent higher.
- Barra Growth (4) underperformed Barra Value (5) as Barra Value finished 0.07 percent lower while Barra Growth fell 0.41 percent. The Russell 2000 (6) closed the week with a gain of 0.10 percent.
- For the week, the Hang Seng Composite (7) finished higher by 4.05 percent; Taiwan (8) rose by 3.73 percent, and the Kospi (9) advanced 0.81 percent.
- The 10-year Treasury bond yield closed at 3.53 percent, down 27 basis points for the week.



It's Time To Make Our Voices Heard

By *Frank Holmes*
CEO and Chief Investment Officer

The economic priorities taking shape in Washington right now should be of great concern to all of us, and it's time to let our leaders know that they are putting us on a potentially hazardous course.

The Obama administration and the majority in Congress appear to be going tax-crazy. This would be alarming at any time, and given the fragile state of our economy, the alarm bells are deafening.

The president is talking about taxing health care benefits and taxing company-issued mobile phones. He is also promising to raise energy costs – this is a backdoor tax. The same holds true for the cap-and-trade approach to carbon emissions, which will function as a tax on electricity. All of these levies would be inflationary.

And of course, there's also the president's plan to raise income taxes on "rich" families. We all know the vast majority of these people are not Paris Hiltons or hedge-fund billionaires, but rather everyday families with two paychecks who have worked very hard to achieve their little corner of the American Dream.

Contrast what's happening in Washington to what's happening in Asia, where populist policies are aimed at creating jobs as a means to increase wealth. The populist policies of the U.S. government appear to be encouraging envy among "have-nots" in order to go after the "haves." This cynical strategy will put us at great risk of destroying a capital-creation and entrepreneurial engine that is the envy of the world.

We should be in the job-creation business now. We need to upgrade infrastructure throughout the nation – roads, bridges, busy airports in major cities like New York, Los Angeles and Miami. We have discussed this for several years now, including the strong multiplier effect of infrastructure spending and the "Kuznets cycle" – a 20-year period of infrastructure investment that precedes periods of robust economic growth.

The administration and its supporters on Capitol Hill look to be demonizing sectors of the economy – most notably financials and natural resources – as a way to win the public's support for overreaching legislation that will choke these industries.

A key part of that strategy is to plant the suggestion that all bankers, brokers and anyone else who touches money is corrupt because of the criminal conduct of Bernie Madoff, Sir Allen Stanford and a few others.

We're also seeing natural gas being characterized as an evil carbon dioxide generator. This is false and misleading. We should be embracing natural gas as a clean alternative to coal.

Pounds of Carbon dioxide emitted per million British thermal units of energy for various fuels

Livestock contribute 18 per cent of the greenhouse gases believed to cause global warming, according to the UN Food and Agriculture Organisation. The Danish Tax Commission estimates that a cow will emit four tonnes of methane a year in burps and flatulence, compared with 2.7 tonnes of carbon dioxide for an average car. <http://www.timesonline.co.uk/tol/news/environment/article5877416.ece>

Fuel name	CO ₂ emitted (lbs/106 Btu)
Natural gas	117
Liquefied petroleum gas	139
Propane	139
Aviation gasoline	153
Automobile gasoline	156
Kerosene	159
Fuel oil	161
Tires/tire derived fuel	189
Wood and wood waste	195
Coal (bituminous)	205
Coal (subbituminous)	213
Coal (lignite)	215
Petroleum coke	225
Coal (anthracite)	227

It's important to point out that this is not a partisan issue. Democrats and Republicans worked together to create the conditions that led to the financial collapse. They both supported no-money-down mortgages, they both encouraged the expansion of home ownership regardless of one's ability to make their monthly payments, they both voted for law changes that led to the too-big-to-fail banks and they both looked the other way as the use of leverage spun out of control.

If you are worried about Washington's destructive agenda, as I and many others are, I urge you to take immediate action. Not as an emotional attack on those in power, but rather with an informed focus on policies.

Tell them what you think about runaway debt that is not being invested in infrastructure improvements. This is debt that we fear may be serviced by a war on hydrocarbon-based industries and its workers, and on anyone who earns more than the national average.

We've made it easy for you to do this. Below are links to the White House as well as both houses of Congress, so you can get the email addresses for your U.S. senators and your member of congress. And so you can reach those who have the most clout, we're also providing links to the leadership of the Senate and the House of Representatives.

Don't just sit around and complain while these momentous decisions are being made. Let the politicians know that you see what they are doing and that it is not in the best interests of the nation.

You can follow the links below to contact the Washington official of your choosing.

Contact Your Government

Contact President Obama



**You can also call or
write to the President:**

The White House
1600 Pennsylvania Avenue NW
Washington, DC 20500

*Please include your e-mail address

Phone Numbers

Comments: 202-456-1111

Switchboard: 202-456-1414

FAX: 202-456-2461



Find Your Senator

Find Your Representative

Senate Leadership

House Leadership

Thanks to Daily Reckoning

The popular investing Web site The Daily Reckoning published a commentary from Frank Holmes earlier this week about why now may be a good time for gold stocks. If you'd like read the commentary, visit DailyReckoning.com.

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