

JUNE 30TH INVESTMENT RESULTS

The TCI Balanced Portfolio declined by -3.6% during the quarter ended June 30, 2010. This compares to a loss of -11.4% for U.S. stocks (S&P 500), -14.0% for international stocks (MSCI EAFE), and -6.2% for the TCI Wall Street Index (50% US stocks, 10% international stocks, 30% bonds and 10% Treasury bills). Bonds increased 3.5% during the quarter (BarCap Bonds).

Losses during the 2nd quarter more than offset gains during the first quarter. Year-to-date, the TCI Balanced Portfolio has declined by -1.7% as compared to -2.8% for the Wall Street Index, -6.7% for U.S. stocks, -13.2% for international stocks, and a gain of 5.3% for bonds.

One major difference between TCI and our competitors is the use of reversion-to-the-mean to calculate expected returns for asset classes. Today, this discipline leads us to underweight stocks (with more emphasis on blue chip stocks and international stocks) and bonds, and by default, overweight opportunistic investments.

The opportunistic sector of the TCI asset allocation portfolios is designed to provide diversification from traditional stock and bond investments. Managers in this sector use very flexible strategies capable of working in both bull and bear markets. As a group, these managers produced a return of 2.2% for the second quarter and 2.6% year-to-date. Leading the way were PIMCo All Asset All Authority (4.7% for 2nd Quarter and 6.7% YTD) and Hussman Strategic Growth (5.6% for 2nd Quarter and 5.2% YTD). This sector is another major difference between TCI asset allocation strategies and those of most competitors.

It is important to understand and accept that market volatility is an important part of the TCI investment strategy. Meaningful market declines create the low valuations that allow TCI to increase exposure in equity assets. Market advances provide the opportunity to reduce equity exposure at high prices. This combination of rebalancing and active allocation has resulted in excess returns (alpha) over the long run.

OUTLOOK

Policy makers continue to resist the effects of the late stages of the Debt Supercycle. The Debt Supercycle is a description of the rise in debt and the decline in liquidity that has been ongoing since World War II. Government policies have been successful in avoiding the frequent depressions that plagued the pre-WWII economy. The downside is that financial excesses during each economic expansion were not fully unwound as had been the case prior to WWII. Therefore, the stakes have become higher with each economic cycle, putting pressure on authorities to inflate demand by whatever means possible.

The Supercycle appears to have reached the point where consumers can no longer take on additional debt. This has forced the government to leverage itself up to fill the void. The result is a disappointing, fragile recovery. Is anyone happy?

One plus is emerging economies in Asia and Latin America are in much better shape than the U.S. and most other developed economies. Their population is younger, their standard of living is improving and their debt is minimal. Kind of like America in the 1950's.

Another plus is most blue chip companies are in good shape as a result of low debt and high productivity. As a group, blue chip investment returns have been negative since the 2000 stock market peak, thereby creating the current buying opportunity. Wal-Mart is a fine example:

WMT (Wal-Mart)	6/30/10	12/31/99
Price Per Share (no splits)	\$ 48.07	\$ 69.125
Recent Year's Earnings	\$ 3.72	\$ 1.21
Recent Annual Dividend	\$ 1.21	\$ 0.20

PORTFOLIO CHANGES SINCE LAST QUARTER

Investments in smaller cap stocks (Goldman Sachs Mid-Cap Value) and real estate investment trusts (Cohen & Steers Global Real Estate) were reduced due to overvaluation. Investments in blue-chip stocks (Vanguard Dividend Growth) and emerging market stocks (GMO Emerging Countries), both reasonably priced, were increased.

Portfolio investments in intermediate taxable bonds (PIMCo Total Return) were also slightly decreased. Bond returns this year have come primarily from a decline in already low yields. For example the 5-year Treasury note started 2010 with a yield of 2.68% and ended the 2nd quarter at 1.78%. From these levels taxable bonds have minimal upside but, should inflation become an issue, significant downside.

CONCLUSION

Our investment objective is to earn 4 to 5% more than the rate of inflation over the long-term. To succeed, you must have a clear idea of your tolerance for risk, exercise discipline and stick to your plan. This has not been easy, especially over the last 3 years.

RETURNS THROUGH JUNE 30, 2010

SYMBOL	NAME	3-MONTHS	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs
STABLE INVESTMENT SECTOR							
Taxable Bonds							
PTRRX	PIMCo Total Return Fund	2.8%	5.8%	13.3%	11.1%	7.4%	7.8%
PTSHX	PIMCo Short Term Fund	0.1%	0.9%	3.7%	3.7%	3.9%	3.7%
Tax Free Bonds							
VWIUX	Vanguard Admiral Intermediate Tax Exempt	1.8%	2.6%	8.0%	5.3%	4.2%	---
Money Market Investments							
FPOXX	Financial Square Prime Obligations	0.0%	0.0%	0.1%	1.9%	3.0%	2.8%
OPPORTUNISTIC INVESTMENT SECTOR							
Long/Short Stock Funds							
COAGX	Caldwell Orkin Market Opportunity	0.6%	-1.6%	-8.3%	4.5%	5.6%	3.3%
HSGFX	Hussman Strategic Growth	5.6%	5.2%	3.7%	1.0%	2.0%	---
Alternative Funds							
ASFIX	Absolute Strategies I	-1.4%	0.6%	9.4%	1.7%	---	---
PAUIX	PIMCo All Asset All Authority Fund	4.7%	6.7%	15.9%	8.5%	6.6%	---
Commodity/Managed Future Funds							
RYMFX	Rydex Managed Futures Strategy	-1.7%	-5.4%	-5.6%	1.3%	---	---
EQUITY INVESTMENT SECTOR							
US Stocks							
FINSX	Fidelity Advisor New Insights	-8.3%	-5.0%	16.0%	-5.6%	3.3%	---
GSMCX	Goldman Sachs Mid-Cap Value	-11.0%	-3.2%	22.5%	-8.3%	0.9%	9.3%
MSSGX	Morgan Stanley Instl Small Company	-8.4%	-6.5%	15.4%	-7.8%	0.0%	-0.3%
VDIGX	Vanguard Dividend Growth	-9.8%	-6.9%	11.8%	-5.6%	2.6%	1.4%
VPMAX	Vanguard Primecap Admiral	-13.5%	-10.4%	11.7%	-5.8%	2.8%	---
International Stocks							
ACINX	Columbia Acorn International	-7.7%	-4.5%	18.9%	-7.2%	7.8%	4.7%
GMCEX	GMO Emerging Countries III	-10.6%	-7.9%	20.9%	-6.5%	10.0%	12.1%
MSIQX	Morgan Stanley Instl International	-13.7%	-12.1%	4.0%	-10.7%	0.8%	3.7%
TFEQX	Templeton Instl Foreign	-11.5%	-12.0%	8.2%	-10.7%	3.4%	3.9%
Real Estate							
GRSIX	Cohen & Steers Instl Global Realty	-9.8%	-6.2%	23.8%	-12.3%	---	---
ASSET ALLOCATION PORTFOLIOS							
	Capital Preservation	-0.9%	0.3%	5.0%	---	---	---
	Conservative	-2.1%	-0.1%	10.1%	1.6%	4.2%	5.1%
	Balanced	-3.6%	-1.7%	10.0%	-0.7%	3.6%	5.3%
	Growth	-3.9%	-1.9%	10.9%	-3.6%	2.6%	3.7%
INDICES FOR COMPARISON							
	Wall Street Index	-6.2%	-2.8%	11.2%	-4.0%	1.8%	1.8%
	S&P 500 Large Cap Stocks	-11.4%	-6.7%	14.4%	-9.8%	-0.8%	-1.6%
	Russell 2000 Small Cap Stocks	-9.9%	-2.0%	21.5%	-8.6%	0.4%	3.0%
	MSCI EAFE International Stocks	-14.0%	-13.2%	5.9%	-13.4%	0.9%	0.2%
	BarCap US Aggregate Bonds	3.5%	5.3%	9.5%	7.6%	5.5%	6.5%