

DICK DAVIS DIGEST

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Top Picks Mid-Year Update

Welcome to the Top Picks 2010 Mid-Year Update!

It's hard to believe 2010 is already half over, but it is. Which means it's time to revisit the recommendations our contributing editors made in the Top Picks issue back in January. If you bought one or more of these stocks, this is your chance to see how the recommending editor feels about it now.

Many of the editors are still recommending their Top Pick, either because it has outperformed the market over the past six months, or because they're convinced it's still full of potential (and sometimes both).

Of course, if you weren't with us in January, or didn't buy any stocks then, plenty of the analysts quoted inside have new ideas. These include stocks that have successfully resisted the market's downward drag, and companies with inspiring stories in growth industries like green energy, natural resources and technology. Plus, there are eight great new stocks to buy now on pages 10 and 11. The updates begin on page 3.

— *Chloe Lutts*

Art's Way Manufacturing Co.

"Farm equipment sales have increased substantially from year-earlier levels. Firms such as John Deere have increased sales and revenue estimates by 10-15%. **Art's Way Manufacturing Co., Inc.** (ARTW 5.17 Nasdaq) should benefit from growth in equipment demand, as well as the numerous equipment line acquisitions the company has made in the last few years. Art's Way now has 17 product lines—up from two several years ago. Backlogs and revenue continue to trend upward as the company expands. As of the shareholder meeting this spring backlogs were up 35% from year-earlier levels. To meet customer demand the company has acquired two buildings to expand manufacturing operations and has been hiring skilled craftsman at their Iowa locations. The company also makes custom-made portable scientific laboratories for industry and research universities. Sales and backlogs for that division are well above year ago levels. The most recent custom laboratory was manufactured by Art's Way for a Texas A&M facility. We expect revenues and earnings per share to continue to increase this year as the firm has an attractive and growing niche to exploit in the agricultural sector. As the saying goes 'we like the firm so much we bought the company'—we own roughly 7.5% of the outstanding Art's Way shares."

Joseph Dancy, LSGI Advisors Letter, www.lsgifund.com,
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